
# NB Global Monthly Income Fund Limited

## 2021 ANNUAL REPORT

Audited Financial Statements
For the Year Ended 31 December 2021

NEUBERGER BERMAN

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# Features

## NB Global Monthly Income Fund Limited (the "Company")

The Company is a closed-ended investment company incorporated and registered in Guernsey on 10 March 2011 with registered number 53155. The Company is governed under the provisions of the Companies (Guernsey) Law, 2008 as amended (the "Law"), and the Registered Collective Investment Scheme Rules and guidance 2021 issued by the Guernsey Financial Services Commission. It is a non-cellular company limited by shares and has been declared by the Guernsey Financial Services Commission to be a registered closed-ended collective investment scheme. On 20 April 2011, the Company was admitted to the Official List of the UK Listing Authority with a premium listing trading on the Main Market of the London Stock Exchange ("LSE").

## Alternative Investment Fund Manager ("AIFM") and Manager

Investment management services are provided to the Company by Neuberger Berman Investment Advisers LLC (the "AIFM") and Neuberger Berman Europe Limited (the "Manager"), collectively the "Investment Manager". The AIFM is responsible for risk management and discretionary management of the Company's portfolio and the Manager provides certain administrative services to the Company.

## Investment Objective

The Company's investment objective is to provide the Company's shareholders with consistent levels of monthly income, while maintaining or increasing the Net Asset Value ("NAV") per Share over time. Details of the Company's investment objective and investment policy can be found on the Company's website, www.nbgmif.com.

## Investment Policy and Strategy

To pursue its investment objective, the Company will invest in credit assets with the following target portfolio allocations: (i) 50-70% in traditional credit, meaning high yield bonds, floating rate loans and investment grade corporate bonds; and (ii) 30-50% in alternative credit, meaning "special situations" (consisting generally of tradeable but less liquid debt securities, such as stressed credit and CLO debt tranches), mezzanine debt, "club" loan transactions (being syndicated lending opportunities presented through the Company's or Investment Manager's relationship with loan arrangers and/or borrowers) and private corporate loans issued directly to borrowers. Investments in alternative credit will not represent more than 50% of Net Asset Value at the time of investment.

The Company's investments will be issued in U.S. Dollars, Sterling and Euros by corporations, partnerships and other business issuers based primarily in North America, the UK and Europe. At the time of investment these loans, bonds and other debt instruments will often be non-investment grade.

The Company expects that it will typically hold the majority of its assets directly, however where the Investment Manager considers it appropriate the Company may obtain investment exposure to loans, bonds and other debt instruments through investments in other collective investment vehicles. The Company will not invest more than 15% of its total assets in other listed closed-ended investment funds at any time.

## Capital Structure

As at 31 December 2021, the Company's share capital comprised 323,268,152 Sterling Ordinary Shares ("NBMI") of no par value (of which 76,083,114 were held in treasury).

## Non-Mainstream Pooled Investments

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the FCA's restrictions, which apply to non-mainstream pooled investment products.

## LIBOR

Working groups and official sector committees, including the Financial Stability Board ("FCB"), set out clear timelines to aid in market participants' plans for a smooth transition from LIBOR to new risk-free reference rates. The FCB announced the dates after which representative LIBOR rates were no longer available. All LIBOR settings either ceased to be provided by any administrator or no longer were representative:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- immediately after 30 June 2023, in the case of the remaining US dollar settings

Alternative risk-free reference rates, such as SONIA in the U.K. and SOFR in the U.S., are robust, stable and rooted in active and liquid underlying markets. SONIA is now widely used across all core sterling markets, supporting a wide range of borrowers across different sectors.

## Dividends

Dividends are paid monthly. The Company's dividend policy is detailed on page 28.

The rolling 12-month dividend yield (based on the dividends declared in respect of the period and share price as at 31 December 2021) was 5.27%.

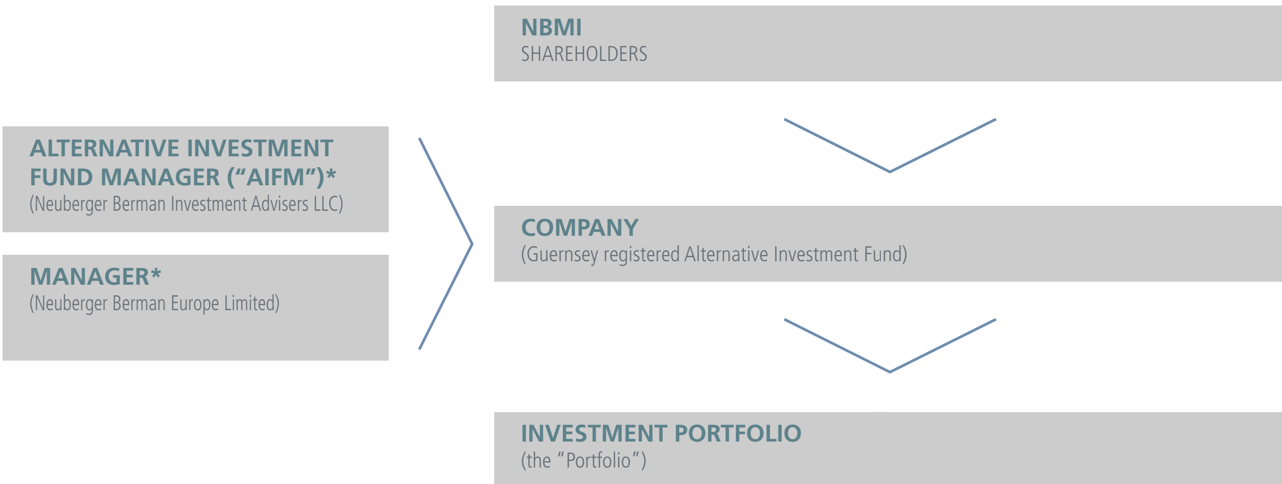
# Purpose and Values

The purpose of the Company is to carry out business as an investment company and to provide returns to shareholders through achieving its investment objective as described on page 2.

The values of the Company are discussed and agreed upon by the Board. The Board seeks to run the Company with a culture of openness, high integrity and accountability. It is conscious that it demonstrates these values through its behaviour both within itself and its dealings with its stakeholders. It seeks to act in the spirit of mutual respect, trust and fairness. The Board is robust in its challenge of the Investment Manager and other service providers but tries always to be constructive and collegiate. The Board expects its members to exhibit an independence of mind and not to be wary of asking tough questions. Moreover, it expects and encourages its key service providers to exhibit similar values.

# Principal Activities and Structure

The chart below sets out the ownership, organisational and investment structure of the Company.




* Further information on the Company's investment management arrangements can be found on page 25.

### Global Diversification

The Investment Manager seeks to manage risk through in-depth credit research utilising proprietary analytical processes. It seeks to build an actively managed portfolio diversified by region, industry, credit quality and issuer. Sector weightings are adjusted based on economic and market analysis. Typically, no industry will represent more than 15% of Net Asset Value at the time of investment. At the time of investment, no more than 5% of Net Asset Value shall be concentrated in a single issuer.

### Defensive Qualities

The Company's portfolio of investments is intended to focus on those industries regarded as defensive. Defensive industries are those the Investment Manager believes are less affected by changes in economic conditions and that are likely to demonstrate the strongest capital preservation. The Company's investments are broadly summarised as traditional credit and alternative credit investments.

## Traditional Credit Investments

Traditional credit describes the Company's investments in high yield bonds, investment grade corporate bonds and senior secured floating rate loans.

### *High Yield Bonds*

The high yield strategy is an actively managed fixed income strategy that is geared to generate returns from multiple sources by investing in a diversified portfolio of below investment grade corporate debt and includes both secured and unsecured securities. The primary goal of the Investment Manager's security selection process seeks to avoid deteriorating credits. In addition, the portfolio management team combines sector and quality rotation with the aim of capturing additional returns.

The strategy's universe is a screened sub-set of the broad high yield market. From the combined broad high yield rated universe, the Investment Manager screens out issuers with less than $500 million in publicly traded debt outstanding, defaulted securities, and issuers with less than $100 million in EBITDA. It also eliminates outliers including severely distressed and one-time issuers. The remaining group (representing about 90% of the market as captured by the ICE BofA Global High Yield Constrained Index) is subject to the Investment Manager's credit and relative value process to select its best ideas.

### *Investment Grade Corporate Bonds*

An investment grade corporate bond is a corporate bond rated BBB– or above by a third party ratings agency and has a lower risk of default than non-investment grade bonds.

The investment grade credit strategy is actively managed and seeks to add value from multiple sources, including sector allocation decisions, security selection and duration/yield curve positioning.

The universe from which the portfolio management team selects securities in the strategy comprises a broad spectrum of investment grade bonds that are included in (or consistent with those included in) the primary published bond market indexes. The team starts with securities included in the Bloomberg Barclays U.S. Credit Index and adds: 1) issues that may not qualify for inclusion due to size or registration, 2) issues that may not qualify based on nuances of rating requirements, 3) unique structures and 4) credit default swaps. This universe comprises the broad spectrum of issue types primarily with a minimum rating of BBB–/Baa3.

### *Senior Secured Floating Rate Loans*

Senior secured floating rate loans, also known as floating rate secured loans or leveraged loans, are debt obligations originated and arranged by banks or other financial entities (also known as an arranger) on behalf of corporations, partnerships and other business issuers to finance activities such as mergers and acquisitions, leveraged buyouts, recapitalisations, refinancings, capital expenditure or for other general corporate purposes.

These will typically be syndicated to a pool of lenders that collaborate to provide financing for the borrower. Once the bank loan is issued, lenders have the option to hold their portion for the life of the loan or to sell it to other investors in the secondary market.

The senior secured floating rate loans that the Company invests in are generally non-investment grade, that is rated at or below BB+ by a third party rating agency.

The senior secured floating rate loans owned by the company typically hold the most senior position in the capital structure of the borrower and are secured with specific collateral, giving lenders a claim on the assets that are senior to the claims of unsecured creditors, subordinated debt holders and stockholders of the borrower. The security package typically incorporates a first priority over all of the borrower's assets including receivables, inventory, bank accounts, property, plant and equipment. In the event of a default or bankruptcy, the holders of the loans should be in a better position to maximise recovery of their debt than other creditors due to their position in the capital structure.

If the reference interest rate exceeds the floor, then such loans pay the prevailing reference interest rate as well as the credit spread. The return is generated by reference interest rate or the reference interest rate floor, the spread over reference interest rate paid by the borrower due to the terms of the underlying loan and the discount. The discount occurs because new issues are commonly priced, in the Investment Managers' experience, at a discount to the par value of the loan.

### *Alternative Credit Investments*

Alternative credit describes the Company's investments in the following categories of alternative credit products:

- Stressed Credit;
- CLO debt tranches;
- Club loan transactions; and
- Private corporate loans.

### *Stressed Credit*

The inclusion of investments which are classified as 'stressed credit' is to provide the Company with attractive risk adjusted returns through opportunistic stressed, distressed and "special situation" investments. The Investment Manager's investment team will seek to identify mispriced or otherwise overlooked securities or assets in dislocated sectors that lack liquidity and in circumstances in which "unnatural holders" of such securities or assets are under economic as well as regulatory pressure to sell, and where acquiring such securities or assets has, in the team's judgment, the potential to produce attractive absolute returns while also providing substantial downside protection.

The Investment Manager will seek to source such opportunities through Neuberger Berman's $45 billion Non-Investment Grade Credit platform (bank loans, high yield, and special situations) and from financial institutions, banks, companies and funds, which find themselves holding non-performing loans or other types of assets that are not consistent with their portfolio objectives or constraints, making such investors "unnatural holders," and under both economic and regulatory pressure to reduce their exposure to these dislocated or troubled asset classes. The Investment Manager believes that these opportunities, if properly managed, have the potential to offer attractive returns to investors that understand the risks and uncertainty of such investments, have the necessary capital (so as to be able to absorb the illiquidity of such investments) and are able to accept a longer-term time horizon for these holdings.

**Type of investments**: Stressed credit assets include: bankruptcy situations; out-of-court restructurings and workouts; as well as "special situations".

- **Bankruptcy situations**: Primarily in public and private securities of bankrupt companies and/or companies that have recently emerged from bankruptcy. The primary focus is on senior and senior secured debt.
- **Out-of-court restructurings/workouts**: From time to time, the Company may invest in out-of-court restructuring or a workout scenario, in which the Investment Manager believes there is an opportunity to influence the process to increase value.
- **Special situations**: Refers to investments in stressed or event-driven situations where the Investment Manager identifies significantly under-valued assets either in loan or bond format.

In general, the Company will acquire assets in the secondary market, however, in certain circumstances; the Company may also invest directly in portfolio companies, such as making direct loans in circumstances where the Investment Manager believes that the risk reward parameters are compelling.

### *CLO Debt Tranches/Mezzanine Notes*

The Company's investments in Collateralised Loan Obligations ("CLO") debt tranches will be in mezzanine notes. These are typically rated either BB or high single B.

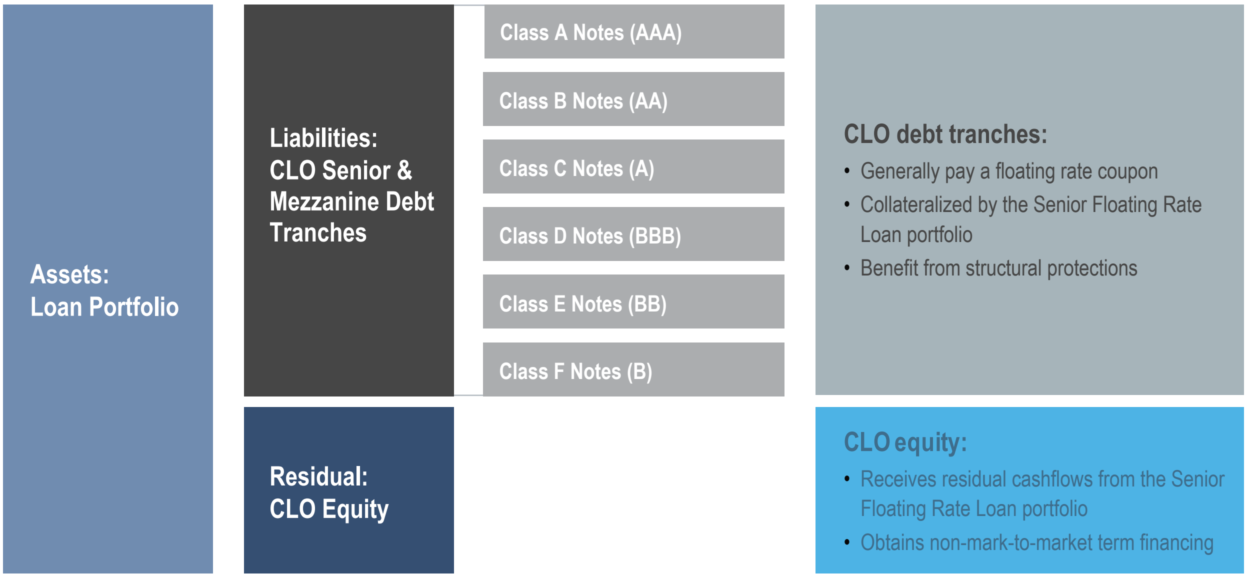
A CLO is a type of asset backed security supported by interest and principal payments generated from a pool of non-investment grade loan and debt instruments. The issue of CLO securities involves a form of securitisation, where principal and interest payments from multiple corporate loans and debt instruments are pooled together, packaged into securities in various tranches. A CLO security is a securitised asset.

The pools of loans and debt instruments are managed by a collateral manager appointed by the CLO. The collateral manager is responsible for selecting the loans and debt instruments to be purchased and sold and for determining the timing of such purchases and sales in accordance with the CLO's governing documents.

CLOs typically issue securities in three tranches, each of which offers distinct risk and return profiles. Each tranche varies in terms of the priority and rate at which its holders will be paid out when income is received by the CLO, from the underlying loans. The senior tranche securities will receive income in priority to all other tranches but will receive the lowest rate, while the most junior tranche will not receive any income payment but will benefit from any increases in the value of the pool of underlying loans and will bear the primary risk of defaults in this pool. In order of priority of receipt of income, the tranches are: senior, mezzanine and equity tranches. Mezzanine notes are typically issued by a CLO with original ratings ranging from A/A2 to B–/B3.

The Company will hold mezzanine notes and so will receive income only after payments to the CLO's senior notes have been made in full. Additionally, if an individual CLO's coverage ratio and/or portfolio tests are not met, cash flow that would otherwise have been available to apply towards the mezzanine notes may instead be used to redeem senior notes and/or purchase additional collateral. This may result in the deferral, reduction or elimination of interest and/or principal due to the holders of mezzanine notes. The Company will not have recourse against a CLO for any such deferral, reduction or elimination made in accordance with the terms of a CLO's structuring documents. The Investment Manager's review of the CLO incorporates detailed scenario analysis which will include the assessment of the CLO's coverage ratio tests and the potential impact on the CLO's expected cash flows. An individual CLO's coverage ratio serves to preserve the collective value of the CLO's underlying portfolio of loans for the benefit of debt investors at the expense of the equity investors in case of a certain level of credit stress in the underlying loan portfolio.

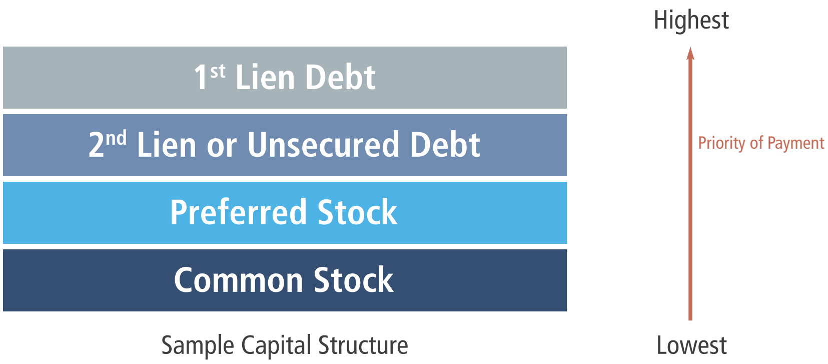
### CLO BALANCE SHEET




### *'Club' Loan Transactions*

The Investment Manager, through its relationship with loan arrangers and/or borrowers, from time to time is presented with syndicated lending opportunities, which are referred to in this report as 'Club' loan transactions. These are secured floating rate loans, which usually rank second in priority in the creditor waterfall.

### CREDITOR WATERFALL



In the leveraged loan market, it is common for issuers with larger size capital structures to seek to include a portion of junior capital in the structure, however these instruments are not always syndicated widely. Additionally, liquidity in these instruments will usually be lower than in the first lien equivalent debt tranches. Junior or 2nd lien tranches pay a higher coupon to holders than is available to 1st lien debt holders to compensate for the relative subordination.

### *Private Corporate Loans*

The Investment Manager's European private loans team have expertise in arranging and investing in primary, non-sponsored private corporate loans issued through a pan-European network of co-investing banks to borrowers. All deals are directly acquired on behalf of investors via true-sale and rank senior in the capital structure. Most of these deals are fitted with financial covenants.

The objective is to provide investors with a viable alternative to publicly traded investment grade and crossover bonds while generating higher returns. The Investment Manager expects to achieve this by rigorous analysis and selection when investing in private loans to generally A– to BB– rated European private or public companies (not private equity sponsor-owned) with attractive relative value in line with loan tenor, rating and structural considerations (e.g. seniority, covenants, collateral). By targeting this relatively conservative market segment, the Investment Manager believes it can mitigate the impact of deteriorating credits.

The table below summarizes the main characteristics of a representative loan:

| Representative Loan Characteristics[1] | |
|---|---|
| **Company Profile** | Well-established firms with clear track records, stable business models and conservative financial ratios |
| **Borrower Size** | Minimum turnover: EUR 100m |
| **Ownership Structure** | Predominantly privately owned or listed companies |
| **Format** | Bi-laterally negotiated senior corporate loans: Secured or Unsecured, Fixed or Floating rate |
| **Term** | 5-10 years, amortizing or bullet repayment |
| **Loan Size** | EUR 25-150m, although potentially higher |
| **Typical Covenant Set** | Pari Passu, Cross Default, Negative Pledge, Change of Control, Max. Leverage, Min. Equity, Interest Coverage |
| **Typical Use of Proceeds** | Smaller acquisitions, extending debt maturity profile, strategic capex or refinancing while avoiding market publicity, diversification of funding sources |
| **Credit Rating** | Investment Grade/Crossover (A– to BB). Each loan externally rated by Solvency II compliant rating agency |

1 These characteristics are deduced from former market experience but can be optimized depending on deal features and are subject to change.

### Investment Process

The Investment Manager focuses on experience-based, in-depth credit and industry analyses, disciplined portfolio construction and ongoing portfolio surveillance.

For both traditional and alternative credit, the portfolio management team's investment process begins with the screening of the broad opportunity set to identify the securities that the team will consider for purchase and then narrow down to a set of "best ideas." The goal is to reduce the broad universe to a manageable size of potential investments that the team will subject to its detailed fundamental analysis. The analysts then carry out in-depth proprietary credit research. The Investment Manager believes this is the most important component for successful fixed income credit investing. The team's credit research is fundamental and focuses on understanding an issuer's financial strength.

### Investment Philosophy

The Investment Manager believes that attractive investment results can be achieved throughout all market cycles using a proactive investment process that incorporates experience and investment judgment supported by risk management techniques. The Investment Manager further believes that successful investing in non-investment grade credit is driven by a strict discipline that seeks to: avoid credit deterioration, select securities in which the spread is attractive on a relative value basis, and rotate across credit tiers and industry sectors.

Risk management is an important element of the Investment Manager's philosophy. The Investment Manager employs proprietary models and systems to seek to manage risk so that risk levels are consistent with the Company's investment objective.

### Investment Selection

The Investment Manager's investment process begins with the screening of the market to identify the securities that the team will consider for purchase. The team's goal is to reduce the universe of investable issuers to a manageable size of potential investments that the team will subject to its detailed fundamental analysis. The screening process will differ by type of investment, be it Traditional or Alternative credit products. Taking US High Yield as an example, from the combined broad high yield rated universe (roughly 900 issuers), analysts screen out issuers with less than $500 million in publicly-traded debt outstanding, defaulted securities, and issuers with less than $100 million in EBITDA. When establishing the universe of eligible investments, the team also eliminates issuers that it is currently biased against owning such as unsecured airlines, fashion-oriented retailers and certain finance companies. Outliers including severely distressed and one-time issuers are also eliminated. The remaining group of about 600 issuers (representing about 90% of the dollar value of the ICE BofA Global High Yield Constrained Index) is then subject to the Investment Manager's credit and relative value process to select its best ideas.

#### INVESTMENT PROCESS – US HIGH YIELD EXAMPLE

- All corporate securities rated below BBB
- Approximately 900 issuers

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- Focused on companies with historically stable cash flows, liquidity and access to capital
- Seek to eliminate:
  - Less liquid issuers (EBITDA <$100MM)
  - Outliers and high default potential issuers

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- **Macroeconomic Analysis:** State of global economy, credit cycle, political factors, etc
- **Industry Analysis:** Competitive landscape, life cycle, regulatory environment etc
- **Credit Analysis:** Cash flow analysis, default analysis, recovery analysis

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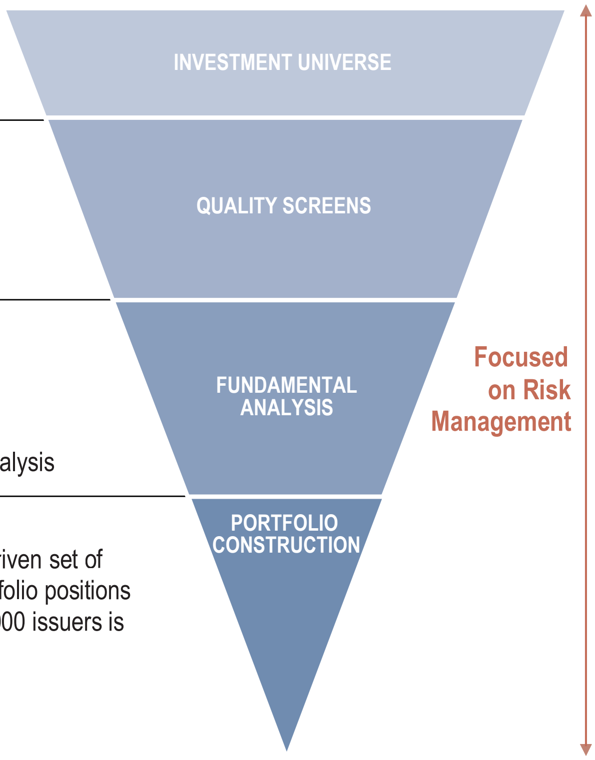
- **Focus on Best Ideas**
- Credit analysis capabilities are complemented with a technology driven set of proprietary analytical processes to identify, select and monitor portfolio positions
- A customized database containing detailed information on over 2,000 issuers is leveraged.




The Investment Manager utilises its Credit Best Practices checklist to try to ensure that analysts cover important aspects of credit research. This covers the material credit aspects of the investment decision, including:

- Financial review with specific attention to revenue and cost drivers, predictability of cash flows; internal cash flow generation and the implications for interest and principal payments and capital expenditures
- Deal structure and covenants
- Environmental Social and Governance ("ESG") Scorecard
- Sources of liquidity such as bank lines, cash on hand, access to capital markets, and asset sales
- In-depth inspection of applicable filings with an eye toward any outstanding litigation and other commentary germane to the investment decision
- Thorough review of any other indentures
- Assessment of relative valuation based on its internally generated credit quality rating and prevailing spreads for the industries and quality tiers

In addition to thoroughly understanding the company from a financial point of view, the team focuses on knowing a company's management. Analysts visit with management at least twice per year (currently virtually but under normal circumstances at their offices or at road shows and conferences) and speak with their company contacts at least quarterly. The Investment Manager believes it is extremely important to know the management team, in addition to analysing their financials. Furthermore, a full ESG analysis is completed by the Investment Manager's research analysts, incorporating customised, industry specific factors and leveraging the Sustainability Accounting Standards Board ("SASB") Alliance framework to develop our own proprietary ESG score for every company in which the Investment Manager and the Company invests.

An important output of the Investment Manager's credit research is its internal rating system. Research analysts assign an internal credit rating to each potential investment and use that rating to compare the security's value to other securities in the same industry and similarly rated securities across other industries. The internal rating is a key driver in the valuation process and analysts use it to combine insightful relative valuation work with disciplined credit analysis. The team supplements their internal rating with third-party ratings when analysing relative value.

Finally, the analyst reviews the investment's relative value. The team seeks opportunities that it believes offer adequate compensation for risk and avoids ones that do not. Investment decisions are heavily influenced by the issue's yield relative to market yields for the relevant quality rating category (as assigned by public domain rating agencies and, more importantly as assigned by the team's analysts) and industry sector.

Once the analyst has completed thorough due diligence on the opportunity and made a recommendation, the idea is reviewed within the appropriate sector team where different analyst perspectives are assessed in the evaluation process.

After an investment idea has been thoroughly evaluated by the Investment Manager's sector team (Consumer, Technology & Media, Healthcare & Metals, Homebuilding & Industrials, Energy, Telecommunications, Cable & Broadcasting and Cyclicals & Transportation), it is then reviewed by the senior professionals who constitute the Investment Manager's credit committee.

Once the credit is approved, the final step is implementation. After an investment idea is approved by the credit committee, implementation is the responsibility of the Portfolio Construction Team (portfolio managers and traders) that establishes overall portfolio structure. This team evaluates the various ideas that are available for implementation within the context of each client's investment objectives and specific investment guidelines. By way of example, please refer to the diagram above for an illustrated description of the Investment Manager's investment process in relation to US High Yield investment opportunities.

**Research**

Proprietary research is a critical element of the Investment Manager's process and is the basis for the team's investment decisions. The Investment Manager's research teams are structured along sector lines. Each analyst has significant industry and company-specific knowledge and is responsible for understanding an issuer's capital structure, from the most senior to the most junior of securities. To leverage its credit resources, the team also works closely with the team of global investment grade analysts.

Each analyst carries out detailed credit analysis through the Investment Manager's proprietary credit best practices checklist (the "Checklist"). The Checklist covers the qualitative and quantitative aspects that the portfolio management team believes is vital to making an investment decision. The Investment Manager's credit research is fundamental and focuses on understanding a company's financial strength as it is reflected in interest coverage ratios and free cash flow generation. Analysts look at reported results and also project forward, using scenario analysis, to seek to understand the issuer's likely credit profile in the future.

**Credit Best Practices Checklist**[1]

The Investment Manager's Checklist provides the framework for a rigorous and repeatable investment process that seeks to incorporate relevant top-down and bottom-up data and analysis.

### Economy: Key Data Points

- Economic indicators
- Globalization trends
- Regional GDP/economic forecasts
- Fiscal Stimulus
- Monetary Policy
- Spreads relative to historical levels
- Underwriting trends
- Credit market conditions
- Banking industry conditions
- Fiscal policy
- Election cycle
- Implications on foreign policy

### Industry: Key Data Points

- Position in industry life cycle and secular outlook
- Competitive landscape and issuer market position
- Industry consolidation trends
- Regulatory environment
- Industry value chain
- Supply and demand drivers
- Industry size and growth
- Rating agency trends
- Level of cyclicality
- ESG considerations

### Issuer: Key Considerations

BOTTOM-UP ANALYSIS

**Business Fundamentals**

- Issuer track record
- Scale and diversification
- Enterprise value
- Differentiation relative to peers
- Cyclicality
- Position on cost curve

**Quality of Cash Flow**

- Assess quality of EBITDA and cash conversion
- Variability of cost structure
- Capital efficiency
- Maintenance capex
- Ability to delay commitments

**Scenario Analysis**

- Understand how base/downside/upside case impacts cash flow, credit metrics, ratings, enterprise value and trading levels
- Evaluate the impact of potential M&A or divestitures on the credit profile and trading levels

**Capital Structure**

- Evaluate management's ability and willingness to reduce leverage
- Assess leverage profile and equity cushion relative to business and industry trends
- Capital structure reflects cyclicality and broader cash flow risk of issuer

**Liquidity**

- Minimum cash required to operate business
- Ability to access bank line, particularly under a downside scenario
- Covenant analysis and likelihood of a waiver in a downside scenario
- Non-core asset sales
- Other sources of cash

**ESG Scorecard**

- Proprietary ESG Scoring System
- Assess industry specific Environmental and Social factors
- Management and Governance assessment
- Customized sector weightings

1 This material is intended as a broad overview of the portfolio managers' style, philosophy and investment process and is subject to change without notice.

For each company, the analyst models the financials across three scenarios: base case, upside case and downside case. Analysts monitor each company relative to the scenarios and keep close tabs on relevant information (commodity prices, economic statistics, etc.) that the analysts believe could cause a change in each company's ability to service its debt.

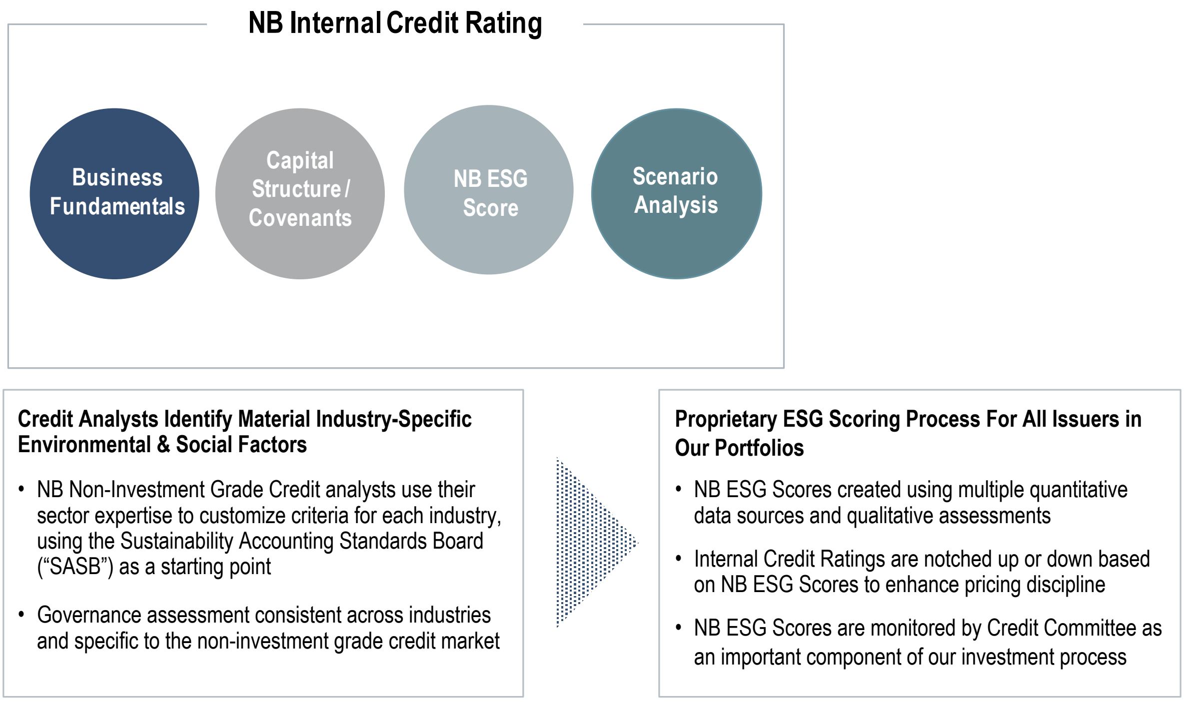
In addition to thoroughly understanding the company from a financial point of view, the analysts focus on assessing the material ESG risks and opportunities of the company through bottom-up fundamental analysis and the completion of an NB ESG Scorecard. ESG research is a critical component of the team's fundamental research process that determines Internal Credit Ratings. The team believes that the integration of ESG factors in its investment process adds value as it helps to identify risks generally not captured by traditional corporate credit analysis and to analyse the non-financial aspects of businesses. ESG analysis is performed by the Non-Investment Grade Credit research team, not outsourced to a centralised group within the firm or to a third party ESG rating service. The Investment Manager's proprietary ESG scoring process is completed for all issuers in portfolios and ESG weightings are customised based on specific industry criteria identified by the research analysts. The team monitors performance attribution in order to determine whether the ESG analysis has identified risks and opportunities as expected.

**Integration of ESG Analysis into the Investment Process**

Principles for Responsible Investment ("PRI") (https://www.unpri.org/) has awarded Neuberger Berman an A+ for its fixed income ESG integration

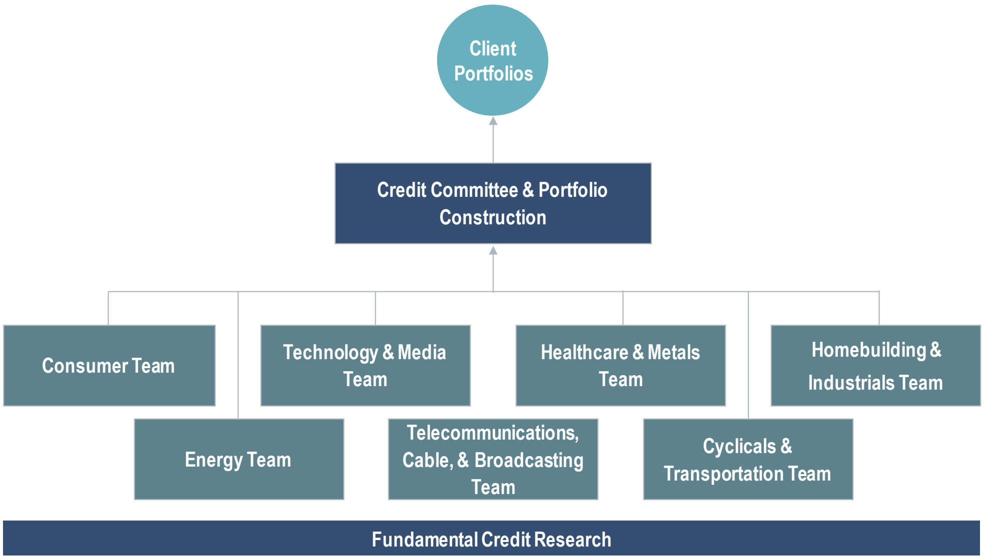
**Differentiated ESG Process**

- **ESG is a critical component of the fundamental research process** that determines Internal Credit Ratings
- **ESG analysis is performed by the Non-Investment Grade Credit research team**, not outsourced to a centralized group within Neuberger Berman or third party ESG rating service
- **Proactive engagement** with issuers to enhance disclosure, improve ESG analysis, and effect positive change
- **Quarterly ESG Review** with Credit Committee
- **Performance attribution** is monitored to determine the impact of ESG analysis




Finally, the analyst reviews the investment's relative value. The team seeks opportunities that it believes offer adequate compensation for risk and seeks to avoid ones that do not. Investment decisions are heavily influenced by the issue's spread relative to market spreads for the relevant quality rating category (as assigned by public domain rating agencies and, more importantly, as assigned by analysts) and industry sector. An important component of the portfolio management team's buy and sell discipline is its internal rating system. The team does not merely rely on third-party ratings when analysing relative value. Instead, a rating is determined for each issuer's securities based on an analyst's financial analysis. This rating is used for spread comparisons across quality and industry levels.

Neuberger Berman's credit research team is divided into industry verticals as illustrated below. Ideas are fed up to the Investment Manager's credit committee, which consists of the senior portfolio managers from across the non-investment grade platform.




Further information on the Company's investment strategy and process can be found in the Company's most recent prospectuses, which are available on the Company's website at www.nbgmif.com under the "Investor Information" tab.

## Hedging

As the Company's shares are denominated in Pound Sterling (Sterling Ordinary Shares) and investments are denominated in U.S. Dollars, Euro or Pound Sterling, holders of the Company's shares would be indirectly exposed to foreign currency fluctuations between the currency in which such shares are denominated and the currency of the non-Pound Sterling investments made by the Company. Consequently, the Investment Manager seeks to engage in currency hedging between the U.S. Dollar and any other currency in which the assets of the Company or a class of shares is denominated, subject to suitable hedging contracts such as forward currency exchange contracts being available in a timely manner and on terms acceptable to the Investment Manager, at its sole and absolute discretion.

## Gearing and Derivatives

The Company may use derivatives for hedging as well as for efficient portfolio management, including managing currency risks between cash flows from its investments and Pound Sterling being the currency of the Shares. The Company is expected to be managed primarily on an ungeared basis, however the Company may, from time to time, be geared tactically through the use of borrowings for investment and short-term liquidity purposes. The Directors will restrict borrowing to an amount not exceeding 20% of Net Asset Value at the time of drawdown.

## Cash Exit Facility

The Company may, at the Board's absolute discretion, offer to eligible Shareholders the opportunity to tender up to 25% of their holdings (a "Cash Exit Facility Offer") at a price equal to the prevailing Net Asset Value per Share, less 2%. If the Board resolves to exercise its discretion (as they expect to do if the Company is trading at a discount to NAV per Ordinary Share of greater than 2% as at the date of any Cash Exit Facility Offer, the first Cash Exit Facility Offer is expected to close on 30 June 2022 and subsequent Cash Exit Facility Offers every six months thereafter. Further details and the terms and conditions applicable to the first Cash Exit Facility Offer, if made, will be published in a Shareholder circular (the "Cash Exit Facility Circular"). in advance of the close date. In connection with any subsequent Cash Exit Facility Offers, the Company will publish an RIS announcement notifying Shareholders of the Board's decision to make a Cash Exit Facility Offer.

## Winding Up

From the end of June 2022, should the Company's NAV fall below £150m and taking into account market conditions, the Directors intend to propose a wind-up of the Company.

# Financial Highlights

## Key Figures

| (U.S. Dollars in millions, except per share data) | AS AT 31 DECEMBER 2021 | AS AT 31 DECEMBER 2020 |
|---|---|---|
| **Net Asset Value** | | |
| – Sterling Ordinary Shares | $315.7 | $317.4 |
| **Net Asset Value per share** | | |
| – Sterling Ordinary Shares | £0.9429 | £0.9394 |
| **Share price** | | |
| – Sterling Ordinary Shares | £0.8880 | £0.8160 |
| **Discount to Net Asset Value Per Share**[1] | | |
| – Sterling Ordinary Shares | (5.82%) | (13.14%) |
| **Investments** | $307.4 | $297.7 |
| **Net investment income per share** | £0.0488 | £0.0365 |
| **Earnings per share** | £0.0456 | £0.0030 |
| **Dividends per share**[2] | | |
| – Sterling Ordinary Shares | 4.68 pence | 3.90 pence |
| **Current Gross Portfolio Yield**[1] | 6.27% | 6.08% |
| **Annualised dividend yield**[1] | | |
| – Sterling Ordinary Shares | 5.27% | 4.78% |
| **NAV Total Return**[1] | | |
| – Sterling Ordinary Shares | 5.89% | 2.99% |
| **Share Price Return**[1] | | |
| – Sterling Ordinary Shares | 14.08% | (6.97%) |
| **On-Going Charges**[1] | | |
| – Sterling Ordinary Shares | 1.12% | 1.11% |

1 Further explanation and definitions of the calculation is contained in the section "Alternative Performance Measures" on page 91.

2 Dividends are those that were declared in respect of the year.

# Chairman's Statement

Dear Shareholder,

It is with pleasure that I present to you the Annual Report of NB Global Monthly Income Fund Limited for the year ended 31 December 2021.

## Performance

Over the year, the Company's share price total return was 14.08% per Sterling Ordinary Share (2020: (6.97%)). The Company's Net Asset Value ("NAV") total return per share for the year was 5.89% (2020: 2.99%). As of 31 December 2021, the Portfolio's gross current yield was 6.27%, and the gross yield to maturity was 6.58%.

## Dividends

The Company continued to meet its objective of providing regular and sustainable dividends. From the final quarter of 2020, the Company moved from a quarterly to a monthly distribution policy. During 2021, a monthly dividend of 0.39p was paid for a total of 4.68p for the year. This is compared to the 3.9p per share paid in 2020, an increase of 20%. The increase in dividends paid by the Company was made possible by the higher yield of the portfolio following the change in investment strategy implemented in 2020.

We were pleased to announce on 20 January 2022 an annual dividend target rate for 2022 of 5.25% of NAV as at 4 January 2022, which equates to 0.415 pence per share paid monthly and an increase of 6.4% over the year 2021. I would like to take the opportunity to remind our shareholders that the Company (as a consequence of the passing of the resolutions at the EGM on 8 September 2020) became an "offshore fund" for UK tax purposes under the UK's offshore fund rules with effect from 1 January 2020. The Company obtained approval by HMRC to treat the Company, as from 1 January 2020, as a "reporting fund" for these purposes, details of which can be found in the EGM circular dated 17 August 2020 available on the Company's website. Details of the excess reportable income, if any, for each year can also be found on the Company's website. In order to avoid having any excess reportable income for 2021, the Board has resolved to increase the May 2022 dividend by 0.205 pence per share.

## Portfolio Construction

As of 31 December 2021, the allocation in the portfolio was broadly 64% to traditional credit and 36% to alternative credit. The overall Fund exposure to floating rate assets was 70%. Floating Rate Loans remained the portfolio's largest allocation at just over 35%, followed by High Yield Bonds and Private Debt. In terms of rating by credit quality, as at year end the portfolio held an allocation of 14.0% in BBB/BB rated securities, 46.1% in B rated securities and with an allocation of 33.5% to securities rated CCC and below.

## Discount Management

During the year ended 31 December 2021, the Company's discount ranged between 13.8% and 4.3% per Sterling Ordinary Share finishing the year at a 5.8% discount.

On 3 March 2020, on 11 June 2020 and on 14 June 2021 we sought shareholder approval to renew the authority for the Company to make market purchases of its own Shares, which was duly granted. The Board will seek to renew this authority, as required, to provide the flexibility to act on an opportunistic basis. There were no repurchases of Sterling Ordinary Shares during the year ended 31 December 2021.

With effect from 8 September 2020, the annual continuation vote and redemption triggers were withdrawn and replaced with, at the discretion of the Board, a bi-annual tender the first of which, if offered, will close at the end of June 2022. (See page 31 for more details).

In addition, from the end of June 2022, should the NAV fall below £150m the Board will consider, subject to prevailing market conditions, proposing that the Company be wound up.

# Chairman's Statement (continued)

### Shareholder Engagement

During the year, the Investment Manager, Broker and I contacted a significant number of our major shareholders on a one-to-one basis to discuss the Company and to understand investor views on our strategy.

### Annual General Meeting ("AGM") results

All of the resolutions proposed at the AGM in June 2021 were duly passed with no significant votes lodged against any resolution.

### COVID-19

The latest COVID-19 Omicron variant, while a serious health issue, has less severe symptoms than at first feared and compared to the Delta variant. Vaccination rates vary in the U.S. and Europe but generally, the populations have good levels of protection in comparison to previous spikes in COVID-19. In the near term, we do have concerns that some businesses are seeing higher levels of staff absence with many employees required to isolate which is causing logistical issues for some Issuers. Looking further out, we are turning more constructive that from Spring of 2022 onwards, economic activity will likely be far less impacted by Omicron or other COVID-19 factors, especially as we move from pandemic to endemic and as both supply chain and labour disruptions begin to normalise. As such, we are turning more constructive on issuers which, while appropriately capitalised, are set to benefit from a resurgence in consumer spending on services, hospitality and entertainment as well as other activities such as business and leisure travel.

Operationally, the Company has continued to function without any discernible disruption. All of our major service providers have been able to maintain full-service levels throughout the pandemic and the Board is confident that this will continue to be the case, with many employees having returned to the office on a more flexible basis in the first quarter of 2022.

### Outlook

Your Board believes that the current annualized dividend yield of 5.27% as at 31 December 2021, on the Company's shares at the current share price is attractive on a risk-adjusted basis given the current low interest rate environment and considering the prudent investment approach taken by the Investment Manager. The Board is targeting increased dividends for 2022, currently 0.415 pence per month, equivalent to 4.98p per share for the year. We believe the Company continues to offer a favourable risk-adjusted total return and is confident with the Investment Manager's performance to date in executing the revised strategy.

While the massive fiscal and accommodative monetary support, put in place as a result of the pandemic, will be moderating over the intermediate term, solid consumer business balance sheets and still strong end demand will continue to deliver above-trend economic growth in 2022. In this environment, non-investment grade credit is likely to continue to see favourable demand given the persistent search for yield and durable income. That said, central banks will be looking to raise short-term interest rates to fight higher inflation which actually will benefit senior floating rate loans and CLOs as well as the shorter duration global high yield. Given an earlier and faster normalisation of monetary policy plus the very favourable fundamentals of issuers, floating rate loans – unlike previous cycles – will see the carry component likely "float" a lot earlier given the unusual nature of the pandemic – induced, very short, deep recession and extremely sharp recovery and the necessary actions that the Fed, BoE and ECB will have to take to fight higher inflation. There remains some uncertainty about the path of COVID given the potential for new variants and we could see come short-term bouts of volatility from this and geopolitical concerns, but we believe that the manager's fundamental credit research, focus on relative valuations and aim to avoid defaults position them well to take advantage of any market volatility.

Directors have been monitoring the developments in Ukraine and undertook a detailed review of the portfolio in March 2022. The Company has no/does not have investments or portfolio companies headquartered or with material operations in Russia, Ukraine or neighbouring countries. We therefore do not expect/expect any material impact on the Company but will continue to monitor closely.

Thank you for your continued support.

**Rupert Dorey**
Chair

20 April 2022

# Investment Manager’s Report

## Market and Macroeconomic Environment

Non-investment grade credit finished the year with solid returns despite the rising number of Delta COVID cases earlier last year and Omicron cases later in the year. Returns in the reporting period were driven by favourable fundamentals and strong demand for higher yielding, lower duration fixed income, despite the uncertainty of new COVID variants. Also, in December, the Federal Reserve Chair hinted at an accelerated taper and rate hike timeline due to persistent inflation. That said, for most of 2021, central bankers had been tolerant of inflation because of the pandemic and guided that returning employment to potential and inflation to a higher target was a priority. Central bankers got their wish and then some as inflation became more persistent than desired. The Bank of England surprised with a 15 basis point rate hike in December which signals they are worried about inflation being more firmly entrenched. Omicron which has less severe symptoms, was shrugged off by investors who seem to hold the view that it was unlikely to derail the economic recovery. Fundamentals across non-investment grade credit markets improved throughout the reporting period and remained solid as at year end with default rates below or near all-time lows and technicals in a very favourable supply/demand balance with record CLO production, strong demand from investors and the increasing volume of ”rising stars” likely to reduce the available supply in global high yield.

Senior floating rate loans ended the reporting period in positive territory on improving issuer fundamentals, large positive retail inflows and strong new issue volume in CLOs. U.S. senior floating rate loans – measured by the S&P/LSTA Leveraged Loan Index (the ”S&P LLI”) – provided a return of 5.20% in 2021 with lower credit rating tiers outperforming the higher rated as CCC, B and BB returned 12.45%, 5.22% and 3.12%, respectively. The European Leveraged Loan Index returned 4.81%, excluding currency effects. Second lien loans saw healthy returns and were up 13.53% over the full year.

The global high yield bond market also ended the reporting period in positive territory driven by improving economic activity, better-than-expected earnings, and accommodative central bankers who more recently have focused on plans to remove the massive monetary stimulus as a result of much higher inflation. Moreover, with high yield corporate fundamentals markedly improving – evidenced by default rates declining to all-time lows-high yield spreads tightened over the period. Additionally, attractive yields and lower relative duration fuelled investor demand for the asset class. In global high yield, lower quality securities, such as those rated CCC and below in the ICE BofA Global High Yield Index (Total Return, Hedged, USD) saw much better performance with returns of 8.75%, whereas BB and B securities returned 2.97% and 1.22%, respectively for the full year. This compares to the overall ICE BofA Global High Yield Constrained Index (Hedged, USD) return of 3.04%.

The CLO new-issue market set records with issuance year to date through December 31 of $186.7 billion which exceeded the prior full-year record of $129 billion in 2018. U.S. leveraged loan retail funds continued to see very strong inflows totalling $33.8 billion in 2021. CLO debt had stable, overall positive performance in 2021, as the asset class continued to adequately absorb record new issuance and reset volumes. Investor demand remained strong benefitting from higher near-term rates and strong underlying fundamental performance as well as continued attractive relative value vs. other fixed income assets. The CLO BB index gained 11.20% for the full year 2021.

Defaults continued their descent toward and through record lows in non-investment grade credit markets, which is consistent with improving balance sheets and solid earnings growth. The trailing 12M par weighted default rate for the S&P LLI as of December 2021 was 0.29%, down 388 basis points from last year’s peak of 4.17% in September 2020 and flat from a month ago. In European loans, the trailing 12M par weighted default rate was 0.62%, down 199 basis point from the October 2020 peak and down 13 basis points compared to the prior month. Furthermore, the distressed ratios also remain very low as the share of distressed issuers in the S&P LLI and ELLI are now down to 0.99% and 0.57%, respectively. The share of U.S. High Yield bonds trading at distressed levels (+1,000 basis points or wider) was 2.0% as at 31 December 2021 which also bodes well for the default outlook. In December, the par weighted LTM U.S. high yield default rate decreased to 0.27%, or 11 basis points lower than the prior record low. While defaults and the share of distressed issuers remain low, we continue to be vigilant in avoiding credit deterioration and issuers that do not meet our disciplined credit underwriting standards.

Non-investment grade credit—with its lower duration profile, attractive yields relative to other fixed income and improving credit fundamentals – will likely continue to see favourable investor demand.

# Investment Manager's Report (continued)

### Performance 1 January 2021 – 31 December 2021

For the period of 1 January 2021 to 31 December 2021, the NAV total return of the NB Global Monthly Income Fund - Sterling Share Class GBP was 5.89%. (Performance data quoted represents past performance and does not indicate future results. Total returns shown are net of all fees and expenses and include reinvestment of income dividends and other distributions, if any).

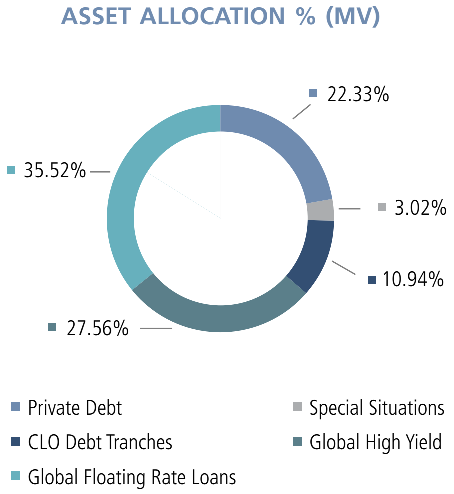
During the period, holdings in the Oil & Gas, Broadcast Radio & TV and Health Care sectors were the most significant drivers of performance whilst the Business Equipment & Services, Utilities and Food & Drug Retailers sector holdings were the biggest detractors. The Company's positioning in B rated issuers contributed the most to performance whilst positioning in CCC rated issuers added the least over the period.

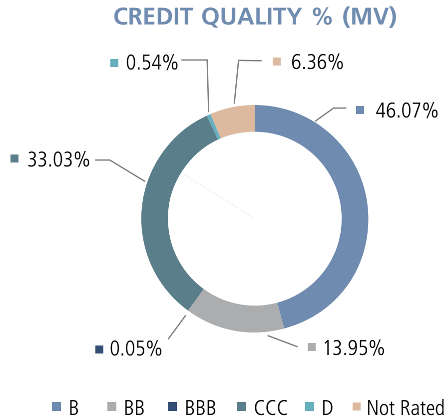
As of 31 December 2021, Global Floating Rate Loans was the portfolio's largest allocation at 35.5% followed by Global High Yield Bonds at 27.6%. The Company's allocation to BBB/BB rated credits was at 14% while our exposure to CCC and below rated issuers finished the period at 33.6%. The overall Fund exposure to floating rate assets was at 70% at the end of the reporting period, with an average duration for the entire portfolio of 1.24 years. Regarding sector allocation, the top three weights included Electronics (Technology), Health Care and Oil & Gas whilst the bottom three weights included Forest Products, Steel and Brokers, Dealers & Investment Houses.

Over the period 1 January 2021 to 31 December 2021, the dividend income was consistently £0.0039 per share every month.

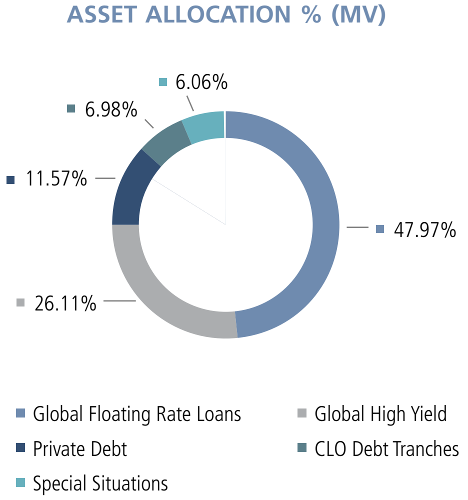
### Portfolio Positioning

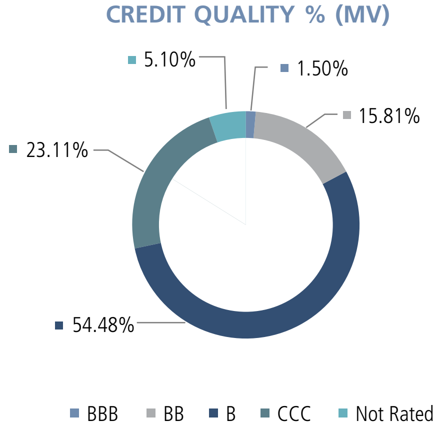
**NBMI as at December 31 2021**



**NBMI as at December 31 2020**




## Outlook

In our view, yields on non-investment grade credit are more than compensating investors for the benign default outlook, will continue to provide durable income and are especially attractive compared to other fixed income alternatives. While the persistence of inflation has been acknowledged by central banks, above-trend real GDP growth and better pricing power should remain supportive of issuer fundamentals. Strong consumer balance sheets, growing nominal wages, businesses working to rebuild inventories and rehire plus more clarity on central bank tapering and rate hike timelines should continue to be supportive of economic activity and financial conditions. Our global research team continues to monitor the investment thesis for each issuer in the fund given the uncertainty around supply chain disruptions, labour supply constraints and Omicron's potential impact on demand in certain consumer-facing sectors such as travel, lodging, leisure and entertainment. Even with the uncertainty of the pandemic, higher inflation and potential political risk which could result in pockets of short-term volatility, we believe our bottom-up, fundamental credit research process focused on security selection while seeking to avoid credit deterioration and putting only our "best ideas" into portfolios, position us well to take advantage of any volatility.

While the Russian invasion of Ukraine post year end presents further geopolitical and market risk, we have considered the potential impact of this event on asset values and no direct impact has been identified. We continue to monitor the situation.

**Neuberger Berman Investment Advisers LLC**

20 April 2022

**Neuberger Berman Europe Limited**

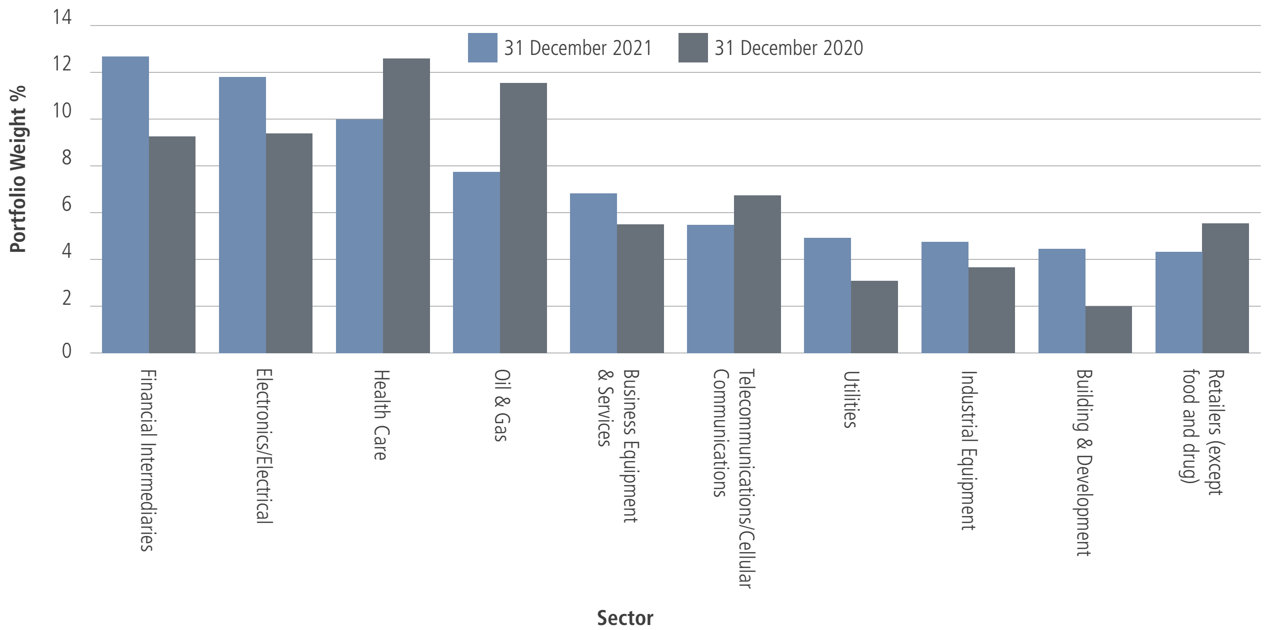
20 April 2022

# Portfolio Information

### Top 10 Issuers as at 31 December 2021 (excluding cash)

| ISSUER | SECTOR | FAIR VALUE ($) | PORTFOLIO WEIGHT |
|---|---|---|---|
| Intelsat Jackson Holdings SA | Telecommunications/Cellular Communications | 5,745,682 | 1.82% |
| Chariot Buyer LLC | Building & Development | 5,218,500 | 1.65% |
| Constellation Automotive Limited | Automotive | 4,757,863 | 1.51% |
| Team Health Holdings Inc | Health Care | 4,530,016 | 1.43% |
| CSC Holdings LLC | Cable & Satellite Television | 4,483,125 | 1.42% |
| Great Outdoors Group LLC | Retailers (except food and drug) | 3,965,858 | 1.26% |
| Uniti Group Inc/CSL Capital LLC | Telecommunications/Cellular Communications | 3,951,380 | 1.25% |
| EG Group Ltd | Retailers (except food and drug) | 3,912,728 | 1.24% |
| Phoenix Newco Inc | Health Care | 3,603,600 | 1.14% |
| American Airlines Group Inc | Air Transport | 3,557,456 | 1.13% |

### Top 10 S&P Sector Breakdown




### Key Statistics

| | 31 DECEMBER 2021 | 31 DECEMBER 2020 |
|---|---|---|
| Current Gross Portfolio Yield[1] | 6.27% | 6.08% |
| Number of Investments | 293 | 245 |
| Number of Issuers | 231 | 197 |

1 The Company's Current Gross 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 fees, Company expenses or sales charges paid, which would reduce the results. The Current Gross Portfolio Yield for the Company will fluctuate from month to month. The Current Gross Portfolio Yield should be regarded as an estimate of the Company's rate of investment income and it will not equal what is distributed by way of dividends by the Company.

# Strategic Report

## Investment Objective and Business Model

The Company's investment objective and business model have been discussed on pages 2 and 4 respectively.

## Principal Risks and Risk Management

The Board is responsible for the Company's system of internal financial and operating controls and for reviewing its effectiveness. The Board has satisfied its responsibility by using the Company's risk matrix as its core element in establishing the Company's system of internal financial and reporting controls while monitoring the investment limits and restrictions set out in the Company's investment objective and policy. The Board has carried out a robust assessment of the emerging and principal risks and uncertainties facing the Company including those that would threaten its business model, future performance, solvency or liquidity.

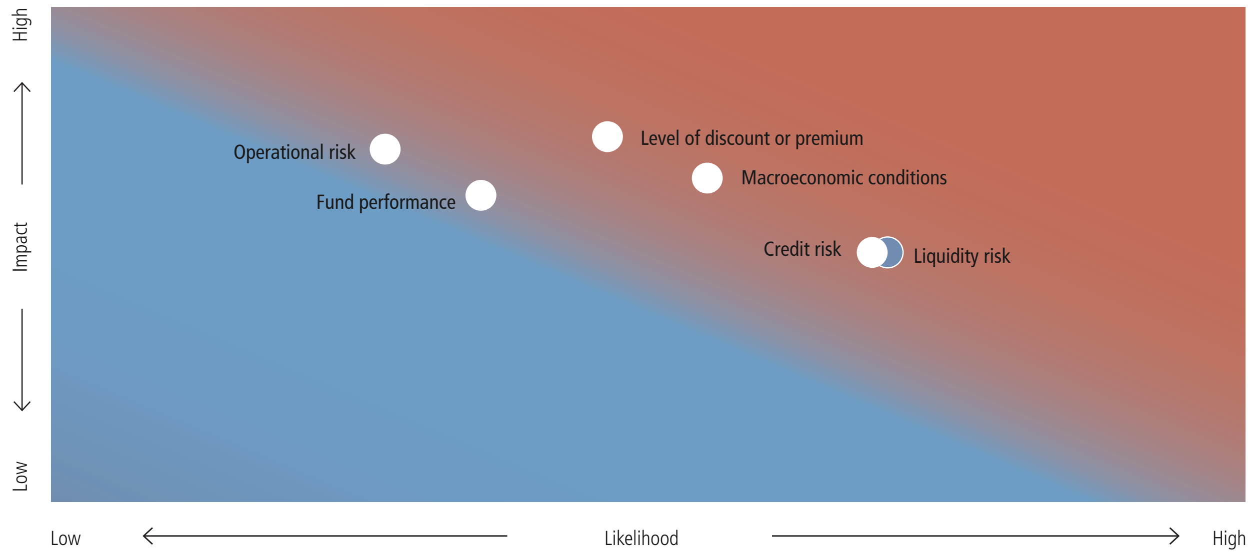
The principal risks, which have been identified, and the steps taken by the Board to mitigate these areas are as follows:

| RISK | MITIGATION |
|---|---|
| **Macroeconomic Conditions** | |
| Macroeconomic conditions change significantly and to the detriment of the portfolio or the Company causing a credit or liquidity risk to crystallise. | The Board receives regular reports from the Investment Manager on the macroeconomic conditions and their effect on the health of the portfolio. The approach to managing credit risk and liquidity risk is set out further below. |
| **Credit Risk** | |
| This is the risk that the Company buys a loan or bond of a particular Issuer and it does not perform as expected and either defaults on a payment or experiences a significant drop in the secondary market value. | The Investment Manager carries out extensive, independent due diligence on each asset, and has a particular focus on stable, performing credits that evidence strong track records through previous economic cycles. Issuer size is also considered and the Investment Manager continues to favour the larger issuers in the market, defined by having debt issuance greater than $500m or equivalent in sterling or euros. These issuers tend to have broader syndicates, which can aid liquidity in the secondary market. As well as screening out the smaller issuers, the Investment Manager also excludes highly cyclical industries and companies with limited earning visibility from its investment process.<br><br>Once a particular investment has been made, the Investment Manager is focused on monitoring it. A range of relevant data is reviewed on an ongoing basis for each investment, including, but not limited to, key financial drivers, commodity prices, stock prices, regulatory developments, financial results, press releases and management commentary to identify any indicators of credit deterioration. More detail on the Investment Manager's processes are on pages 17 to 19.<br><br>To manage this risk further, the Board ensures a diversification of investments with the Investment Manager operating in accordance with the investment limits and restrictions policy determined by the Board. The Directors monitor the implementation and results of the investment process with the Investment Manager at each quarterly Board meeting and monitor risk factors in respect of the portfolio. |

# Strategic Report (continued)

| RISK | MITIGATION |
|---|---|
| **Liquidity Risk** | |
| The risk that the Company will not be able to meet its obligations as and when they fall due. | Liquidity risk is managed by the Investment Manager, in conjunction with the Administrator, to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's cash requirements. The majority of the Company's investments are highly liquid which would act as a safeguard in the unlikely event of an unplanned cash requirement. Regular liquidity updates are provided to the Board. On a monthly basis, a summary of Income and Expenses, net investment income and distributions paid is provided to the Board. The Board also receives quarterly expense reports form the Sub-Administrator, to aid monitoring of cash liquidity. |
| **Level of Discount or Premium** | |
| A discount or premium to NAV can occur for a variety of reasons, including market conditions or to the extent investors undervalue the management activities of the Investment Manager or discount their valuation methodology and judgment. | While the Directors may seek to mitigate any discount or premium to NAV per Share through the discount management mechanisms set out in the Prospectus and EGM Circular dated 17 August 2020, there can be no guarantee that such mechanisms will be successful. |
| **Operational Risk** | |
| Disruption to, or the failure of either the Investment Manager's, Administrator's or Sub- Administrator's accounting, dealings or payment systems, or the Custodian's records could prevent adequate safeguarding of the Company's assets, the accurate reporting or monitoring of the Company's financial position and the receipt or transmission of payments.<br><br>Furthermore, the Company must comply with the provisions of the Law and, since its shares are listed on the Official List of the UK Listing Authority and trade on the Main Market of the LSE, the Company is subject to the Financial Conduct Authority's ("FCA") Listing Rules and the Disclosure Guidance and Transparency Rules ("DTRs"). A breach of the legislation could result in the Company and/or the Directors being fined or subject to criminal proceedings. A breach of the Listing Rules could result in the suspension of the Company's shares and therefore a reduction in shareholder value. | Details of how the Board monitors the services provided by its major service providers and the key elements designed to provide effective internal control are explained further in the internal controls section of the Corporate Governance Report which is set out on pages 35 to 41. The key service providers are contracted to provide their services through qualified professionals and the Board receives regular internal control reports from the Administrator and Sub-Administrator that confirm compliance with service standards.<br><br>The Board relies on its Company Secretary, the Administrator, Broker and other professional advisers to ensure compliance with all relevant legislation and regulatory requirements. |
| **Investment Activity and Fund Performance** | |
| An unsuccessful investment strategy may result in underperformance against the Company's objective. This might be due to the skills of the Investment Manager falling short in its selection of sectors or issues in which to invest or style drift. | The Board has managed these risks by ensuring a diversification of investments. The Investment Manager operates in accordance with the investment limits and restrictions policy set out in the Company's Investment Policy and as further determined by the Board. The Directors review the limits and restrictions on a regular basis and the Administrator monitors adherence to the limits and restrictions every month and will notify any breaches to the Board. The Investment Manager provides the Board with management information including performance data and reports, and the Corporate Broker provides shareholder analyses. The Directors monitor the implementation and results of the investment process with the Investment Manager at each Board meeting and monitor risk factors in respect of the Portfolios. Investment strategy is reviewed at each Board meeting. |

## Heat Map of Principal Risks




## Principal Risks' Expected Direction of Change

| RISK CATEGORY | EXPECTED DIRECTION OF CHANGE |
|---|---|
| MACRO ECONOMIC CONDITIONS | Neutral. The material uncertainty surrounding the Ukraine situation has created a spike in volatility in the short term. Other things being equal we expect interest rate rises from the Fed in 2022 to combat significant inflationary pressures resulting from excess liquidity provision and supply induced shocks resulting from de-globalisation of supply chains. |
| CREDIT RISK | Neutral. Defaults rates are expected to remain well below historical average levels, but the expected tightening in financial conditions and likely slower growth will see default rates increase from current historically low levels. |
| LIQUIDITY RISK | Unchanged. Liquidity Risk is managed by the Investment Manager to ensure that the Company maintains sufficient working capital in cash or near cash forms as to be able to meet the Company's cash requirements. The underlying portfolio is moderately less liquid than before the strategy change (September 2020) but the Board is likely to be less active in buybacks. |
| INVESTMENT ACTIVITY AND PERFORMANCE | Moderately positive. Fed rate rises will likely benefit floating rate returns and make FRNs relatively more attractive vs. bonds, but could be counterbalanced by credit spreads widening particularly if growth slows more sharply. |
| LEVEL OF DISCOUNT/PREMIUM | Positive. The near-term volatility induced by COVID-19 in March 2020 in almost all sectors impacted negatively on the Company's relatively stable discount level during 2020. This relative stability was achieved following substantial share buy backs. Following the change in investment strategy and cash exit offer (September 2020), the discount has narrowed again and stabilised within a relatively narrow band. The Board believes the Company offers a relatively attractive risk adjusted investment proposition. Effective June 2022, the Company's bi-annual tender offer (for details see page 31) will, in the long-term, contribute to effective management of the discount at which the Company's shares trade. |
| OPERATIONAL RISK | No expected change. The Board has continued to discuss the impact of COVID-19 with all the Company's Key Service Providers and remains satisfied that the Company can continue, and has continued, to be run effectively. However, this situation will be regularly reviewed as matters evolve. |

# Strategic Report (continued)

### Emerging Risks

The Board undertakes a quarterly assessment of all risks on a forward-looking basis, and in discussion with the Investment Manager identifies emerging risks in addition to assessing expected changes to existing risks as discussed above. The Board assesses the likelihood and impact of emerging risks. The Board discusses and agrees appropriate mitigation or management of emerging risks as and when they are identified. Such examples of emerging risks identified in the year include global supply chain bottlenecks resulting from the impact of COVID-19, the threat from new variants and disruption from further restrictions, heightened geo-political risks particularly following the Russian invasion of Ukraine and the increasing spotlight on ESG and climate change particularly following COP 26. Emerging risks are managed through discussion of the likelihood and impact at each quarterly Board meeting. Should an emerging risk be determined to have any material potential impact on the Company, appropriate mitigating measures and controls are agreed.

### Going Concern

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern including reviewing the on-going cash flows and the level of cash balances, the liquidity of investments and the income deriving from those investments as of the reporting date and have determined that the Company has adequate financial resources to meet its liabilities as they fall due.

However, should there be a cash exit offer at the end of June 2022 and at the end of December 2022 and both are taken up by Shareholders in full, the Company's NAV would likely drop below £150m after January 2023, which would result in the Board, subject to market conditions at the time, bringing forward a proposal to wind-up the Company. This currently represents a material uncertainty as to the ability of the Company to continue in operation. After making enquiries of the Investment Manager and the Sub-Administrator, the Directors are however, satisfied that the Company has adequate resources to discharge its liabilities as they fall due for at least one year from the date these Financial Statements were approved notwithstanding this material uncertainty. Accordingly, the Directors continued to adopt a going concern basis in preparing these Financial Statements.

### Viability Statement

The Directors have assessed the prospects of the Company over the three-year period to 31 December 2024 in accordance with provision 36 of the AIC Code of Corporate Governance, published in February 2019 (the "AIC Code"). The Board conducted this review for a period of 3 years, a period that was selected for the following reasons:

- The nature of the credit investments held by the Company have an average maturity of approximately three years which allows the investment cash flows, recycling of investments, and expenditure commitments of the Company to be reasonably forecast over this timeframe.
- The impacts on the Company of other factors can be reasonably assessed within this timeframe. Beyond a three-year timeframe, the impact of external forces, such as changes to legislation, market forces or other unknown factors, becomes less able to be predicted or assessed in analysing the viability of the Company.

The three-year review considers the Company's cash flow, cash distributions and other key financial ratios over each year. The three-year review also makes certain assumptions about the normal level of expenditure likely to occur and considers whether financing facilities will be required. Importantly, the three-year review period to 31 December 2024 encompasses the possibility that there may be cash exit offers (as detailed in the going concern section above) or that very poor performance results in the Company's NAV falling below £150m from January 2023. As such, there is a material uncertainty as to the Company's viability.

In their assessment of the viability of the Company, the Directors have carried out a robust assessment of the Company's emerging and principal risks detailed on pages 21 to 26. The Directors have performed a quantitative and qualitative analysis that included the Company's income and expenditure projections and the fact that the Company's investments mainly comprise realisable securities which can be expected to be sold to meet funding requirements if necessary. As part of this assessment, the Directors reviewed a series of stress test scenarios carried out by the Investment Manager, which included an assumption of a significant (60%) fall in income and no reduction in expenses and were satisfied that the Company would continue to be viable financially. The Directors consider it highly likely that, in such a scenario, expenses would fall rather than remain at current levels as the main expense, the Investment Manager's fee, which is driven by the NAV, would be expected to fall as a result of either declining value of assets or sale of assets to cover the operational costs. A risk to the analysis however is the possibility that the cost of hedging, which is cash settled quarterly, is extreme for a particular quarter at a time when liquidity in the credit markets is severely impacted. The Investment Manager reviews the hedging positions daily and considers it highly unlikely that such a situation would arise and cause the Company not to be able to settle its liabilities as they fall due. The Directors have made the assumption therefore that this would not happen.

Based on the Company's processes for monitoring operating costs, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, liquidity risk and financial controls, assuming stressed market conditions and the assumptions referred to above, notwithstanding the material uncertainty discussed above the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2024.

## Performance Measurement and Key Performance Indicators

In order to measure the success of the Company in meeting its objective and to evaluate the performance of the Investment Manager, the Directors take into account the following performance indicators:

- Returns and NAV – The Board reviews at each board meeting the performance of the portfolio as well as the NAV, income and share price of the Company;
- Discount/premium to NAV – At each quarterly Board meeting, the Board monitors the level of the Company's discount or premium to NAV and reviews the average discount/premium for the Company's peer group. The Company publishes a NAV per share on a daily basis through the official newswire of the LSE. This figure is calculated in accordance with the AIC's guide which includes current financial year revenue, the same basis as that calculated for the Financial Statements;
- The Directors examine the revenue forecast monthly and consider the yield of the portfolio and the amount available for distribution; and
- The Board considers the performance of other comparable income funds at each quarterly Board meeting.

## Management Arrangements

### Investment Management Arrangements

On 17 July 2014, the Company and the Investment Manager made certain classificatory amendments to their contractual arrangements for the purposes of the European Commission's Directive on Alternative Investment Fund Managers (the "AIFM Directive"). The Sub Investment Management Agreement was terminated on 17 July 2014 and Neuberger Berman Investment Advisers LLC, which was the Sub Investment Manager, was appointed as the AIFM per the amended and restated Investment Management Agreement ("IMA") dated 17 July 2014. Under this agreement, the AIFM is responsible for risk management and day-to-day discretionary management of the Company's portfolios (including un-invested cash). The risk management and discretionary portfolio management functions are performed independently of each other within the AIFM structure. The AIFM is not required to, and generally will not, submit individual investment decisions for approval by the Board. The Manager, Neuberger Berman Europe Limited, was appointed under the same IMA to provide, amongst other things, certain administrative services to the Company. Please refer to Note 3 on pages 81 for details of fee entitlement.

On 31 December 2017, an amendment to the IMA was approved. Under the amendment, the responsibility for the manufacture of the Company's Key Information Document was delegated to the AIFM and other changes were made relating to MiFID II, anti-money laundering, bribery, cyber security and data protection On 1 October 2019, the IMA was amended to reflect a reduction in the Investment Manager's fee to 0.65% of NAV. Effective 8 September 2020, the IMA was further amended to reflect a change to the Investment Manager's fee:

***NAV amounts of the Company and Applicable rate of management fee to such NAV amount***

Up to £500 million: 0.75 per cent. of NAV per annum
Between £500 million and up to £750 million: 0.70 per cent. of NAV per annum
Between £750 million and up to £1 billion: 0.65 per cent. of NAV per annum
Above £1 billion: 0.60 per cent. of NAV per annum

The IMA can be terminated either by the Company or the Investment Manager, but in certain circumstances, the Company would be required to pay compensation to the Investment Manager of six months' management charges. No compensation is payable if notice of termination of more than six months is given.

# Strategic Report (continued)

**Administration and Custody Agreement**

Effective 1 March 2015, the Company entered into an Administration and Sub-Administration Agreement with U.S. Bank Global Fund Services (Guernsey) Limited and U.S. Bank Global Fund Services (Ireland) Limited, a wholly-owned subsidiary of U.S. Bank Global Fund Services (Guernsey) Limited. Under the terms of the agreement, Sub-Administration services are delegated to U.S. Bank Global Fund Services (Ireland) Limited (the "Sub-Administrator"). U.S. Bank National Association (the "Custodian") was appointed custodian to the Company effective 1 March 2015. On 4 June 2018, the Company entered into an Amendment to the Administration and Sub-Administration Agreement in respect of the requirements of relevant data protection regulations. On 5 February 2020, the Company entered into an amendment to the fee schedule to both the Custodian Agreement and Administration and Sub-Administration Agreement to reflect a reduction in fees charged by the Administrator and Custodian. It was further amended effective 2 October 2020 to reflect a further reduction in fees.

See Note 3 on page 81 for details of fee entitlement.

**Company Secretarial and Registrar Arrangements**

Company secretarial services are provided by Sanne Fund Services (Guernsey) Limited formerly Praxis Fund Services Limited. Registrar services are provided by Link Market Services (Guernsey) Limited.

See Note 3 on page 81 for details of fee entitlement.

# Directors

### **Rupert Dorey** (Chair)

Rupert Dorey is a resident of Guernsey and has over 35 years of experience in financial markets. Mr Dorey was at Credit Suisse First Boston Limited for 17 years from 1988 to 2005 where he specialised in credit related products, including derivative instruments where his expertise was principally in the areas of debt distribution, origination and trading, covering all types of debt from investment grade to high yield and distressed debt. He held a number of senior positions at Credit Suisse First Boston Limited, including establishing Credit Suisse First Boston Limited's high yield debt distribution business in Europe, fixed income credit product coordinator for European offices and head of UK Credit and Rates Sales. Since 2005 he has been acting in a Non-Executive Directorship capacity for a number of Hedge Funds, Private Equity & Infrastructure Funds, for both listed and unlisted vehicles. Rupert is a former President of the Guernsey Chamber of Commerce and is a member of the Institute of Directors.

### **Laure Duhot** (Chair of the Management Engagement Committee and the Remuneration and Nomination Committee)

Laure is resident in the United Kingdom and brings over 30 years of professional experience in the investment banking and property sectors, specialising in alternative real estate assets, including investing in and the development of healthcare properties, private market rent ("PRS"), affordable housing, student and senior living across the UK and in Europe. Laure has a proven track record in fund management, corporate finance, private equity and capital markets and previous senior roles include the European Investment Bank, Lehman Brothers, Macquarie Capital Partners, Sunrise Senior Living, Pradera, Grainger and Lendlease. Laure's non-executive experience includes board positions at a number of investment funds and property companies, including Thames Valley Housing Group, the Guinness Partnership, the MedicX fund and InLand Homes plc. Laure currently serves as a non-executive director of Primary Healthcare Properties plc and Safestore plc.

### **David Staples** (Chair of the Audit and Risk Committee and Senior Independent Director)

Mr Staples, a resident of Guernsey, is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Chartered Institute of Taxation. He also holds the Institute of Directors' Diploma in Company Direction.

Mr Staples was a partner for 13 years of PricewaterhouseCoopers ("PwC") and led the tax practice in the South East of England, advising several large family and owner-managed businesses. He was also a member of the management board of the firm's London and South East Middle Markets Tax Practice. Since leaving PwC in 2003, Mr Staples has served on the boards of several listed companies as a non-executive director including as chair of MedicX Fund Limited and Duet Real Estate Finance Limited. He is currently a director and audit committee chair of two other listed companies, Ruffer Investment Company Limited and Baker Steel Resources Trust Limited. His other appointments are as chair of the general partner companies of the main global private equity funds advised by Apax Partners.

# Directors' Report

## Share Capital

The share capital of the Company consists of: (a) an unlimited number of shares which upon issue the Directors may classify as U.S. Dollar Shares, Sterling Shares or Euro Shares or as shares of such other classes as the Directors may determine; (b) an unlimited number of B Shares which upon issue the Directors may classify as B Shares of such classes denominated in such currencies as the Directors may determine; (c) an unlimited number of C Shares which upon issue the Directors may classify as C Shares of such classes denominated in such currencies as the Directors may determine.

The number of shares in issue at 31 December 2021 was as follows:

| | |
|---|---|
| Sterling Ordinary Shares | 323,268,152[1] |

1 of which 76,083,114 were held in treasury.

The U.S. Dollar Ordinary Share Class was closed on 3 August 2020 following a compulsory conversion into Sterling Ordinary Shares.

The number of shares in issue at 31 December 2020 was as follows:

| | |
|---|---|
| Sterling Ordinary Shares | 323,268,152[2] |

2 of which 76,083,114 were held in treasury.

The number of shares in issue as at 13 April 2022, being the latest practicable date prior to publication of this report, was as follows:

| | |
|---|---|
| Sterling Ordinary Shares | 323,268,152[3] |

3 of which 76,083,114 are held in treasury.

## Share Repurchases

At the Annual General Meeting ("AGM") of the Company held on 14 June 2021, the Directors were granted the general authority to purchase in the market up to 14.99% of the class of shares.

This authority will expire at the AGM expected to be held in June 2022. Pursuant to this authority, and subject to the Law and the absolute discretion of the Directors, the Company may purchase Ordinary Shares of a particular class in the market on an ongoing basis with a view to addressing any imbalance between the supply of and demand for Ordinary Shares of such class. The Directors will only apply this authority if the share price is standing at a discount to the NAV per share thereby increasing the NAV per Ordinary Share of that class and assisting in managing the discount to NAV per Ordinary Share of that class. The Directors intend to seek annual renewal of this authority from shareholders to enable the Board to act on an opportunistic basis.

## NBMI Cumulative Share Buybacks 1 January 2016 – 31 December 2021

To support the share price and provide liquidity in the Shares and accretion to NAV per Share for ongoing shareholders, the Company has, since 2017, proactively repurchased over 859 million Ordinary shares. In addition, the Company redeemed 164,790,024 shares on 8 September 2020 following the cash exit offer to investors. Since that date the Board has not exercised its authority to buy back any shares.

## Share Conversions

Until 3 August 2020, the Company offered a monthly conversion facility pursuant to which shareholders could elect to convert some or all of their shares of a class into shares of any other class. During the period to 3 August 2020, shareholders elected to convert 205,766 Sterling Ordinary Shares into U.S. Dollar Ordinary Shares and 1,905,961 U.S. Dollar Ordinary Shares into Pound Sterling Ordinary Shares. Following the closure of the U.S. Dollar Ordinary Share Class on 3 August 2020, the monthly conversions were discontinued.

## Dividends and Dividend Policy

The Company seeks, in each financial year, to distribute amounts to shareholders by way of monthly dividends equal in aggregate to the target distribution for that year. The Board's policy is that dividends will only be paid out of net cash income and net realised investment profits of the Company.

Following the implementation of the new investment policy and realignment of the Company's Portfolio effective 8 September 2020, distributions are made by way of a dividend in each calendar month (instead of the quarterly basis which was effective until 30 September 2020) in accordance with the expected dividend timetable published by the Company. It is the intention of the Board that the monthly dividends shall be paid in approximately equal amounts, to the extent that this is possible.

In order to avoid having any excess reportable income for 2021, the Board has resolved to increase the May 2022 dividend by 0.205 pence per share.

The Articles also permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to shareholders from time to time when a cash dividend is declared. The Directors' intention is not to offer a scrip dividend at any time that the shares trade at a discount to the NAV per Share. On 21 December 2015, due to the prevailing discount at that time, the Board decided to replace the scrip dividend alternative with a Dividend Re-Investment Plan ("DRIP"), whereby shareholders have the option to re-invest their cash dividend in the Company's shares on an efficient basis. Following the payment of the September, third quarter dividend announced on 8 October 2020, the Company discontinued the DRIP.

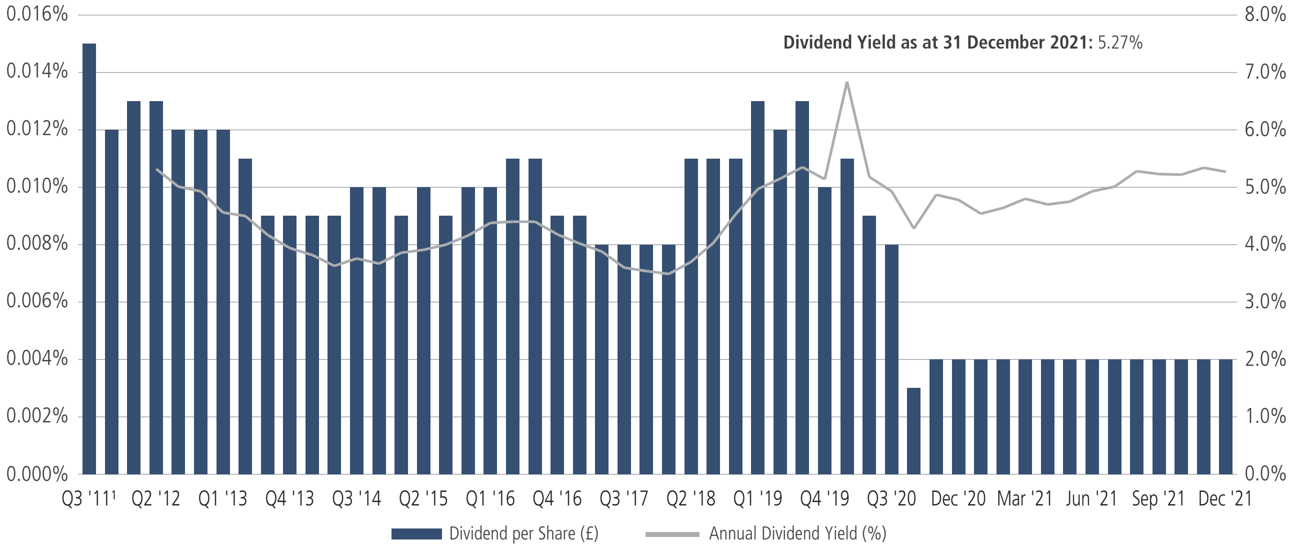
The below table sets out the dividends paid by the Company that were declared in respect of 2021:

| PERIOD | DATE DECLARED | PAYMENT DATE | DIVIDEND PER STERLING SHARE |
|---|---|---|---|
| Month ended 31 January 2021 – Ordinary Shares | 21 January 2021 | 12 February 2021 | £0.0039 |
| Month ended 28 February 2021 – Ordinary Shares | 18 February 2021 | 12 March 2021 | £0.0039 |
| Month ended 31 March 2021 – Ordinary Shares | 18 March 2021 | 09 April 2021 | £0.0039 |
| Month ended 30 April 2021 – Ordinary Shares | 22 April 2021 | 14 May 2021 | £0.0039 |
| Month ended 31 May 2021 – Ordinary Shares | 20 May 2021 | 11 June 2021 | £0.0039 |
| Month ended 30 June 2021 – Ordinary Shares | 17 June 2021 | 09 July 2021 | £0.0039 |
| Month ended 31 July 2021 – Ordinary Shares | 22 July 2021 | 13 August 2021 | £0.0039 |
| Month ended 31 August 2021 – Ordinary Shares | 19 August 2021 | 10 September 2021 | £0.0039 |
| Month ended 30 September 2021 – Ordinary Shares | 23 September 2021 | 15 October 2021 | £0.0039 |
| Month ended 31 October 2021 – Ordinary Shares | 21 October 2021 | 12 November 2021 | £0.0039 |
| Month ended 30 November 2021 – Ordinary Shares | 18 November 2021 | 10 December 2021 | £0.0039 |
| Month ended 31 December 2021 – Ordinary Shares | 21 December 2021 | 14 January 2022 | £0.0039 |

# Directors' Report (continued)

The below chart sets out the quarterly/monthly* dividends per share paid by the Company from Q3 2011 to 31 December 2021:

### Dividends per Share NBMI




Source: U.S. Bank Global Fund Services (Guernsey) Limited. Past performance is not indicative of future returns. Please refer to the dividend policy above and which is available in the Company's prospectus which can be found on https://www.nbgmif.com

1. The first dividend covered a five-month period.

December 2020 and 2021 dividends were paid January of the next year.

* Starting October 2020, dividends moved to a monthly cycle.

Annual dividend yield based on the dividends declared in respect of the period and the share price as at 31 December 2021.

### Substantial Share Interests

Based upon information deemed reliable as provided by the Company's registrar, as at 31 March 2022 the following shareholders owned 5% or more of the issued shares of the Company.

| SHAREHOLDER | NUMBER OF STERLING ORDINARY SHARES | PERCENTAGE OF SHARE CLASS (%) |
|---|---|---|
| BBHISL Nominees Limited 129481 ACCT | 24,864,403 | 7.69% |

### Notifications of Shareholdings

In the year to 31 December 2021 the Company was notified in accordance with Chapter 5 of the DTR (which covers the acquisition and disposal of major shareholdings and voting rights), of the following voting rights as a shareholder of the Company. When more than one notification has been received from any shareholder, only the latest notification is shown. For non-UK issuers, the thresholds prescribed under DTR 5.1.2 for notification of holdings commence at 5%. Notifications received by the Company below 5% are included here for completeness only.

| SHAREHOLDER | DATE | VOTING RIGHTS OF STERLING ORDINARY SHARES | PERCENTAGE OF TOTAL VOTING RIGHTS (%)[1] |
|---|---|---|---|
| East Riding of Yorkshire Council | 27 January 2021 | 10,577,075 | 4.27% |
| Brown Shipley & Co Limited | 28 October 2021 | 9,872,876 | 3.99% |
| Almitas Capital LLC | 8 November 2021 | 8,494,549 | 3.44% |

1 Calculated at time of announcement.

Since the year end, 1 TR-1 notifications was received by the Company. When more than one notification has been received from any shareholder, only the latest notification is shown.

| SHAREHOLDER | VOTING RIGHTS OF STERLING ORDINARY SHARES | PERCENTAGE OF TOTAL VOTING RIGHTS (%)[1] |
|---|---|---|
| Quilter Plc | 12,526,507 | 5.07% |

1 Calculated at time of announcement.

### Directorship Disclosures in Public Companies Listed on a Stock Exchange

| COMPANY NAMES | EXCHANGE(S) |
|---|---|
| **Mrs Laure Duhot** | |
| Primary Healthcare Properties PLC | London |
| Safestore plc | London |
| **Mr Rupert Dorey** | |
| Third Point Investors Limited | London |
| **Mr David Staples** | |
| Ruffer Investment Company Limited | London |
| Baker Steel Resources Trust Limited | London |

### Life of the Company

The Company does not have a fixed life. However, as required under Article 51 of the Articles of Incorporation, which were in effect until 8 September 2020, the Directors were required to propose an Ordinary Resolution that the Company continues its business as a closed-ended investment company (a "continuation resolution"). The first continuation resolution, which fell due on or before the third anniversary of admission, was passed on 19 March 2014. The second continuation resolution fell on 5 April 2017, being before the sixth anniversary of admission and was also duly passed. From 2018, the continuation resolution, as required by the Articles, was proposed annually at the annual general meeting, and was duly passed in May 2019 and the final vote was passed on 11 June 2020.

Since the passing of the resolutions proposed at the EGM on 8 September 2020 and amendment to the Articles, there is no longer a requirement that an annual continuation vote take place nor will the Company be required to offer a tender should the discount to NAV trade beyond a 5% average over the final three months of the financial year. Instead, the Company may, at the Board's absolute discretion, offer to eligible Shareholders the opportunity to tender up to 25% of their holdings (a "Cash Exit Facility Offer") at a price equal to the prevailing Net Asset Value per Share, less 2%. If the Board resolves to exercise its discretion (as they expect to do if the Company is trading at a discount to NAV per Ordinary Share of greater than 2% as at the date of any Cash Exit Facility Offer), the first Cash Exit Facility Offer is expected to close on 30 June 2022 and subsequent Cash Exit Facility Offers every six months thereafter. Further details and the terms and conditions applicable to the first Cash Exit Facility Offer will be published in a Shareholder circular. (In connection with any subsequent Cash Exit Facility Offers, the Company will publish an RIS announcement notifying Shareholders of the Board's decision to make a Cash Exit Facility Offer on the basis of the terms and conditions as previously set out in the Cash Exit Facility Offer. Additionally, the three-year review period to 31 December 2024 makes assumptions that the Company's NAV will not fall below £150m from June 2022. However, should the cash exit offer at the end of June 2022 and at the end of December 2022 be taken up in full the Company's NAV would likely drop below £150m after January 2023, which would result in the Board, subject to market conditions at the time, bringing forward a proposal to wind-up the Company.

# Directors' Report (continued)

### Anti-Bribery and Corruption Policy

The Board of the Company has a zero-tolerance approach to instances of bribery and corruption. Accordingly, it expressly prohibits any Director or associated persons, when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company. The Investment Manager has also adopted a zero-tolerance approach to instances of bribery and corruption. The Board insists on strict observance with these same standards by its service providers in their activities for the Company and continues to refine its process in this regard.

### Criminal Facilitation of Tax Evasion Policy

The Board of the Company has a zero-tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own associated persons and will not work with service providers who do not demonstrate the same zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion.

### General Data Protection Regulation

The Company takes privacy and security of your information seriously and will only use such personal information as set out in the Company's privacy notice which can be found on the Company's website at https://www.nbmif.com/pdf/privacy_policy.pdf.

### Employees and Socially Responsible Investment

The Company has a management contract with the Investment Manager. The Company has no employees and all of its directors are non-executive, with day-to-day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees and its own direct environmental impact is minimal. The Company's main investment activities are carried out by Neuberger Berman, which is a signatory to the Principles of Responsible Investment and has an ongoing commitment to strengthening and refining its environmental, social and governance ("ESG") approach, see the Investment Manager's website for further details at https://www.nb.com/en/global/esg/philosophy.

The Investment Manager incorporates an ESG assessment into its internal credit ratings for non-investment grade credit. Its approach is to consider the valuation implications of ESG risks and opportunities alongside traditional factors in the investment process and to focus on companies or themes, which are judged to be 'better' according to environmental, social and governance characteristics. Further details of Neuberger Berman's Principles for Responsible Investment are given on its website at www.nb.com/pages/public/en-gb/principles-for-responsible-investment.aspx.

### Global Greenhouse Gas Emissions

The Company has no significant greenhouse gas emissions to report from its operations for the year to 31 December 2021 (2020 – none), nor does it have responsibility for any other emissions producing sources. During 2021, the Board's travel incurred approximately 0.2 tonnes of $CO_2$ (2020: 0.5 tonnes of $CO_2$). The Board intends to offset carbon emissions arising from its air travel.

### Gender Metrics

The Board consists of two men and one woman (33% female representation) as at 31 December 2021. More information on the Board's consideration of diversity is given in the Corporate Governance Report on page 35.

### The Modern Slavery Act 2015 ("MSA")

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods or services, the MSA does not directly apply to it. The MSA requirements more appropriately relate to the Investment Manager which is a signatory of the Principles of Responsible Investment (please see "Employees and Socially Responsible Investment" above) which include social factors such as working conditions, including slavery and child labour. The MSA of the Investment Manager is available on its website at www.nb.com.

## Key Stakeholder Groups

The Company identifies its key stakeholder groups as follows:

**Shareholders**

All Board decisions are made with the Company's success in mind, which is ultimately for the long-term benefit of its stakeholders.

**Service Providers**

As an investment company the Company does not have any employees and conducts its core activities through third-party service providers. Our service providers' relationships are vital to our overall success, so as a Board we carefully consider the selection of, and engagement and continued relationship with our key service providers being the Investment Manager, Administrator, Custodian, Broker, Legal Advisers, Registrar, Auditor and Company Secretary.

The Board recognises the benefits of fostering strong business relationships with its key service providers and seeks to ensure each is committed to the performance of their respective duties to a high standard and, where practicable, that each provider is motivated to adding value within their sphere of activity.

The Board has delegated various duties to external parties including the management of the investment portfolio, the custodial services (including the safeguarding of assets), the registration services and the day-to-day company secretarial, administration and accounting services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. Each provider has an established track record and, through regulatory oversight and control, are required to have in place suitable policies to ensure they maintain high standards of business conduct, treat customers fairly, and employ corporate governance best practice.

The Company continues to have regular two-way face-to-face meetings with all key service providers via virtual connection. The Board respects and welcomes the views of all stakeholders. Any queries or areas of concern regarding the Company's operations can be raised with the Company Secretary.

## Stakeholders and Section 172

Whilst directly applicable to UK registered companies, the intention of the AIC Code is that matters set out in section 172 of the UK Companies Act, 2006 are reported. The following disclosures offer some insight into how the Board uses its meetings as a mechanism for discharging its duties under Provision 5 of the AIC Code, including the breadth of matters it discussed and debated during the year and the key stakeholder groups that were central to those discussions. The Board's commitment to maintaining the high-standards of corporate governance recommended in the AIC Code, combined with the directors' duties of enshrined in Company law, the constitutive documents, the Disclosure Guidance and Transparency Rules, and Market Abuse Regulation, ensures that shareholders are provided with frequent and comprehensive information concerning the Company and its activities via the Company's website and Regulatory Information Service ("RIS") announcements on the London Stock Exchange such as the quarterly factsheets, which resumed in January 2021 following a brief pause after the September 2020 EGM.

Each Board meeting follows a carefully tailored agenda agreed in advance by the Board and Company Secretary. A typical meeting will comprise reports on current financial and operational performance from Administrator, market update from the Broker, portfolio performance from the Investment Manager, with regulatory and governance updates from the Company Secretary and where required, a detailed deep dive into an area of particular strategic importance or concern. Through oversight and control, the Company has in place suitable policies to ensure it maintains high standards of business conduct, treats stakeholders fairly, and employ high standards of corporate governance.

Whilst the primary duty of the Directors is owed to the Company, the Board considers as part of its discussions and decision-making process the interests of all key stakeholder groups as identified above. Particular consideration being given to the continued alignment between the activities of the Company and those that contribute to delivering the Board's strategy.

## Employee Engagement & Business Relationships

The Company conducts its core activities through third-party service providers and does not have any employees. The Board recognises the benefits of fostering strong business relationships with its key service providers and seeks to ensure each is committed to the performance of their respective duties to a high standard and, where practicable, that each provider is motivated to adding value within their sphere of activity. Details on the Board's approach to service provider engagement and performance review are contained in the Management Engagement Committee Report.

# Directors' Report (continued)

### Disclosure of Information to the Auditor

The Directors who were members of the Board at the time of approving this report are listed on page 27. Each of those Directors confirms that:

- he or she has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

For and on behalf of the Board

**Rupert Dorey**
Chair

20 April 2022

# Corporate Governance Report

## Applicable Corporate Governance Codes

The Board has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"), published in February 2019. The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code (the "UK Code") as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and provisions of the AIC Code provides more relevant information to shareholders. The AIC Code has been endorsed by the Financial Reporting Council and Guernsey Financial Services Commission. Copies of the AIC Code can be found at www.theaic.co.uk. It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Company has complied with the principles and provisions of the AIC Code to the extent they are applicable to the Company.

On 1 January 2012, the Guernsey Financial Services Commission's ("GFSC") "Finance Sector Code of Corporate Governance" came into effect and was amended in February 2016 and 10 June 2021 (the "GFSC Code"). The GFSC Code states that companies, which report against the UK Code or the AIC Code, are deemed to meet the GFSC Code and need take no further action.

## Corporate Governance Statement

Throughout the year ended 31 December 2021, the Company has complied with the recommendations of the AIC Code, except where explanations have been provided. The Company assesses its compliance with the recommendations of the AIC through conducting an annual analysis and addressing any gaps identified.

The Directors believe that this Annual Report and Financial Statements ("Annual Report") presents a fair, balanced and understandable assessment of the Company's position and prospects, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Company complies with the corporate governance statement requirements pursuant to the FCA's DTR by virtue of the information included in the Corporate Governance section of the Annual Report together with information contained in the Strategic Review and the Directors' Report. There is no information that is required to be disclosed under Listing Rule 9.8.4.

# Corporate Governance Report (continued)

## Our Governance Framework

**Chair** – Rupert Dorey

**Responsibilities:**

The leadership, operation and governance of the Board, ensuring effectiveness, and setting the agenda for the Board.

More details are provided below.

**Senior Independent Director** – David Staples

**Responsibilities:**

- Working in close contact with and providing support to the Chair, particularly in relation to corporate governance.
- Liaising with and being available to Board members and shareholders as required outside conventional communication channels.
- Meeting annually with Board members to review the performance of the Chair of the Board.
- When requested to do so, attending meetings with major shareholders to obtain a balanced understanding of any issues, concerns, and providing feedback to the Board

**The Board Members of NB Global Monthly Income Fund Limited (as at 31 December 2021):**

Rupert Dorey, Laure Duhot and David Staples – all independent non-executive directors.

**Responsibilities:**

Overall conduct of the Company's business and setting the Company's strategy.

The Company Secretary, Sanne Fund Services (Guernsey) Limited, through its representative acts as Secretary to the Board and Committees and in doing so it:

- assists the Chair in ensuring that all Directors have full and timely access to all relevant documentation;
- will organise induction of new Directors; and
- is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters.

### AUDIT AND RISK COMMITTEE

**Members:**
David Staples (Chair)
Rupert Dorey
Laure Duhot

**Responsibilities:**
The provision of effective governance over the appropriateness of the Company's financial reporting including the adequacy of related disclosures, the performance of the external auditor, and the management of the Company's systems of internal financial and operating controls and business risks.

More details on pages 42 to 45.

### MANAGEMENT ENGAGEMENT COMMITTEE

**Members:**
Laure Duhot (Chair)
Rupert Dorey
David Staples

**Responsibilities:**
To review performance of all service providers (including the Investment Manager but excluding the external auditor).

More details on pages 46 to 47.

### REMUNERATION AND NOMINATION COMMITTEE

**Members:**
Laure Duhot (Chair)
Rupert Dorey
David Staples

**Responsibilities:**
To ensure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that the Board is effective in discharging its responsibilities and oversight of all matters relating to corporate governance, and to review the on-going appropriateness and relevance of the remuneration policy.

More details on pages 48 to 49.

The Board, chaired by Rupert Dorey who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role, currently consists of three non-executive Directors. The biographical details of the Directors holding office at the date of this report are listed on page 27, and demonstrate a breadth of investment, financial and professional experience. The Board considers that all the Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed. The balance and independence of the Board is kept under review by the Remuneration and Nomination Committee, details of which can be found on pages 48 to 49.

### Board Independence and Composition

The Chair and all Directors are considered independent of the Company's Investment Manager, the Company Secretary, the Administrator and Sub-Administrator. The Directors consider that they all contribute to the affairs of the Company in an adequate manner. The Board reviews the independence of all Directors annually. Rupert Dorey was deemed to be independent by the Board prior to his appointment as Chair of the Company.

Having served as a director since incorporation of the Company, Sandra Platts stepped down as a director at the 2021 AGM following the appointment of Laure Duhot as her successor on 25 November 2020.

### Directors' Appointment

No Director has a service contract with the Company. Directors have agreed letters of appointment with the Company, copies of which are available for review by shareholders at the Registered Office and will be available at the 2022 AGM. Rupert Dorey has served since 1 March 2015, David Staples has served since 14 June 2018 and Laure Duhot has served since 25 November 2020. Directors may resign at any time by giving one month's written notice to the Board.

In accordance with the AIC Code all Directors are subject to re-election annually by shareholders. The Remuneration and Nomination Committee reviewed the independence, contributions and performance of each Director together with results of the 2021 internal Board Evaluation and have determined that it is in the best interests of the Company that Rupert Dorey, David Staples and Laure Duhot should stand for re-election.

### Tenure of Non-Executive Directors

The Board has adopted a policy on tenure that it considers appropriate for an investment company. The Board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager or necessarily affects a Director's independence. The Board's tenure and succession policy seeks to ensure that the Board is well balanced and will be refreshed by the appointment of new Directors with the skills and experience necessary to replace those lost by Directors' retirements or as identified to assist in the formulation and delivery of the strategy of the Company. The Board seeks to encompass past and current experience of various areas relevant to the Company's business.

Directors are expected to devote such time as is necessary to enable them to discharge their duties. Other business relationships, including those that conflict or may potentially conflict with the interests of the Company, are taken into account when appointing Board members and are monitored on a regular basis.

The dates of appointment of all Directors are provided in the Directors' Remuneration Report and a summary of shareholder elections is provided below.

| | DATE FIRST ELECTED BY SHAREHOLDERS | YEARS FROM FIRST ELECTION TO 2022 AGM | CONSIDERED TO BE INDEPENDENT BY THE BOARD |
|---|---|---|---|
| Rupert Dorey | June 2015 | 7 | Yes |
| David Staples | May 2019 | 3 | Yes |
| Laure Duhot | June 2021 | 1 | Yes |

# Corporate Governance Report (continued)

### Succession

The Board have looked to balance the tenure of the Directors on the Board and during 2021 continued to realise its succession plan with Sandra Platts having stepped down at the AGM on 14 June 2021 following the appointment of Laure Duhot on 25th November 2020. This process has ensured a smooth transfer of knowledge and ensured diversity in length of tenure on the Board. Given the nature of the Company, being an externally managed investment company with no employees and no executives, the Board believes its succession plan and orderly rotation of long serving directors has been in the best interests of the Company and the Board will act on the recommendations of the Remuneration and Nomination Committee in relation to its composition on an annual basis.

### Re-election of Directors

Rupert Dorey, David Staples and Laure Duhot each submit themselves for re-election at the AGM to be held in June 2022. The Remuneration and Nomination Committee confirmed to the Board that the contributions made by each of the Directors offering themselves for re-election/election at the 2022 AGM continue to support the overall effective operation of the Board and that shareholders should support their re-election.

### Board Diversity

The Board considers that its members have a balance of skills and experience which are relevant to the Company. The Board supports the recommendations of the Davies Report and notes the recommendations of the Parker Review into ethnic diversity and the Hampton-Alexander Review on gender balance in FTSE leadership. The Board believes in the value and importance of diversity in the boardroom and the Board agreed to meet a target of at least 33% female representation on the Board. The Board continues to encourage diversity and recognises that directors with diverse skills sets, capabilities and experience gained from different backgrounds appropriate to the company enhance the Board.

### Board Responsibilities

The Board meets at least four times each year and deals with the important aspects of the Company's affairs including the setting and monitoring of investment strategy and the review of investment performance. The Investment Manager takes decisions as to the purchase and sale of individual investments, in line with the investment policy and strategy set by the Board. The Investment Manager together with the Company Secretary, Administrator and Sub-Administrator also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information relating to the Company and its portfolio of investments. Representatives of the Investment Manager attend each Board meeting, enabling Directors to question on any matters of concern or seek clarification on certain issues. Matters specifically reserved for decision by the Board have been defined and a procedure set out in their respective appointment letters for Directors in the furtherance of their duties to take independent professional advice at the expense of the Company.

### Conflict of Interests

Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and the Board may impose restrictions or refuse to authorise conflicts if deemed appropriate. The Directors have undertaken to notify the Company Secretary as soon as they become aware of any new potential conflicts of interest that would need to be approved by the Board. Only Directors who have no material interest in the matter being considered will be able to participate in the Board approval process. It has also been agreed that the Directors will seek prior approval from the Board in advance of any proposed external appointments.

None of the Directors had a material interest in any contract, which is significant to the Company's business. The Directors' Remuneration Report on pages 50 to 52 provides information on the remuneration and interests of the Directors. Page 27 details Directors' appointments on other listed companies.

### Performance Evaluation

The performance of the Board, its committees and the Directors was reviewed by the Remuneration and Nomination Committee in November 2021 by means of an internal questionnaire. The Company Secretary collated the results of the questionnaires and the results were reviewed by and discussed by the Remuneration and Nomination Committee, whose Chair reported to the Board. No material areas of concern were raised.

As a result of the 2021 Board performance evaluation, the Board has agreed:

- That all Directors are considered independent;
- Rupert Dorey, David Staples and Laure Duhot should be proposed for re-election at the 2022 AGM; and
- The Board composition was diverse and appropriate in regards to skills, number, experience and gender.

The Remuneration and Nomination Committee (excluding Rupert Dorey) led by the Senior Independent Director reviewed the Chair. It was agreed that the Chair continued to lead the Board and performed his duties very well.

The Board will continue to review its procedures, its effectiveness and development in the year ahead.

### Induction/Information and Professional Development

Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are put to the Board as they arise along with changes to best practice from, amongst others, the Investment Manager, Company Secretary and the Auditor. Advisers to the Company also prepare reports for the Board from time to time on relevant topics and issues. In addition, Directors attend relevant seminars and events to allow them to continually refresh their skills and knowledge and keep up with changes within the investment company industry for which each Director maintains a log, provided to the Company Secretary on at least annual basis as a record of his/her continued professional development. The Chair reviewed the training and development needs of each Director during the annual Board evaluation process and is satisfied that all Directors actively keep up to date with industry developments and issues.

When new Directors are appointed to the Board, they will be provided with all relevant information regarding the Company and their duties and responsibilities as Directors. In addition, a new Director will also spend time with representatives of the Investment Manager, and other service providers as may be appropriate, in order to learn more about their processes and procedures. The induction process for Laure Duhot, who joined the Board on 25 November 2020, included meetings with key service providers to gain an understanding of the Company's key business relationships, its business model and its stakeholder audience. The induction process includes a historic review of key events in the Company's history, access to all Company material and documents, and various meetings with the Directors to become familiar with the Company's operating practices and board dynamics.

The Chair is available to meet Directors individually at any time should they have matters on company business which they wish to raise privately. There have been no issues or concerns that have been raised by Directors in the financial year ended 31 December 2021.

### Independent Advice

The Board recognises that there may be occasions when one or more of the Directors feels it is necessary to take independent legal advice at the Company's expense. A procedure has been adopted to enable them to do so, which is managed by the Company Secretary.

### Indemnities

To the extent permitted by the Law, the Company's Articles provide an indemnity for the Directors against any liability except such (if any) as they shall incur by or through their own breach of trust, breach of duty or negligence. Each Director has an Instrument of Indemnity with the Company.

During the year, the Company has maintained insurance cover for its Directors under a Directors' and Officers' liability insurance policy.

# Corporate Governance Report (continued)

### Shareholder Engagement

The Board believes that the maintenance of good relations with shareholders is important for the long-term prospects of the Company. Since admission, the Board has sought engagement with shareholders. Where appropriate the Chair, and other Directors are available for discussion about governance and strategy with shareholders and the Chair ensures communication of shareholders' views to the Board. The Board receives feedback on the views of shareholders from its Corporate Brokers and the Investment Manager, and shareholders are welcome to contact the Chair, Senior Independent Director or any other Director at any time via the Company Secretary.

The Company ceased its quarterly investor update calls effective January 2020 as the way in which it communicates with key investors has evolved with a preference among shareholders for regular virtual or face-to-face meetings. Furthermore, the whole Board, including the committee chairs, welcome the opportunity to meet with investors on a one-to-one basis, upon request. The Chair has had discussions with a number of investors on a one-to-one basis during the year and continues to welcome meetings with all investors.

The Board believes that the AGM provides an appropriate forum for shareholders to communicate with the Board and encourages participation. All Directors will attend the 2022 AGM. There is an opportunity for individual shareholders to question the Chair of the Board, the Senior Independent Director, and the Chair of each of the Audit and Risk Committee, the Management Engagement Committee and the Remuneration and Nomination Committee at the AGM.

The Annual Reports, Key Information Documents, monthly fact sheets and monthly holdings are available to provide shareholders with a clear understanding of the Company's activities and its results. This information is supplemented by the daily calculation and publication on the London Stock Exchange of the NAV of the Company's Ordinary Shares. The Board is informed of relevant promotional documents issued by the Investment Manager. All documents issued by the Company can be viewed on the website, www.nbgmif.com.

### 2022 AGM

The 2022 AGM will be held in Guernsey on 15 June 2022. The Company is closely monitoring the COVID-19 situation, including guidance issued by the States of Guernsey, and will continue to do so in the lead up to the AGM. The COVID-19 situation is constantly evolving and the States of Guernsey may change current guidance and/or travel restrictions available at www.covid19.gov.gg. Updates to changes to the proceedings of the AGM will be published on the Company's website www.nbgmif.com and notified by the Company via an RIS announcement. The Directors will continue to consider the latest instructions from relevant authorities in conjunction with guidance available from professional and regulatory bodies to ensure the AGM is held in accordance with its statutory requirements and with the Company's Articles of Incorporation. The Notice for the AGM sets out the ordinary and special resolutions to be proposed at the meeting. Separate resolutions are proposed for each substantive issue.

It is the intention of the Board that the Notice of AGM be issued to shareholders so as to provide at least twenty working days' notice of the meeting. Shareholders wishing to lodge questions in advance of the meeting and specifically related to the resolutions proposed are invited to do so by writing to the Company Secretary at the registered office address given on page 93.

Voting on all resolutions at the AGM is on a poll. The proxy votes cast, including details of votes withheld are disclosed to those in attendance at the meeting and the results are published on the website and announced via a RIS Service. Where a significant number of votes have been lodged against a proposed resolution (being greater than 20%), the Board intends to identify those shareholders and further understand their views to address their concerns. An update on the views and actions taken will be published no later than six months after the shareholder meeting. The Board notes that any resolution which receives a high percentage of votes against it will be included in the Investment Association's Public Register. The Public Register is an aggregated list of publicly available information regarding meetings of companies in the FTSE All-Share who have received significant shareholder opposition to proposed resolutions or have withdrawn a resolution prior to the shareholder vote.

### Board Meetings

The Board meets at least quarterly. Certain matters are considered at all quarterly board meetings including the performance of the investments, NAV and share price and associated matters such as asset allocation, risks, strategy, marketing and investor relations, peer group information and industry issues. Consideration is also given to administration and corporate governance matters, and where applicable, reports are received from the Board committees.

The Chair is responsible for ensuring the Directors receive complete information in a timely manner concerning all matters which require consideration by the Board. Through the Board's ongoing programme of shareholder engagement and the reports produced by each key service provider, the Directors are satisfied that sufficient information is provided so as to ensure the matters set out in Section 172 of the UK Companies Act 2006 are taken into consideration as part of the Board's decision-making process.

Directors unable to attend a board meeting are provided with the board papers and can discuss issues arising in the meeting with the Chair or another non-executive Director.

13 ad-hoc board meetings were held during the year. The purpose of these meetings was mostly to approve the payment of monthly dividends.

### Attendance at scheduled meetings of the Board and its committees in the 2021 financial year

| | BOARD | AUDIT AND RISK COMMITTEE | REMUNERATION AND NOMINATION COMMITTEE | MANAGEMENT ENGAGEMENT COMMITTEE |
|---|---|---|---|---|
| **Number of meetings during the year** | **4** | **5** | **1** | **1** |
| Rupert Dorey | 4 | 5 | 1 | 1 |
| Laure Duhot | 4 | 5 | 1 | 1 |
| Sandra Platts (resigned on 14 June 2021) | 1 | 2 | 0 | 0 |
| David Staples | 4 | 5 | 1 | 1 |

### Board Committees

The Board has established an Audit and Risk Committee, a Management Engagement Committee and a Remuneration and Nomination Committee with defined terms of reference and duties. Further details of these committees can be found in their reports on pages 42 to 49. The terms of reference for each committee can be found on the Company's website https://www.nbgmif.com.

The Board has not established an Inside Information Committee as a quorum of the Board will review and determine any inside information and any delay to the disclosure thereof to meet the requirements of the UK Market Abuse Regulations.

For and on behalf of the Board

**Rupert Dorey**
Chair

20 April 2022

# Audit and Risk Committee Report

## Membership

| | |
|---|---|
| David Staples – Chair | (Independent non-executive Director) |
| Rupert Dorey[1] | (Company Chair and independent non-executive Director) |
| Laure Duhot | (Independent non-executive Director) |

1 The Board believes it is appropriate for the Company Chair to be a member of the Committee as he is deemed by the Board to be an independent non-executive Director, it is a small board and the Chair's financial background and experience of the asset class is valuable to the Committee.

## Key Objectives

The provision of effective governance over the appropriateness of the Company's financial reporting including the adequacy of related disclosures, the performance of the external auditor, and the management of the Company's systems of internal financial and operating controls and business risks.

## Responsibilities

- Monitoring and reviewing the Company's financial results announcements, Annual and Half-Yearly Financial Statements and monitoring compliance with relevant statutory and listing requirements;
- Reporting to the Board on the appropriateness of the Company's accounting policies and practices including critical accounting policies, judgements, estimates, and practices;
- Advising the Board on whether the Committee believes the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- Overseeing the relationship with the external auditor (please refer to the Terms of Reference which are available on the Company's website for further detail on the responsibilities in relation to the external auditor);
- Considering the financial and other implications on the independence of the auditor arising from any non-audit services to be provided by the auditor. Maintaining a non-audit services policy.
- Reporting to the Board on the effectiveness of the Company's risk management framework; and
- Compiling a report on its activities to be included in the Company's Annual Report.

The Committee members have a wide range of financial and commercial expertise necessary to fulfil its duties. The Chair of the Committee is a Fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Chartered Institute of Taxation, and has recent and relevant financial experience, as required by the AIC Code.

## Committee Meetings

The Committee meets at least three times a year. Only members of the Committee and its Secretary have the right to attend the meetings. However, representatives of the Investment Manager, Administrator and Sub-Administrator are invited to attend the meetings on a regular basis and other non-members may be invited to attend all or part of a meeting as and when appropriate and necessary. The Company's external auditor, KPMG Channel Islands Limited ("KPMG") is invited to each meeting. The Chair of the Committee also met separately with KPMG without the Investment Manager being present.

## Main Activities during the year

The Committee assisted the Board in carrying out its responsibilities in relation to financial reporting requirements, risk management and the assessment of internal financial and operating controls. It also managed the Company's relationship with the external auditor.

The Committee reported to the Board at each scheduled quarterly board meeting on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work. The Committee reviewed the effectiveness of the Company's risk management framework in relation to the investment policy; assessed the risks involved in the Company's business and how they were controlled and monitored by the Investment Manager; monitored and reviewed the effectiveness of the risk management function of the Investment Manager, Administrator and the Sub-Administrator; reviewed the risks associated with the valuation of investments and reviewed the Company's procedures concerning prevention and detection of fraud.

The Board requested that the Committee advise them on whether it believes the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Committee's terms of reference were updated during the year and can be found on the Company's website https://www.nbgmif.com.

At its five meetings during the year, the Committee focused on:

## Financial Reporting

The primary role of the Committee in relation to financial reporting is to review with the Investment Manager, Company Secretary, Administrator, Sub-Administrator and KPMG the appropriateness of the Half-Year and Annual Financial Statements concentrating on, amongst other matters:

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Material areas in which significant judgements and estimates have been applied or where there has been discussion with the external auditor;
- The viability of the Company, taking into account the principal and emerging risks it faces;
- Whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- Any correspondence from regulators in relation to the quality of the Company's financial reporting.

To aid its review, the Committee considers reports from the Investment Manager, Company Secretary, Administrator, Sub-Administrator and also reports from KPMG on the outcomes of their half-year review and annual audit.

## Significant Issues

In relation to this Annual Report the following significant issue was considered by the Committee:

| SIGNIFICANT ISSUE | HOW THE ISSUE WAS ADDRESSED |
|---|---|
| The valuation of the Company's investments | The Committee analysed the investment portfolio of the Company in terms of investment mix, fair value hierarchy and valuation. The Committee discussed in depth with the Investment Manager the appropriateness and robustness of the multi-sourced pricing information used to derive the valuations including the valuation methodologies applied for the less liquid investments classified as level 3 in the fair value hierarchy. Discussions were also held with the Investment Manager and KPMG to ensure, as far as possible, that the valuations were prepared in line with the valuation process and methodology set out in the Company's accounting policies. No material discrepancies were identified. The Committee held meetings with KPMG throughout the year. During the April 2022 Audit Committee meeting, KPMG presented the results of their audit to the Committee and confirmed that the results of KPMG's audit testing were satisfactory. |

# Audit and Risk Committee Report (continued)

## Internal Controls and Risk Management

The Committee has established a process for identifying, evaluating and managing any major risks faced by the Company, including emerging and principal risks. The process is subject to regular review by the Board and accords with the AIC Code.

The Committee is responsible to the Board for the Company's system of internal financial and operating controls and for reviewing its effectiveness. However, the system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Committee has received and reviewed the Systems and Organisation 1 Controls report of the Sub-Administrator covering the 12-month period to 30 September 2021 and there were no material deficiencies.

The Committee receives reports from the Investment Manager on the Company's risk evaluation process and reviews changes to significant risks identified. The Committee has undertaken a full review of the Company's business risks, which have been analysed and recorded in a risk report, which is reviewed and updated regularly. The Board receives each quarter from the Investment Manager a formal report which details the steps taken to monitor the areas of risk including those that are not directly the responsibility of the Investment Manager and which reports the details of any known internal control failures. No material internal control failures were reported to or found by the Committee.

The Board's assessment of the Company's principal risks and uncertainties is set out on pages 21 to 23.

## External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Committee received a detailed audit plan from KPMG identifying their assessment of the significant audit risks. For the 2021 financial year the significant audit risks identified were in relation to the risk of management override of controls and the valuation of investments. The Committee challenged the work performed by the auditor to test these significant risks. The Committee assessed the effectiveness of the half-year review and year end audit process in addressing these matters through the reporting received from KPMG at both the half-year and year end respectively. In addition, the Committee sought feedback from the Investment Manager, Company Secretary, the Administrator and Sub-Administrator on the effectiveness of the audit process. For the 2021 financial year, the Committee was satisfied that there had been appropriate focus and challenge on the significant and other areas of audit risk leading the Committee to conclude that the effectiveness of the external auditor and the audit process were satisfactory.

The Committee concluded that the effectiveness of the external auditor and the audit process were satisfactory.

### Appointment and Independence

The Committee considers the reappointment of the external auditor, including the rotation of the audit partner, and assesses their independence on an annual basis. The external auditor is required under applicable Ethical Standards to rotate the audit partner responsible for the audit every five years. In its assessment of the independence of KPMG, the Committee received confirmation that there were no relationships between the Company and KPMG which may have compromised KPMG's independence and that KPMG had completed all relevant checks to be able to confirm this. The Committee approved the fees for audit services for 2021 after a review of the level and nature of work to be performed, and after being satisfied that the fees were appropriate for the scope of the work required. The Company is incorporated in Guernsey, and therefore despite being listed on the Main Market of the London Stock Exchange it is not required to comply with The Statutory Audit Services for Larger Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "Order") which came into force in the UK on 1 January 2015. The Committee does however keep these developments under review when determining policy on audit tendering and the Company has decided it will seek to comply with the provisions of the Order.

The Committee has advised the Board that it should put the external audit out to tender at least every ten years. Following the tender process in the autumn of 2020, KPMG was selected to replace PwC who had served as auditor for ten years with effect from the completion of the 2020 audit. KPMG will be recommended to shareholders for re-appointment at the 2022 general meeting. There are no contractual obligations restricting the Committee's choice of external auditor and the Company does not indemnify the external auditor.

**Non-Audit Services**

To safeguard the objectivity and independence of the external auditor, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. The external auditor and the Committee have agreed that all non-audit services require the pre-approval of the Committee prior to the commencement of any work.

KPMG was remunerated £118,000 for services rendered in 2021. Of this amount, £90,000 was in relation to the year-end audit and £28,000 for procedures performed in respect to the half-year review. No other non-audit services were undertaken by KPMG for the Company during the year.

## Committee Evaluation

The Committee undertook an evaluation during the year, as part of the Board evaluation performed in the year. Details of this process can be found under "Performance evaluation" on page 39. The Committee was satisfied that it had undertaken its duties efficiently and effectively.

**David Staples**
On behalf of the Audit and Risk Committee

20 April 2022

# Management Engagement Committee ("MEC") Report

## Membership

| | |
|---|---|
| Laure Duhot – Chair | (Independent non-executive Director) |
| Rupert Dorey[1] | (Company Chair and independent non-executive Director) |
| David Staples | (Independent non-executive Director) |

1 The Board believes it is appropriate for the Company Chair to be a member of the Committee as he is deemed by the Board to be an independent non-executive Director, it is a small board and the Chair's financial background and experience of the asset class is valuable to the Committee.

## Key Objectives

To review performance of all service providers (including the Investment Manager).

## Responsibilities

- To annually review the performance, relationships and contractual terms of all service providers (including the Investment Manager);
- Review and make recommendations on any proposed amendment to the Investment Management Agreement ("IMA"); and
- To review the performance of, and contractual arrangements with the Investment Manager including:
  - Monitor and evaluate the Investment Manager's investment performance and, if necessary, providing appropriate guidance;
  - To consider whether an independent appraisal of the Investment Manager's services should be made;
  - To consider requiring the Investment Manager to provide attribution and volatility analyses and considering whether these should be published;
  - Review the level and method of remuneration and the notice period, using peer group comparisons;
  - To put in place procedures by which the Committee regularly reviews the continued retention of the Investment Manager's services;
  - Review the level and method of remuneration and the notice period. The Committee should give due weight to the competitive position of the Company against the peer group; and
  - To ensure that the Investment Manager has a sound system of risk management and internal controls and that these are maintained to safeguard shareholder's investment and the Company's assets.

## MEC Meetings

Only members of the MEC and the Secretary have the right to attend MEC meetings. However, representatives of the Investment Manager, Administrator and Sub-Administrator may be invited by the MEC to attend meetings as and when appropriate.

## Main Activities during the year

The MEC met once during the year and reviewed the performance, relationships and contractual terms of all service providers during November 2021 including the Investment Manager. The MEC reviewed the terms of reference for the MEC and recommended to the Board that the Terms of Reference be re-adopted. The current Terms of Reference are available on the Company's website https://www.nbgmif.com.

During 2021, the Directors undertook a virtual due diligence visit with the Investment Manager, followed by a visit to the offices of the Investment Manager in London in October 2021. Detailed updates were provided regarding investment risk and valuations, operational risk, fund accounting and portfolio management and performance.

In February 2020, a due diligence visit was carried out by the Board with U.S. Bank Global Fund Services (Ireland) Limited and no concerns were raised with respect to their operations, controls or processes. The Committee intends to schedule a physical visit with U.S. Bank Global Fund Services (Ireland) Limited later in 2022.

### Continued Appointment of the Investment Manager and other Service Providers

The Board reviews investment performance at each Board meeting and a formal review of all service providers is conducted annually by the MEC. The annual third-party service provider review process includes two-way feedback, which provides the Board with an opportunity to understand the views, experiences and any significant issues encountered by service providers during the year. As part of the Board's annual performance evaluation, feedback is received on the quality of service and the effectiveness of the working relationships with each of the Company's key service providers.

As a result of the 2021 annual review it is the opinion of the Directors that the continued appointment of the Investment Manager and the other current service providers on the terms agreed is in the interest of the Company's shareholders as a whole. The Board considers that the Investment Manager has extensive investment management resources and wide experience in managing investments and is satisfied with the quality and competitiveness of the fee arrangements of the Investment Manager and the Company's other service providers.

**Laure Duhot**
On behalf of the Management Engagement Committee

20 April 2022

# Remuneration and Nomination Committee ("RNC") Report

### Membership

| | |
|---|---|
| Laure Duhot – Chair | (Independent non-executive Director) |
| Rupert Dorey[1] | (Company Chair and independent non-executive Director) |
| David Staples | (Independent non-executive Director) |

1 The Board believes it is appropriate for the Company Chair to be a member of the Committee as he is deemed by the Board to be an independent non-executive Director, it is a small board and the Chair's financial background and experience of the asset class is valuable to the Committee.

### Key Objectives

To ensure the Board comprises individuals with the necessary skills, knowledge and experience such that it is effective in discharging its responsibilities and to review the on-going appropriateness and relevance of the remuneration policy. Having considered the size of the Board and the nature, scale and complexity of the Company, the Board is satisfied that all Directors are appointed as members of the RNC.

### Responsibilities

- Determine the remuneration policy of the Company and make recommendations to the Board accordingly within the aggregate limit set by the Articles;
- Prepare an annual report on Directors' remuneration;
- Considers the need to appoint external remuneration consultants;
- Regularly review and make recommendations in relation to the structure, size and composition of the Board including the diversity and balance of skills, knowledge and experience, and the independence of the non-executive Directors;
- Oversees the performance evaluation of the Board, its committees and individual Directors (see page 39);
- Reviews the tenure of each of the non-executive Directors;
- Leads the process for identifying and making recommendations to the Board regarding candidates for appointment as Directors, giving full consideration to succession planning and the leadership needs of the Company; and
- Makes recommendations to the Board on the composition of the Board's committees.

### RNC Meetings

Only members of the RNC and the Secretary have the right to attend RNC meetings. However, representatives of the Investment Manager, Administrator and Sub-Administrator are invited by the RNC to attend meetings as and when appropriate. In the event there are matters arising concerning either an individual's membership of the Board or their remuneration, they would absent themselves from the meeting as required and another independent non-executive Director would take the chair if this applied to the RNC Chair.

### Main Activities during the year

The RNC met once during the year and considered succession planning and replenishment of the Board and reviewed Directors' remuneration. The RNC also reviewed the results of the annual evaluation of the performance of the Board and its committees, the Chair and individual directors which was carried out by way of internal evaluation questionnaire and discussion. The RNC considered that the results provided confirmed the continued appropriateness of the balance of skills, experience, independence and knowledge of the Company and that the activities of the Board continued to be effective in promoting the strategy, and the long-term sustainable success of the Company.

The terms of reference for the RNC were reviewed and the Board re-adopted the terms of reference for the RNC. The terms of reference are available on the Company's website at https://www.nbgmif.com. The Board's diversity policy was agreed in March 2012 and in the 2018 Annual Report the Board set an objective to meet 33% female representation during 2020, which was met following the appointment of Laure Duhot in November 2020. The Board supports the recommendations of the Davies Report and Hampton-Alexander Review, notes the recommendations of the Parker Review and believes in and values the importance of diversity, including gender, to the effective functioning of the Board. At 31 December 2020, the Board had 50% female representation, however after Sandra Platts stepped down at the 2021 AGM, this figure reduced to 33% during 2021 as planned once the size of the board went back to three independent Directors, as previously; this was deemed to balance out the need for all necessary skills and experience, with optimal efficiency, given the size of the Company. The Board will continue to focus on encouraging diversity of business skills and experience, recognising that Directors with diverse skills sets, capabilities and experience gained from different backgrounds enhance the Board. The RNC intends to take into consideration gender balance and diversity when it recommends the appointment of new female directors in the future, alongside other considerations such as the specialist skill set relevant to the Company's investment activities and merit.

The RNC reviewed the fees paid to the Board of Directors and proposed to retain the current levels. In line with the Company's remuneration policy, fees will continue to be reviewed to ensure that they remain appropriate reflecting the time commitment and responsibilities of the role.

Further, the RNC considered the remuneration policy and agreed that it remained appropriately positioned. A detailed "Directors' Remuneration Report" to shareholders from the RNC on behalf of the Board, is contained on pages 50 to 52.

**Laure Duhot**
On behalf of the Remuneration and Nomination Committee

20 April 2022

# Directors' Remuneration Report

## Annual Statement

This report meets the relevant requirements of the Listing Rules of the FCA and the AIC Code and describes how the Board has applied the principles relating to Directors' remuneration. An ordinary resolution to receive and approve this report will be proposed at the AGM on 15 June 2022.

## Directors' Fees

The Company paid the following fees to the Directors for the years ended 31 December 2021 and 31 December 2020:

| | ROLE | TOTAL BOARD FEES 2021 US$ | TOTAL BOARD FEES 2020 US$ |
|---|---|---|---|
| Rupert Dorey | Chair<br>Member of the Remuneration and Nomination Committee<br>Member of the Audit and Risk Committee<br>Member of the Management Engagement Committee | 68,148 | 63,220 |
| Richard Battey[1] | Member of the Audit and Risk Committee<br>(until resignation on 11 June 2020)<br>Member of the Remuneration and Nomination Committee<br>(until resignation on 11 June 2020)<br>Member of the Management Engagement Committee<br>(until resignation on 11 June 2020)<br>Senior Independent Director (until resignation on 11 June 2020) | – | 24,431 |
| Laure Duhot[2] | Member of the Audit and Risk Committee<br>Chair of the Remuneration and Nomination Committee<br>(from 14 June 2021 onwards)<br>Chair of the Management Engagement Committee<br>(from 14 June 2021 onwards) | 59,626 | 5,227 |
| Sandra Platts[4] | Chair of the Remuneration and Nomination Committee<br>(until resignation on 14 June 2021)<br>Chair of the Management Engagement Committee<br>(until resignation on 14 June 2021)<br>Member of the Audit and Risk Committee<br>(until resignation on 14 June 2021) | 29,335 | 59,290 |
| David Staples[3] | Chair of the Audit and Risk Committee<br>Member of the Remuneration and Nomination Committee<br>Member of the Management Engagement Committee<br>Senior Independent Director | 67,534 | 61,731 |
| Total | | 224,643 | 213,899 |

1 Richard Battey resigned as a Director of the Company on 11 June 2020.

2 Laure Duhot was appointed a Director of the Company on 25 November 2020, and as Chair of the Remuneration & Nomination Committee and Management Engagement Committee from 14 June 2021.

3 David Staples was appointed Senior Independent Director on 11 June 2020.

4 Sandra Platts resigned as a Director of the Company on 14 June 2021.

No other remuneration or compensation was paid or is payable by the Company during the year to any of the Directors, other than reimbursed travel expenses of $993 (31 December 2020: $2,206).

Please refer to note 3 for more details on Directors' remuneration.

### Changes to the Board

Sandra Platts resigned from the Board on 14 June 2021.

### Remuneration Policy

The determination of the Directors' fees is a matter dealt with by the RNC and the Board. The RNC considers the remuneration policy annually to ensure that it remains appropriately positioned and takes into account any expected changes in time commitments. Directors will review the fees paid to the boards of directors of similar investment companies. No Director is to be involved in decisions relating to individual aspects of his or her own remuneration, however the Board, as a whole, sets the level of directors' fees.

No Director has a service contract with the Company and Directors' appointments may be terminated at any time by one month's written notice with no compensation payable at termination.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

The Company's policy is that the fees are payable quarterly in arrears to the Directors and should reflect the time commitment required by the Board on the Company's affairs and the level of responsibility borne by the Directors and should be sufficient to enable high calibre candidates to be recruited and be comparable to those paid by similar companies. It is not considered appropriate that the Directors' remuneration should be performance related, and none of the Directors are eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company. Furthermore, the Chair of the Board, Senior Independent Director and Chair of the other Committees are paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent. The Board may amend the level of remuneration paid within the limits of the Company's Articles.

The Company's Articles limit the aggregate fees payable to the Board of Directors to a total of £500,000 per annum. The Chair of the RNC may consult with principal shareholders of the Company should it be proposed to exceed the aggregate limit.

### Statement by the Chairman of the RNC

In accordance with the Directors' remuneration policy, the Directors' fees were reviewed by the RNC during its meeting in November 2021 where it was recommended that fees should be maintained at the current level (see table below). The level of directors' fees will continue to be reviewed annually by the RNC.

| ROLE | FEE (£) |
|---|---|
| Non-Executive Director | 40,000 |
| Chair of the Company | 50,000 |
| Chair of the Audit and Risk Committee (additional fee) | 6,000 |
| Senior Independent Director (additional fee) | 3,000 |
| Chair of the Remuneration and Nomination Committee (additional fee) | 3,000 |
| Chair of the Management Engagement Committee (additional fee) | 3,000 |

No Director was involved in deciding his or her own remuneration. The level of the directors' fees will continue to be reviewed annually by the RNC.

### Service Contracts and Policy on Payment for Loss of Office

Directors are appointed with the expectation that they will stand for annual re-election. Rupert Dorey was appointed on 1 March 2015, David Staples was appointed on 14 June 2018 and Laure Duhot was appointed on 25 November 2020. Directors may resign at any time by giving one month's notice in writing to the Board. Directors' appointments are reviewed during the annual board evaluation. Directors are not entitled to any payments for loss of office.

No Director has a service contract with the Company. Directors have agreed letters of appointment with the Company. Directors' election is discussed on page 38. The names and biographies of the Directors holding office at the date of this report are listed on page 27. All of the Directors are subject to annual re-election.

# Directors' Remuneration Report (continued)

### Directors' Interests

The Company has not set any requirements or guidelines for Directors concerning ownership of shares in the Company. The beneficial interests of the Directors and their connected persons (where applicable) in the Company's shares are shown on page 85.

### Advisors to the RNC

The RNC has not sought the paid advice or professional services by any outside person in respect of its consideration of the Directors' remuneration during 2021. The RNC sought input from the Manager and its Brokers during its deliberations of the remuneration policy.

### Statement of Voting at AGM

At the last AGM, votes on the remuneration report were cast as follows:

| | FOR NUMBER | AGAINST NUMBER | WITHHELD NUMBER |
|---|---|---|---|
| 2021 Remuneration Report | 114,635,631 | 43,845 | 46,034 |

**Laure Duhot**
On behalf of the Remuneration and Nomination Committee

20 April 2022

# Directors' Responsibility Statement

The Directors are responsible for preparing the Financial Statements for each financial year, which give a true and fair view, in accordance with applicable Guernsey Law and accounting principles generally accepted in the United States ("US GAAP"), of the state of affairs of the Company and of the profit or loss for the year.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless liquidation is imminent.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Law. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors confirm to the best of their knowledge that:

- The Financial Statements which have been prepared in conformity with US GAAP give a true and fair view of the assets, liabilities, financial position and profit of the Company, as required by DTR 4.1.12R and are in compliance with the requirements set out in the Law; and
- The Annual Report includes a fair review of the information required by DTR 4.1.8R and DTR 4.1.11R, which provides an indication of important events and a description of principal risks and uncertainties which face the Company.

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

By order of the Board

**Rupert Dorey**
Chair

20 April 2022

# Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB GLOBAL MONTHLY INCOME FUND LIMITED

### Our opinion is unmodified

We have audited the financial statements of NB Global Monthly Income Fund Limited (the "Company"), which comprise the Statement of Assets and Liabilities including the Condensed Schedule of Investments as at 31 December 2021, the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

### In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2021, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in conformity with U.S. generally accepted accounting principles; and
- comply with the Companies (Guernsey) Law, 2008.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Material uncertainty relating to going concern

| | The risk | Our response |
|---|---|---|
| **Going concern**<br><br>Refer to page 24 of the Strategic Report.<br><br>We draw attention to note 2 of the financial statements on page 71 "Basis of Preparation" section, which indicates that, should the cash exit offers at the end of June 2022 and end of December 2022 be taken up by Shareholders in full, the Company's net asset value would likely drop below £150m from January 2023, which would result in the Board, subject to market conditions at the time, proposing to wind-up the Company.<br><br>These events and condition constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. | **Disclosure quality**<br><br>The financial statements explain how the directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company.<br><br>That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements (the "going concern period").<br><br>The risk for our audit is whether or not those risks are such that they amounted to a material uncertainty that may cast significant doubt about the ability to continue as a going concern. If so, that fact is required to be disclosed (as has been done) and, along with a description of the circumstances, is a key financial statement disclosure. | **Our procedures included but were not limited to:**<br><br>We obtained and inspected the directors' approved written assessment of going concern on the Company and corroborated the assessment with our knowledge of the business.<br><br>We considered the risk that the outcome of the cash exit offers could affect the Company for the going concern period by inspecting minutes of meetings held by the directors, assessing forecasted performance and key financial metrics including the discount of the Company's share price against its net asset value and inquiring with management as their current expectation of the outcome of the future cash exit offers and the likelihood of any future proposal to wind-up the Company.<br><br>**Assessing disclosures:**<br><br>We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies. |

## Other key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Going concern is a significant key audit matter and is described in the key audit matter section below. In arriving at our audit opinion above, the other key audit matter was as follows:

| | The risk | Our response |
|---|---|---|
| **Valuation of Investments at fair value ("Investments")**<br><br>$307,358,954;<br><br>(2020: 297,712,245)<br><br>Refer to the Audit Committee Report (pages 42 and 45), the Condensed Schedule of Investments (pages 61-67) and note 2(e) "Fair Value of financial instruments and derivatives". | **Basis:**<br><br>The Company's investment portfolio represents the most significant balance on the statement of assets and liabilities and is the principal driver of the Company's net asset value (2021: 97%; 2020: 94%).<br><br>The Company's investment portfolio comprises global floating rate loans of $109.2m, global high yield bonds of $84.7m, private debt of $68.6m, collaterised loan obligations ("CLO") debt tranches of $33.6m, special situations of $9.3m and equity investments of $1.9m, as disclosed in note 2(e). The fair value is based on prices provided by a third party pricing source, in the absence of which, the Investment Manager's pricing committee will determine a fair value as at year-end.<br><br>**Risk:**<br><br>The valuation of the Company's Investments is considered a significant area of our audit, given that it represents the majority of the net assets of the Company and in view of the significance of estimates and judgements that may be involved in the determination of fair value. | **Our audit procedures included but were not limited to:**<br><br>**Internal Controls:**<br><br>We assessed the design and implementation of the control in place over the valuation of unquoted investments.<br><br>**Challenging managements' assumptions and inputs including use of our KPMG specialist as applicable:**<br><br>We performed inquiries with the Investment Manager to understand and assess the valuation methodology used to estimate the fair value of Investments and ensured these are in line with the Company's stated valuation policies.<br><br>For global high yield bonds and certain equity positions we independently priced these investments to third party pricing sources.<br><br>For private debt, special situations and global floating rate loan investments which had relatively low liquidity scores, we independently priced these investments to third party pricing sources and further manually evaluated the relevance and reliability of those prices.<br><br>For CLO debt tranches and certain global floating rate loan investments and private debt positions, we determined independent reference prices through the use of fundamental cash flow modelling, sourcing key inputs and assumptions used, such as the default rates, discount margins and prepayment rates, from observable market data.<br><br>For a private debt position and an equity position valued internally by the Investment Manager (amounting to $3.3m), we assessed and challenged the key assumptions based on available market information and corroborated key inputs to supporting documentation.<br><br>**Assessing disclosures:**<br><br>We also considered the Company's disclosures (note 2(a)) in relation to the use of estimates, the Company's valuation of investments policies and fair value of financial instruments (note 2(e)) for compliance with US generally accepted accounting principles. |

# Independent Auditor's Report (continued)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB GLOBAL MONTHLY INCOME FUND LIMITED (CONTINUED)

### Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at $6,356,000, determined with reference to a benchmark of net assets of $315,681,147, of which it represents approximately 2.0%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% of materiality for the financial statements as a whole, which equates to $4,767,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $317,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

### Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic for at least a year from the date of approval of financial statements ("the going concern period"). As stated in our key audit matters section of our report, they have also concluded that there is a material uncertainty relating to going concern.

An explanation of how we evaluated the directors' assessment is set out in our key audit matters section of our report. Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of going concern basis of accounting and their identification therein of a material uncertainty over the Company's ability to continue to use that basis for the going concern period and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 24 of the annual report is materially consistent with the financial statements and our audit knowledge.

### Fraud and breaches of laws and regulations – ability to detect

**Identifying and responding to risks of material misstatement due to fraud**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

**Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

**Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditor's Report (continued)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB GLOBAL MONTHLY INCOME FUND LIMITED (CONTINUED)

### Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, other than the material uncertainty related to going concern referred to above, we have nothing further material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement (page 24) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Viability Statement (page 24) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.
- We are also required to review the Viability Statement, set out on page 24 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

### Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

### We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

## Respective responsibilities

**Directors' responsibilities**

As explained more fully in their statement set out on page 53, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless liquidation is imminent.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

## The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Dermot Dempsey**
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditor
Guernsey

20 April 2022

# Statement of Assets and Liabilities

**AS AT 31 DECEMBER 2021 AND 31 DECEMBER 2020**

| (EXPRESSED IN U.S. DOLLARS) | NOTES | 31 DECEMBER 2021 | 31 DECEMBER 2020 |
|---|---|---|---|
| **Assets** | | | |
| Investments, at fair value (2021: cost of $310,963,360, 2020: cost of $295,411,529) | 2 | 307,358,954 | 297,712,245 |
| Derivative assets, at fair value (2021: cost of $Nil, 2020: cost of $Nil) | 2(e) | 551,564 | 12,993,970 |
| | | | |
| Cash and cash equivalents | | | |
| – Sterling (2021: cost of $71,815, 2020: cost of $1,742,815) | | 73,532 | 1,795,941 |
| – Euro (2021: cost of $186,021, 2020: cost of $3,345,715) | | 187,093 | 3,447,099 |
| – U.S. Dollar | | 11,407,318 | 10,651,883 |
| **Total cash and cash equivalents** | | **11,667,943** | **15,894,923** |
| | | **319,578,461** | **326,601,138** |
| **Other assets** | | | |
| Receivables for investments sold | | 2,964,458 | 7,354,637 |
| Interest receivable | | 2,802,128 | 2,044,589 |
| Other receivables and prepayments | | 229,088 | 130,293 |
| | | | |
| **Total other assets** | | **5,995,674** | **9,529,519** |
| | | | |
| **Total assets** | | **325,574,135** | **336,130,657** |
| | | | |
| **Liabilities** | | | |
| Payables for investments purchased | | 5,529,950 | 17,812,405 |
| Payables to Investment Manager and affiliates | 3 | 599,135 | 567,605 |
| Derivative liabilities, at fair value (2021: proceeds of $Nil, 2020: proceeds of $Nil) | 2(e) | 2,134,666 | 108,468 |
| Dividend payable | | 1,305,719 | – |
| Accrued expenses and other liabilities | 3 | 323,518 | 233,007 |
| **Total liabilities** | | **9,892,988** | **18,721,485** |
| | | | |
| **Total assets less liabilities** | | **315,681,147** | **317,409,172** |
| | | | |
| Share capital | | 752,021,562 | 752,021,562 |
| Accumulated reserves | | (436,340,415) | (434,612,390) |
| **Total net assets** | | **315,681,147** | **317,409,172** |
| **Net Asset Value per share** | | **£0.9429** | **£0.9394** |

The Financial Statements on pages 60 to 87 were approved and authorised for issue by the Board of Directors on 20 April 2022, and signed on its behalf by:

**David Staples**
Director

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Condensed Schedule of Investments

| AS AT 31 DECEMBER 2021<br>(EXPRESSED IN U.S. DOLLARS) | COST | FAIR VALUE | FAIR VALUE AS % OF NET ASSETS |
|---|---|---|---|
| **Portfolio of investments** | | | |
| Financial investments | | | |
| – Private Debt | 68,345,866 | 68,628,397 | 21.74% |
| – Special Situations | 11,234,289 | 9,278,095 | 2.94% |
| – CLO Debt Tranches | 33,858,274 | 33,637,153 | 10.66% |
| – Global High Yield Bonds | 85,843,950 | 84,704,896 | 26.83% |
| – Global Floating Rate Loans | 108,561,394 | 109,185,622 | 34.59% |
| – Equity | 3,119,587 | 1,924,791 | 0.60% |
| **Total financial investments** | **310,963,360** | **307,358,954** | **97.36%** |
| | | | |
| **Forward exchange contracts** | | | |
| – Euro to Sterling | – | (47,220) | (0.01%) |
| – Sterling to U.S. Dollar | – | (2,133,872) | (0.68%) |
| – U.S. Dollar to Euro | – | 398,842 | 0.13% |
| – U.S. Dollar to Sterling | – | 199,148 | 0.06% |
| | **–** | **(1,583,102)** | **(0.50%)** |

| | COST | FAIR VALUE | FAIR VALUE AS % OF NET ASSETS |
|---|---|---|---|
| **Geographic diversity of investment portfolio (domicile of issuer)** | | | |
| Australia/Oceania | 3,991,090 | 3,984,149 | 1.26% |
| Caribbean | 11,219,336 | 11,166,755 | 3.54% |
| North America | 244,254,010 | 241,149,026 | 76.39% |
| Europe | 51,498,924 | 51,059,024 | 16.17% |
| | **310,963,360** | **307,358,954** | **97.36%** |

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Condensed Schedule of Investments (continued)

| **AS AT 31 DECEMBER 2020**<br>(EXPRESSED IN U.S. DOLLARS) | **COST** | **FAIR VALUE** | **FAIR VALUE AS % OF NET ASSETS** |
|---|---|---|---|
| **Portfolio of investments** | | | |
| Financial investments | | | |
| – Private Debt | 33,958,211 | 34,437,669 | 10.85% |
| – Special Situations | 20,266,537 | 18,053,663 | 5.69% |
| – CLO Debt Tranches | 20,809,276 | 20,794,373 | 6.55% |
| – Global High Yield Bonds | 74,211,202 | 77,741,222 | 24.49% |
| – Global Floating Rate Loans | 141,682,088 | 142,807,252 | 44.99% |
| – Equity | 3,037,230 | 2,564,191 | 0.81% |
| – Warrants | 1,446,985 | 1,313,875 | 0.41% |
| **Total financial investments** | **295,411,529** | **297,712,245** | **93.79%** |
| | | | |
| **Forward exchange contracts** | | | |
| – Euro to Sterling | – | 16,210 | 0.01% |
| – Sterling to U.S. Dollar | – | 14,695,380 | 4.63% |
| – U.S. Dollar to Euro | – | (972,747) | (0.31%) |
| – U.S. Dollar to Sterling | – | (853,341) | (0.27%) |
| | **–** | **12,885,502** | **4.06%** |

| | **COST** | **FAIR VALUE** | **FAIR VALUE AS % OF NET ASSETS** |
|---|---|---|---|
| **Geographic diversity of investment portfolio (domicile of issuer)** | | | |
| Africa | 428,624 | 439,656 | 0.14% |
| Caribbean | 21,491,946 | 21,686,873 | 6.83% |
| North America | 222,400,952 | 222,228,205 | 70.01% |
| Europe | 51,090,007 | 53,357,511 | 16.81% |
| | **295,411,529** | **297,712,245** | **93.79%** |

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Condensed Schedule of Investments (continued)

| **INDUSTRY DIVERSITY OF INVESTMENT PORTFOLIO** (EXPRESSED IN U.S. DOLLARS) | **31 DECEMBER 2021** COST | **31 DECEMBER 2021** FAIR VALUE | **31 DECEMBER 2020** COST | **31 DECEMBER 2020** FAIR VALUE |
|---|---|---|---|---|
| Aerospace & Defence | 2,632,038 | 2,588,263 | 3,580,931 | 3,734,342 |
| Air Transport | 3,413,326 | 3,557,457 | 3,812,001 | 4,023,735 |
| Automotive | 7,744,244 | 7,751,948 | 3,638,794 | 3,907,317 |
| Broadcast Radio & Television | 2,119,862 | 1,972,212 | 5,569,180 | 5,315,591 |
| Brokers, Dealers & Investment Houses | 1,017,505 | 1,002,690 | – | – |
| Business Equipment & Services | 23,577,127 | 20,947,052 | 16,540,266 | 16,359,847 |
| Building & Development | 13,627,368 | 13,680,036 | 5,673,567 | 5,914,375 |
| Cable & Satellite Television | 9,727,116 | 9,534,252 | 4,176,887 | 4,287,162 |
| Chemicals & Plastics | 5,417,731 | 5,410,970 | 7,569,955 | 7,801,492 |
| Clothing & Textiles | 3,139,039 | 3,177,263 | 1,089,218 | 1,113,735 |
| Containers & Glass Products | 3,364,469 | 3,309,094 | 8,399,895 | 8,692,676 |
| Drugs | 2,224,541 | 2,166,927 | 2,336,763 | 2,340,471 |
| Electronics/Electrical | 36,235,879 | 36,264,483 | 27,705,664 | 27,946,069 |
| Equipment Leasing | 2,646,689 | 2,868,831 | 682,670 | 892,500 |
| Financial Intermediaries | 39,076,219 | 38,957,891 | 27,342,736 | 27,598,620 |
| Food Products | 2,199,203 | 2,238,694 | 2,561,430 | 2,673,010 |
| Food Service | 5,106,078 | 5,077,235 | 2,880,703 | 2,882,709 |
| Food/Drug Retailers | 2,675,165 | 2,671,627 | 5,499,763 | 6,069,074 |
| Health Care | 31,480,919 | 30,717,732 | 37,928,909 | 37,490,825 |
| Hotels & Casinos | 1,922,801 | 1,927,294 | 7,657,376 | 7,869,935 |
| Industrial Equipment | 14,556,294 | 14,601,519 | 10,900,236 | 10,921,898 |
| Insurance | 9,007,693 | 8,995,312 | 6,924,232 | 6,983,828 |
| Leisure Goods/Activities/Movies | 8,064,803 | 8,498,939 | 15,659,107 | 16,484,850 |
| Nonferrous Metals & Minerals | 3,263,537 | 3,297,688 | 2,263,628 | 2,446,675 |
| Oil & Gas | 23,584,995 | 23,779,127 | 35,132,372 | 34,351,520 |
| Publishing | 2,152,501 | 2,147,834 | – | – |
| Retailers (except food and drug) | 13,053,746 | 13,290,974 | 16,257,890 | 16,500,222 |
| Steel | 253,281 | 248,750 | 3,224,023 | 3,142,798 |
| Surface Transport | 4,629,321 | 4,679,610 | 556,729 | 700,866 |
| Telecommunications/Cellular Communications | 17,096,099 | 16,850,891 | 20,333,442 | 20,090,220 |
| Utilities | 15,953,771 | 15,146,359 | 9,513,162 | 9,175,883 |
| | **310,963,360** | **307,358,954** | **295,411,529** | **297,712,245** |

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Condensed Schedule of Investments (continued)

## As at 31 December 2021, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

| SECURITIES (EXPRESSED IN U.S. DOLLARS) | COUNTRY | INDUSTRY | FAIR VALUE | % OF NAV |
|---|---|---|---|---|
| **Intelsat Jackson Holdings SA** | | | **5,745,682** | **1.82%** |
| Intelsat DIP 1L 09/21 DIP | Luxembourg | Telecommunications/Cellular Communications | 3,469,942 | 1.10% |
| Intelsat Jackson Hldg | Luxembourg | Telecommunications/Cellular Communications | 962,182 | 0.30% |
| Intelsat Jackson Hldg | Luxembourg | Telecommunications/Cellular Communications | 812,395 | 0.26% |
| Intelsat Jackson Hldg | Luxembourg | Telecommunications/Cellular Communications | 501,163 | 0.16% |
| **Chariot Buyer LLC** | | | **5,218,500** | **1.65%** |
| Chamberlain Group 2L TL 10/21 | United States | Building & Development | 5,218,500 | 1.65% |
| **Constellation** | | | **4,757,863** | **1.52%** |
| Constellation 1L TL-B EUR 07/21 | New Zealand | Automotive | 3,204,961 | 1.02% |
| Constellation 2L TL GBP 07/21 | New Zealand | Automotive | 779,188 | 0.25% |
| Constellation 1L TL-B EUR 07/21 | United Kingdom | Automotive | 773,714 | 0.25% |
| **Team Health Holdings Inc** | | | **4,530,017** | **1.43%** |
| Team Health Holdings Inc | United States | Health Care | 2,572,216 | 0.81% |
| Team Health Holdings Inc 6.375% 02/01/25 SR:144A | United States | Health Care | 1,684,838 | 0.53% |
| Team Health Holdings Inc 6.375% 02/01/25 SR:REGS | United States | Health Care | 272,963 | 0.09% |
| **CSC Holdings LLC** | | | **4,483,125** | **1.42%** |
| CSC Holdings LLC 5.750% 01/15/30 SR:144A | United States | Cable & Satellite Television | 4,483,125 | 1.42% |
| **Great Outdoors Group LLC** | | | **3,965,858** | **1.26%** |
| Bass Pro 1L TL-B 02/21 | United States | Retailers (except food and drug) | 3,965,858 | 1.26% |
| **Uniti Group Inc/CSL Capital LLC** | | | **3,951,380** | **1.25%** |
| Uniti Group Inc/CSL Capital 6.500% 02/15/29 SR:144A | United States | Telecommunications/Cellular Communications | 3,951,380 | 1.25% |
| **EG Group Ltd** | | | **3,912,728** | **1.23%** |
| EG Group Ltd | United Kingdom | Retailers (except food and drug) | 2,313,710 | 0.73% |
| Optfin TL B 1L GBP | United Kingdom | Retailers (except food and drug) | 989,860 | 0.31% |
| Optfin TL B1 1L EUR | United Kingdom | Retailers (except food and drug) | 609,158 | 0.19% |
| **Phoenix Newco Inc** | | | **3,603,600** | **1.14%** |
| Parexel 2L TL-B 7/21 | United States | Health Care | 3,603,600 | 1.14% |
| **American Airlines Group Inc** | | | **3,557,457** | **1.12%** |
| AAdvantage 1L TL 03/21 | United States | Air Transport | 2,477,532 | 0.78% |
| American Airlines Group 3.750% 03/01/25 SR:144A | United States | Air Transport | 1,079,925 | 0.34% |
| **Brock Holdings III Inc** | | | **3,288,557** | **1.04%** |
| Brock Holdings Notes 15% 04/24/22 | United States | Business Equipment & Services | 1,896,183 | 0.60% |
| Brock Holdings III Inc. | United States | Business Equipment & Services | 1,392,374 | 0.44% |
| **Asurion LLC** | | | **3,246,444** | **1.03%** |
| Asurion 2L TL-B4 07/21 | United States | Insurance | 2,279,031 | 0.72% |
| Asurion LLC | United States | Insurance | 967,413 | 0.31% |
| **CD&R Dock Bidco Ltd** | | | **3,212,075** | **1.03%** |
| CD&R Dock Bidco Ltd | United Kingdom | Food Service | 2,888,700 | 0.92% |
| CD&R Dock Bidco Ltd | United Kingdom | Food Service | 323,375 | 0.11% |
| | | | **53,473,286** | **16.94%** |

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Condensed Schedule of Investments (continued)

## As at 31 December 2020, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

| SECURITIES<br>(EXPRESSED IN U.S. DOLLARS) | COUNTRY | INDUSTRY | FAIR VALUE | % OF NAV |
|---|---|---|---|---|
| **Intelsat Jackson Holdings SA** | | | **5,847,094** | **1.84%** |
| Intelsat Jackson Holdings | Luxembourg | Telecommunications/Cellular Communications | 3,530,407 | 1.11% |
| Intelsat Jackson Holdings | Luxembourg | Telecommunications/Cellular Communications | 977,063 | 0.31% |
| Intelsat DIP 1L 04/20 | Luxembourg | Telecommunications/Cellular Communications | 830,059 | 0.26% |
| Intelsat Jackson Holdings | Luxembourg | Telecommunications/Cellular Communications | 509,565 | 0.16% |
| **Bass Pro Group LLC** | | | **5,766,992** | **1.82%** |
| Bass Pro T/L-B 1L USD | United States | Retailers (except food and drug) | 5,766,992 | 1.82% |
| **VVC Holding Corp** | | | **5,170,918** | **1.63%** |
| Athenahealth 1L T/L-B 1/19 | United States | Health Care | 3,448,868 | 1.09% |
| Athenahealth 2L T/L-B 1/18 | United States | Health Care | 1,722,050 | 0.54% |
| **Brock Holdings III Inc.** | | | **4,993,182** | **1.57%** |
| Brock Holdings Notes 15% 10/24/22 | United States | Business Equipment & Services | 2,619,598 | 0.82% |
| Brock Holdings III Inc. | United States | Business Equipment & Services | 2,373,584 | 0.75% |
| **GTT Communications** | | | **4,700,706** | **1.48%** |
| GTT Communications Inc. | United States | Telecommunications/Cellular Communications | 2,024,118 | 0.64% |
| GTT Communications BV | United States | Telecommunications/Cellular Communications | 1,063,466 | 0.34% |
| GTT Communications 1L DD 1 | United States | Telecommunications/Cellular Communications | 1,026,532 | 0.32% |
| GTT Communications 1L T/L 1 | United States | Telecommunications/Cellular Communications | 586,590 | 0.18% |
| **Kleopatra Holdings** | | | **4,663,721** | **1.47%** |
| Kleopatra Holdings 2 SCA | Germany | Containers & Glass Products | 4,663,721 | 1.47% |
| **Carnival Corp** | | | **4,319,501** | **1.36%** |
| Carnival 1L T/L-06/20 | United States | Leisure Goods/Activities/Movies | 1,901,594 | 0.60% |
| Carnival Corp 7.625% 03/01/26 | Panama | Leisure Goods/Activities/Movies | 1,291,046 | 0.41% |
| Carnival Corp 11.500% 04/01/23 | Panama | Leisure Goods/Activities/Movies | 965,861 | 0.30% |
| Carnival Corp 9.875% 08/01/27 | Panama | Leisure Goods/Activities/Movies | 161,000 | 0.05% |
| **EG Finco LTD** | | | **4,088,060** | **1.29%** |
| EG Group 2L TL EUR (3/18) | United Kingdom | Retailers (except food and drug) | 2,101,040 | 0.66% |
| Optfin TL B 1L GBP | United Kingdom | Retailers (except food and drug) | 988,238 | 0.31% |
| Optfin TL B1 1L EUR | United Kingdom | Retailers (except food and drug) | 650,830 | 0.21% |
| Optfin TL 2L USD | United States | Retailers (except food and drug) | 347,952 | 0.11% |
| **Epicor Software Corp** | | | **3,691,163** | **1.16%** |
| Epicor Software 1L T/L-B 07/20 | United States | Electronics/Electrical | 2,119,818 | 0.66% |
| Epicor Software 2L T/L-B 07/20 | United States | Electronics/Electrical | 1,571,345 | 0.50% |
| **Aveanna Healthcare LLC** | | | **3,466,025** | **1.09%** |
| Aveanna 1L TL 09/20 | United States | Health Care | 1,228,788 | 0.39% |
| Aveanna 2L TL 02/17 | United States | Health Care | 995,000 | 0.31% |
| Aveanna HEALTHCARE LLC | United States | Health Care | 647,497 | 0.20% |
| Epic Health 1L TL | United States | Health Care | 594,740 | 0.19% |
| **Granite US Holdings Corp** | | | **3,429,314** | **1.08%** |
| Granite US Holdings Corp | United States | Industrial Equipment | 2,596,814 | 0.82% |
| Granite US Holdings Corp 110% 10/01/27 | United States | Industrial Equipment | 832,500 | 0.26% |
| **Realogy Group** | | | **3,322,500** | **1.05%** |
| Realogy Group LLC | United States | Building & Development | 3,322,500 | 1.05% |
| | | | **53,459,176** | **16.84%** |

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Condensed Schedule of Investments (continued)

### As at 31 December 2021, the below were the largest 50 investments based on the NAV:

| SECURITIES<br>(EXPRESSED IN U.S. DOLLARS) | COUNTRY | INDUSTRY | FAIR VALUE $ | % |
|---|---|---|---|---|
| Chariot Buyer LLC | United States | Building & Development | 5,218,500 | 1.65% |
| CSC holdings LLC | United States | Cable & Satellite Television | 4,483,125 | 1.42% |
| Great Outdoors Group LLC | United States | Retailers (except food and drug) | 3,965,858 | 1.26% |
| Uniti Group Inc/CSL Capital LLC | United States | Telecommunications/Cellular Communications | 3,951,380 | 1.25% |
| Phoenix newco Inc | United States | Health Care | 3,603,600 | 1.14% |
| Intelsat Jackson Hldg | Luxembourg | Telecommunications/Cellular Communications | 3,469,942 | 1.10% |
| Constellation Automotive Ltd | New Zealand | Automotive | 3,204,961 | 1.02% |
| Traverse Midstream Partners LLC | United States | Oil & Gas | 2,973,781 | 0.94% |
| Envision Healthcare Corp | United States | Health Care | 2,956,848 | 0.94% |
| CD&R Dock Bidco Ltd | United Kingdom | Food Service | 2,888,700 | 0.92% |
| Prairie ECI Acquiror LP | United States | Oil & Gas | 2,847,585 | 0.90% |
| Cineworld Cinemas Holdings Ltd | United States | Leisure Goods/Activities/Movies | 2,840,854 | 0.90% |
| Deerfield Duff & Phelps LLC | United States | Business Equipment & Services | 2,759,813 | 0.88% |
| BCP Renaissance Parent LLC | United States | Oil & Gas | 2,654,553 | 0.84% |
| Milano Acquisition LLC | United States | Insurance | 2,572,904 | 0.82% |
| Team Health Holdings Inc | United States | Health Care | 2,572,216 | 0.81% |
| BCP Raptor LLC | United States | Oil & Gas | 2,561,242 | 0.81% |
| American Airlines Group Inc | United States | Air Transport | 2,477,532 | 0.78% |
| EG Group Ltd | United Kingdom | Retailers (except food and drug) | 2,313,710 | 0.73% |
| Redstone Buyer LLC | United States | Electronics/Electrical | 2,290,531 | 0.73% |
| Asurion LLC | United States | Insurance | 2,279,031 | 0.72% |
| BCP Raptor II LLC | United States | Oil & Gas | 2,276,000 | 0.72% |
| Sophia LP | United States | Electronics/Electrical | 2,155,125 | 0.69% |
| AA Bond Co Ltd | United States | Financial Intermediaries | 2,114,665 | 0.67% |
| CQP Holdco LP | United States | Oil & Gas | 2,035,313 | 0.64% |
| Magnetite CLO Ltd Mgane_15-15X | United States | Financial Intermediaries | 2,021,029 | 0.64% |
| Woof Intermediate Inc | United States | Food Products | 2,011,260 | 0.64% |
| MHI Holdings LLC | United States | Industrial Equipment | 2,001,074 | 0.64% |
| Global Air Lease Co Ltd 6.500% 09/15/24 | United States | Equipment Leasing | 1,999,963 | 0.63% |
| First Brands Group LLC | United States | Automotive | 1,990,955 | 0.63% |
| Quantum Health Inc | United States | Health Care | 1,987,513 | 0.63% |
| New Fortress Energy Inc | United States | Utilities | 1,925,450 | 0.61% |
| Brock Holdings Notes 15% 04/24/22 | United States | Business Equipment & Services | 1,896,183 | 0.60% |
| Kestrel Acquisition LLC | United States | Utilities | 1,832,862 | 0.58% |
| Ivanti Software Inc | United States | Electronics/Electrical | 1,781,602 | 0.56% |
| The Edelman Financial Group Inc | United States | Financial Intermediaries | 1,772,956 | 0.56% |
| Convergeone Holdings Inc | United States | Electronics/Electrical | 1,711,394 | 0.54% |
| Team Health Holdings Inc 6.375% 02/01/25 | United States | Health Care | 1,684,838 | 0.53% |
| FCG Acquisitions Inc | United States | Industrial Equipment | 1,677,795 | 0.53% |
| Trinitas CLO Ltd TRNTS_19-10X | United States | Financial Intermediaries | 1,657,201 | 0.52% |
| Covia Holdings LLC | United States | Nonferrous Metals & Minerals | 1,656,820 | 0.52% |
| US Silica Co | United States | Nonferrous Metals & Minerals | 1,640,869 | 0.52% |
| Tibco Software Inc | United States | Electronics/Electrical | 1,621,734 | 0.51% |
| Crosby US Acquisition Corp | United States | Industrial Equipment | 1,615,232 | 0.51% |
| Altice France Holding SA | France | Cable & Satellite Television | 1,612,500 | 0.51% |
| Varsity Brands Holding Co Inc | United States | Clothing & Textiles | 1,604,256 | 0.51% |
| Sundyne US Purchaser Inc | United States | Industrial Equipment | 1,596,618 | 0.51% |
| Syncsort Incorporated (clearlake) | United States | Electronics/Electrical | 1,596,000 | 0.51% |
| Optiv Inc | United States | Electronics/Electrical | 1,585,513 | 0.51% |
| Comstock Resources Inc | United States | Oil & Gas | 1,583,625 | 0.50% |
| | | | **117,533,011** | **37.23%** |

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Condensed Schedule of Investments (continued)

## As at 31 December 2020, the below were the largest 50 investments based on the NAV:

| SECURITIES<br>(EXPRESSED IN U.S. DOLLARS) | COUNTRY | INDUSTRY | FAIR VALUE $ | % |
|---|---|---|---|---|
| Bass Pro 1L T/L-B | United States | Retailers (except food and drug) | 5,766,992 | 1.82% |
| Kleopatra Holdings 2 SCA | Germany | Containers & Glass Products | 4,663,721 | 1.47% |
| Intelsat Jackson Hldg | Luxembourg | Telecommunications/Cellular Communications | 3,530,407 | 1.11% |
| Athenahealth 1L T/L-B 1/19 | United States | Health Care | 3,448,868 | 1.09% |
| Realogy Group LLC | United States | Building & Development | 3,322,500 | 1.05% |
| Enterprise Merger Sub Inc | United States | Health Care | 3,096,917 | 0.98% |
| Eagleclaw | United States | Oil & Gas | 2,994,580 | 0.94% |
| Rover | United States | Oil & Gas | 2,868,510 | 0.90% |
| Team Health Holdings Inc | United States | Health Care | 2,866,589 | 0.90% |
| Uniti Group Inc | United States | Telecommunications/Cellular Communications | 2,802,750 | 0.88% |
| Deerfield Duff & Phelps LLC | United States | Business Equipment & Services | 2,786,967 | 0.88% |
| Constellation Automotive Limited | United Kingdom | Automotive | 2,710,939 | 0.85% |
| Caprock Midstream LLC | United States | Oil & Gas | 2,689,685 | 0.85% |
| Playtika Holding Corp | United States | Leisure Goods/Activities/Movies | 2,661,648 | 0.84% |
| Brock Holdings III Inc | United States | Business Equipment & Services | 2,619,598 | 0.83% |
| Cineworld Cinemas Holdings Ltd | United States | Leisure Goods/Activities/Movies | 2,606,311 | 0.82% |
| Granite US Holdings Corp | United States | Industrial Equipment | 2,596,814 | 0.82% |
| Milano Acquisition LLC | United States | Insurance | 2,590,666 | 0.82% |
| Medallion Midland Acquisition LP | United States | Oil & Gas | 2,541,000 | 0.80% |
| Casino Guichard Perrachon SA | France | Food/Drug Retailers | 2,479,391 | 0.78% |
| First Quantum Minerals Ltd | Canada | Nonferrous Metals & Minerals | 2,446,675 | 0.77% |
| Traverse Midstream Partners LLC | United States | Oil & Gas | 2,414,742 | 0.76% |
| Brock Holdings III Inc | United States | Business Equipment & Services | 2,373,584 | 0.75% |
| Oryx Midstream Holdings LLC | United States | Oil & Gas | 2,370,147 | 0.75% |
| Mrc Global (US) Inc | United States | Steel | 2,293,423 | 0.72% |
| Garda World Security Corp (Ontario) | Canada | Business Equipment & Services | 2,287,712 | 0.72% |
| Asurion LLC | United States | Insurance | 2,211,920 | 0.70% |
| Ahead DB Borrower LLC | United States | Electronics/Electrical | 2,208,510 | 0.70% |
| Tallgrass Energy LP | United States | Oil & Gas | 2,203,833 | 0.69% |
| Epicor Software Corp | United States | Electronics/Electrical | 2,119,818 | 0.67% |
| Kestrel Acquisition LLC | United States | Utilities | 2,118,511 | 0.67% |
| Tenet Healthcare Corporation | United States | Health Care | 2,110,000 | 0.66% |
| Ortho-Clinical Diagnostics Inc | United States | Health Care | 2,110,000 | 0.66% |
| Eg Finco Ltd | United Kingdom | Retailers (except food and drug) | 2,101,040 | 0.66% |
| Sophia LP | United States | Electronics/Electrical | 2,079,000 | 0.65% |
| Dedalus Finance Gmbh | Germany | Electronics/Electrical | 2,074,106 | 0.65% |
| Vivint Inc | United States | Business Equipment & Services | 2,058,997 | 0.65% |
| Alterra Mountain Co | United States | Leisure Goods/Activities/Movies | 2,054,527 | 0.65% |
| Lucid Energy Group II Borrower LLC | United States | Oil & Gas | 2,034,209 | 0.64% |
| GTT Communications Inc | United States | Telecommunications/Cellular Communications | 2,024,118 | 0.64% |
| MHI Holdings Llc | United States | Industrial Equipment | 2,012,018 | 0.63% |
| Woof Intermediate Inc | United States | Food Products | 2,005,000 | 0.63% |
| Consolidated Communications Inc | United States | Telecommunications/Cellular Communications | 2,001,344 | 0.63% |
| Magnetite CLO Ltd Mgane_15-15X | Cayman Islands | Financial Intermediaries | 1,992,168 | 0.63% |
| Apidos CLO Apid_20-34X | Cayman Islands | Financial Intermediaries | 1,980,478 | 0.62% |
| ITT Holdings LLC | United States | Oil & Gas | 1,980,000 | 0.62% |
| Quantum Health Inc | United States | Health Care | 1,975,000 | 0.62% |
| Tech Data Corporation | United States | Electronics/Electrical | 1,910,412 | 0.60% |
| Antero Midstream Partners LP | United States | Oil & Gas | 1,904,078 | 0.60% |
| Carnival Corp | United States | Leisure Goods/Activities/Movies | 1,901,594 | 0.60% |
| | | | **125,001,817** | **39.37%** |

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Statement of Operations

| (EXPRESSED IN U.S. DOLLARS) | NOTE | 1 JANUARY 2021 TO 31 DECEMBER 2021 | 1 JANUARY 2020 TO 31 DECEMBER 2020 |
|---|---|---|---|
| **Income** | | | |
| Interest income net of withholding taxes | 2(b) | 19,835,710 | 21,445,286 |
| Other income from investments | | 351,548 | 279,862 |
| **Total income** | | **20,187,258** | **21,725,148** |
| | | | |
| **Expenses** | | | |
| Investment management and services | 3 | 2,425,841 | 2,819,518 |
| Administration and professional fees | 3 | 958,444 | 1,564,479 |
| Directors' fees and travel expenses | 3 | 225,725 | 216,256 |
| **Total expenses** | | **3,610,010** | **4,600,253** |
| | | | |
| **Net investment income** | | **16,577,248** | **17,124,895** |
| | | | |
| **Realised and unrealised gains and losses** | | | |
| Net realised gain/(loss) on investments | 2(e) | 3,664,416 | (23,498,335) |
| Net realised gain on derivatives | 2(e) | 13,249,047 | 16,710,613 |
| **Total net realised gain/(loss)** | | **16,913,463** | **(6,787,722)** |
| | | | |
| Net change in unrealised (depreciation)/appreciation on investments | 2(e) | (3,209,563) | 11,225,729 |
| Net change in unrealised depreciation on derivatives | 2(e) | (14,468,604) | (23,564,875) |
| **Total net unrealised depreciation** | | **(17,678,167)** | **(12,339,146)** |
| | | | |
| Realised and unrealised (loss)/gain on foreign currency | 2(e) | (294,413) | 2,286,890 |
| | | | |
| **Net realised and unrealised gain/(loss)** | | **(1,059,117)** | **(16,839,978)** |
| | | | |
| **Net increase in net assets resulting from operations** | | **15,518,131** | **284,917** |
| | | | |
| **Earnings per share** | | **£0.0456** | **£0.0030** |

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Statement of Changes in Net Assets

**FOR THE YEAR 1 JANUARY 2021 TO 31 DECEMBER 2021**

| (EXPRESSED IN U.S. DOLLARS) | **VALUE** |
|---|---|
| **Net assets as at 1 January 2021** | **317,409,172** |
| Dividends declared | (17,246,156) |
| Net increase in net assets resulting from operations | 15,518,131 |
| **Net assets as at 31 December 2021** | **315,681,147** |

**FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020**

| (EXPRESSED IN U.S. DOLLARS) | **VALUE** |
|---|---|
| **Net assets as at 1 January 2020** | **578,032,783** |
| Dividends paid/declared | (21,235,175) |
| Net movement from share buybacks and share conversions | (239,673,353) |
| Net increase in net assets resulting from operations | 284,917 |
| **Net assets as at 31 December 2020** | **317,409,172** |

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Statement of Cash Flows

| (EXPRESSED IN U.S. DOLLARS) | NOTE | 1 JANUARY 2021 TO 31 DECEMBER 2021 | 1 JANUARY 2020 TO 31 DECEMBER 2020 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net increase in net assets resulting from operations | | 15,518,131 | 284,917 |
| Adjustment to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: | | | |
| Net realised (gain)/loss on investments | | (3,664,416) | 23,498,335 |
| Net change in unrealised depreciation on investments and derivatives | | 17,678,167 | 12,339,146 |
| Net change in unrealised gain on translation of assets and liabilities | | (199,927) | (487,799) |
| Amortisation of discounts/premiums | | (547,607) | (737,152) |
| Changes in receivables for investments sold | | 4,390,179 | 2,987,225 |
| Changes in interest receivable[1] | | (757,539) | (293,358) |
| Changes in other receivables and prepayments | | (98,795) | (92,903) |
| Changes in payables for investments purchased | | (12,282,455) | 6,864,311 |
| Changes in payables to Investment Manager and affiliates | | 31,530 | (407,825) |
| Changes in accrued expenses and other liabilities | | 90,511 | (96,302) |
| Purchase of investments[2] | 2(e) | (280,677,501) | (419,147,028) |
| Realisation of investments[2] | 2(e) | 272,033,252 | 635,533,679 |
| **Net cash generated from operating activities** | | **11,513,530** | **260,245,246** |
| | | | |
| **Cash flows from financing activities:** | | | |
| Net movement from share buybacks and share swaps | | – | (244,670,663) |
| Dividends paid | | (15,940,437) | (21,235,175) |
| **Net cash used in financing activities** | | **(15,940,437)** | **(265,905,838)** |
| | | | |
| Effect of exchange rate changes on cash | | 199,927 | 487,799 |
| | | | |
| **Net decrease in cash and cash equivalents** | | **(4,226,980)** | **(5,172,793)** |
| | | | |
| Cash and cash equivalents at beginning of the year | | 15,894,923 | 21,067,716 |
| | | | |
| **Cash and cash equivalents at end of the year** | | **11,667,943** | **15,894,923** |

[1] Interest received for the year ended 31 December 2021 totalled $19,078,171 (2020: $21,151,928).

[2] Included in these figures is $38,785,967 (2020: $19,518,509) of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year.

The accompanying notes on pages 71 to 87 form an integral part of the Financial Statements

# Notes to the Financial Statements

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 1 – DESCRIPTION OF BUSINESS

The Company is a closed-ended investment company incorporated and registered in Guernsey with registered number 53155. It is a non-cellular company limited by shares and has been declared by the Guernsey Financial Services Commission to be a registered closed-ended collective investment scheme. On 20 April 2011, the Company was admitted to the Official List of the UK Listing Authority with a premium listing trading on the Main Market of the LSE.

As previously required under Article 51 of the Company's Articles of Incorporation (applicable at the time), at the AGM held on 11 June 2020 an ordinary resolution was proposed that the Company continues its business as a closed-ended investment company and was duly passed. Following the EGM held on 8 September 2020 where all resolutions were passed, the Company adopted new Articles which no longer require that a continuation vote be proposed. Instead, the Company may, at the Board's absolute discretion, offer to eligible Shareholders the opportunity to tender up to 25% of their holdings (a "Cash Exit Facility Offer") at a price equal to the prevailing Net Asset Value per Share, less 2%. If the Board resolves to exercise its discretion (as they expect to do if the Company is trading at a discount to NAV per Ordinary Share of greater than 2% as at the date of any Cash Exit Facility Offer), the first Cash Exit Facility Offer is expected to close on 30 June 2022 and subsequent Cash Exit Facility Offers every six months thereafter. Further details and the terms and conditions applicable to the first Cash Exit Facility Offer will be published in a Shareholder circular (the "Cash Exit Facility Circular"). In connection with any subsequent Cash Exit Facility Offers, the Company will publish an RIS announcement notifying Shareholders of the Board's decision to make a Cash Exit Facility Offer on the basis of the terms and conditions as previously set out in the Cash Exit Facility Offer. Additionally, from the end of June 2022, the Board intends, subject to market conditions at the time, to propose a wind-up of the Company should its NAV drop beneath £150 million.

The Company's investment objective is to provide its shareholders with consistent levels of monthly income, while maintaining or increasing the Net Asset Value ("NAV") per share over time. To pursue its investment objective, the Company invests in credit assets with the following target portfolio allocations: (i) 50-70% in traditional credit, meaning high yield bonds, floating rate loans and investment grade corporate bonds; and (ii) 30-50% in alternative credit, meaning "special situations" (consisting generally of tradeable but less liquid debt securities, such as stressed credit and CLO debt tranches), mezzanine debt, "club" loan transactions (being syndicated lending opportunities presented through the Company's or Investment Manager's relationship with loan arrangers and/or borrowers) and private corporate loans issued directly to borrowers. Investments in alternative credit will not represent more than 50% of Net Asset Value at the time of investment.

The Company's share capital is denominated in Pound Sterling and consists of 323,268,152 Pound Sterling Ordinary Shares as at 31 December 2021, of which 76,083,114 were held in treasury. Refer to Note 6 for further information.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The accompanying Financial Statements which give a true and fair view, have been prepared on a going concern basis and in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), The Companies (Guernsey) Law 2008 and the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946 ("ASC 946"). The Board believes that the underlying assumptions are appropriate and that the Company's Financial Statements therefore are fairly presented in accordance with US GAAP.

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern including reviewing the on-going cash flows and the level of cash balances, the liquidity of investments and the income deriving from those investments as of the reporting date and have determined that the Company has adequate financial resources to meet its liabilities as they fall due.

However, should there be a cash exit offer at the end of June 2022 and at the end of December 2022 which are taken up by Shareholders in full, the Company's NAV would likely drop below £150m after January 2023, which would result in the Board, subject to market conditions at the time, bringing forward a proposal to wind-up the Company. This currently represents a material uncertainty to the ability of the Company to continue in operation. After making enquiries of the Investment Manager and the Sub-Administrator, the Directors are however, satisfied that the Company has adequate resources to discharge its liabilities as they fall due for at least one year from the date these Financial Statements were approved notwithstanding this material uncertainty. Accordingly, the Directors continued to adopt a going concern basis in preparing these Financial Statements.

### New Accounting Standards

There are no new accounting standards or updates to existing standards that are effective as of 1 January 2021 that would be expected to have a significant impact on the Company.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Critical accounting judgement and estimates

The preparation of Financial Statements in conformity with US GAAP requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgments about attributing values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial results and position of the Company.

#### *Critical accounting estimates*

The only area where estimates are significant to the Financial Statements is the valuation of investments in Note 2(e).

#### *Critical judgements*

The functional currency for the Company is U.S. Dollars because this is the currency of the primary economic environment in which it operates.

The Directors consider that the Company is engaged in a single segment of business, being investment into credit assets with target portfolio allocations as per the Company's investment policy, hence segment reporting is not required.

### (b) Revenue recognition

Interest earned on debt instruments is accounted for net of applicable withholding taxes and is recognised as income over the terms of the loans. Discounts received or premiums paid in connection with the acquisition of loans are amortised into interest income using the effective interest method over the contractual life of the related loan. If a loan is paid off prior to maturity, the recognition of the fees and costs is accelerated as appropriate. The Company raises a provision when the collection of interest is deemed doubtful.

### (c) Cash and cash equivalents

The Company's cash and cash equivalents comprise cash in hand and demand deposits and highly liquid investments with original maturities of less than 90 days that are both readily convertible to known amounts of cash and so near maturity that they represent insignificant risk of changes in value.

### (d) Foreign currency transactions

Monetary assets and liabilities denominated in a currency other than U.S. Dollars are remeasured in U.S. Dollar equivalents using spot rates as at the reporting date. On initial recognition, a foreign currency transaction is recorded and converted at the spot exchange rate at the transaction date. Non-monetary assets and liabilities measured at fair value are translated using spot rates as at the date when fair value is determined. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. The rates of exchange against U.S. Dollars at 31 December 2021 were 1.35440 USD: 1GBP and 1.13720 USD: 1EUR (31 December 2020 were 1.36720 USD: 1GBP and 1.22360 USD: 1EUR).

### (e) Fair Value of Financial Instruments and derivatives

The fair value of the Company's assets and liabilities that qualify as financial instruments under FASB ASC 825, Financial Instruments, approximate the carrying amounts presented in the Statement of Assets and Liabilities. A financial instrument is defined by FASB ASC 825 as cash, evidence of an ownership interest in an entity, or a contract that creates a contractual obligation or right to deliver to or receive cash or another financial instrument from a second entity on potentially favourable terms. Fair value estimates are made at a discrete point in time, based on relevant market data, information about the financial instruments, and other factors.

Fair value was determined using available market information and appropriate valuation methodologies. Estimates of fair value of financial instruments without quoted market prices are subjective in nature and involve various assumptions and estimates that are matters of judgment. Accordingly, fair values are not necessarily indicative of the amounts realised on disposition of financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value amounts.

The following estimates and assumptions were used at 31 December 2021 to estimate the fair value of each class of financial instruments:

- Valuation of financial investments – The special situations, CLO debt tranches, private debt, global floating rate loans, warrants and bonds are valued at bid price. The Investment Manager and the Directors believe that bid price is the best estimate of fair value and is in line with the valuation policy adopted by the Company. In cases where no third party price is available, or where the Investment Manager determines that the provided price is not an accurate representation of the fair value of the investment, the Investment Manager will determine the valuation based on the Investment Manager's fair valuation policy. Any investments made through the secondary market are generally marked based on market quotations, to the extent available, and the Investment Manager will take into account current pricing of the security.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Fair Value of Financial Instruments and derivatives (continued)

- Cash and cash equivalents – The net realisable value is a reasonable estimate of fair value due to the short-term nature of these instruments.
- Receivables for investments sold – The net realisable value reasonably approximates fair value as they reflect the value at which investments are sold to a willing buyer and settlement period on their balances is short term.
- Interest receivables – The net realisable value reasonably approximates fair value.
- Other receivables – The net realisable value reasonably approximates fair value.
- Private Debt – For the primary issuance of private debt investments, the valuation is based on a discounted cash flow (DCF) approach. For secondary purchases, the valuation is based on unadjusted broker quotes or pricing provided by approved pricing sources.
- Derivatives – The Company estimates fair values of derivatives based on the latest available forward exchange rates.
- Payables for investments purchased – The net carrying value reasonably approximates fair value as they reflect the value at which investments are purchased from a willing seller and settlement period on their balances is short term.
- Payables to the Investment Manager and affiliates – The net carrying value reasonably approximates fair value when repayment period is short-term.
- Accrued expenses and other short-term liabilities – The net carrying value reasonably approximates fair value when repayment period is short-term.

A fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value is established under FASB ASC Topic 820. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3).

The levels of the fair value hierarchy under FASB ASC Topic 820-10-35-39 to 55 are as follows:

The guidance establishes three levels of the fair value hierarchy as follows:

**Level 1:** Quoted prices are available in active markets for identical investments as of the reporting date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of the fair value require significant management judgement or estimation.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

The Company, where possible, uses independent third-party vendors to price its portfolio. As part of its valuation process, the AIFM evaluates the number of broker quotes that combine to make up the valuation provided by these vendors and if it believes that the number of broker quotes is not sufficient to ensure a Level 2 price it designates those positions Level 3. As at 31 December 2021 the AIFM designated 12 (31 December 2020: 14) of its Global Floating Rate loans, 10 (31 December 2020: 8) of its Private Debt loans, 1 (31 December 2020: 1) Global High Yield Bond, 1 of its Private Equities (31 December 2020: 1) and 18 (31 December 2020: 2) CLO Debt Tranches at Level 3. With respect to the level 3 equity positions, the Investment Manager's Investment Committee has derived the fair value, based on comparable companies in similar industries. Level 1 positions are listed on an exchange. Level 2 positions are observable pricing inputs in active markets and fair value is determined through use of models or other valuation methodologies.

FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Fair Value of Financial Instruments and derivatives (continued)

The following table details the Company's financial instruments that were accounted for at fair value as at 31 December 2021.

**FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 31 DECEMBER 2021**

| FINANCIAL INVESTMENTS | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|
| Private Debt | – | 58,188,397 | 10,440,000 | 68,628,397 |
| Special Situations | – | 9,278,095 | – | 9,278,095 |
| CLO Debt Tranches | – | 14,633,865 | 19,003,288 | 33,637,153 |
| Global High Yield | – | 82,808,713 | 1,896,183 | 84,704,896 |
| Global Floating Rate Loans | – | 99,651,520 | 9,534,102 | 109,185,622 |
| Equity | 532,417 | – | 1,392,374 | 1,924,791 |
| **Total financial investments** | **532,417** | **264,560,590** | **42,265,947** | **307,358,954** |

| | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|
| Balance at start of the year | – | 264,634,951 | 33,077,294 | 297,712,245 |
| Purchases during the year[1] | – | 247,783,822 | 32,893,679 | 280,677,501 |
| Sales during the year[1] | (1,786,169) | (252,981,184) | (17,265,899) | (272,033,252) |
| Realised gain on investments | 718,759 | 2,601,123 | 344,534 | 3,664,416 |
| Unrealised gain/(loss) on revaluation | 152,842 | (1,267,566) | (2,094,839) | (3,209,563) |
| Amortisation | – | 547,607 | – | 547,607 |
| Transfer from Level 3 to Level 1 | 1,446,985 | – | (1,446,985) | – |
| Transfer from Level 3 to Level 2 | – | 8,230,079 | (8,230,079) | – |
| Transfer from Level 2 to Level 3 | – | (4,988,242) | 4,988,242 | – |
| **Balance at end of the year** | **532,417** | **264,560,590** | **42,265,947** | **307,358,954** |

1 Included in these figures is $38,785,967 of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year.

Due to changes in observable inputs, the Company transferred securities from Level 2 to Level 3, from Level 3 to Level 2 and from Level 3 to Level 1 of the fair value hierarchy. Level 3 assets are valued using single broker quotes or valuation models.

**DERIVATIVES AT FAIR VALUE AS AT 31 DECEMBER 2021**

| FINANCIAL ASSETS | NO. OF CONTRACTS | NOTIONAL AMOUNTS | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|---|---|
| Derivatives *(for hedging purposes only)* | 5 | 1,508,873,601 | – | 551,564 | – | 551,564 |
| **FINANCIAL LIABILITIES** | | | | | | |
| Derivatives *(for hedging purposes only)* | 12 | (1,517,172,656) | – | (2,134,666) | – | (2,134,666) |
| **Total** | **17** | **(8,299,055)** | **–** | **(1,583,102)** | **–** | **(1,583,102)** |

The Company considers the notional amounts as at 31 December 2021 to be representative of the volume of its derivative activities during the year ended 31 December 2021.

FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Fair Value of Financial Instruments and derivatives (continued)

The following table details the Company's financial instruments that were accounted for at fair value as at 31 December 2020.

#### FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 31 DECEMBER 2020

| FINANCIAL INVESTMENTS | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|
| Private Debt | – | 24,264,306 | 10,173,363 | 34,437,669 |
| Special Situations | – | 18,053,663 | – | 18,053,663 |
| CLO Debt Tranches | – | 19,694,373 | 1,100,000 | 20,794,373 |
| Global High Yield | – | 75,121,624 | 2,619,598 | 77,741,222 |
| Global Floating Rate Loans | – | 127,310,378 | 15,496,874 | 142,807,252 |
| Equity | – | 190,607 | 2,373,584 | 2,564,191 |
| Warrants | – | – | 1,313,875 | 1,313,875 |
| **Total financial investments** | **–** | **264,634,951** | **33,077,294** | **297,712,245** |

| | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|
| Balance at start of the year | 1,503,253 | 495,662,575 | 28,468,522 | 525,634,350 |
| Purchases during the year[1] | 117,601 | 391,420,018 | 27,609,409 | 419,147,028 |
| Sales during the year[1] | (726,452) | (620,534,224) | (14,273,003) | (635,533,679) |
| Realised loss on investments | (1,283,238) | (18,420,018) | (3,795,079) | (23,498,335) |
| Unrealised gain on revaluation | 388,836 | 9,586,606 | 1,250,287 | 11,225,729 |
| Amortisation | – | 737,152 | – | 737,152 |
| Transfer from Level 3 to Level 2 | – | 6,182,842 | (6,182,842) | – |
| **Balance at end of the year** | **–** | **264,634,951** | **33,077,294** | **297,712,245** |

1 Included in these figures is $19,518,509 of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year.

Due to changes in observable inputs, the Company transferred securities from Level 3 to Level 2 of the fair value hierarchy. Level 3 assets are valued using single broker quotes or valuation models.

#### DERIVATIVES AT FAIR VALUE AS AT 31 DECEMBER 2020

| FINANCIAL ASSETS | NO. OF CONTRACTS | NOTIONAL AMOUNTS | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|---|---|
| Derivatives *(for hedging purposes only)* | 14 | 2,277,246,283 | – | 12,993,970 | – | 12,993,970 |
| **FINANCIAL LIABILITIES** | | | | | | |
| Derivatives *(for hedging purposes only)* | 4 | (2,220,868,977) | – | (108,468) | – | (108,468) |
| **Total** | **18** | **56,377,306** | **–** | **12,885,502** | **–** | **12,885,502** |

The Company considers the notional amounts as at 31 December 2020 to be representative of the volume of its derivative activities during the year ended 31 December 2020.

FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Fair Value of Financial Instruments and derivatives (continued)

The following tables summarise the significant unobservable inputs the Company used to value its investments categorised within Level 3 at 31 December 2021. The tables are not intended to be all-inclusive but instead capture the significant unobservable inputs relevant to the determination of fair values.

**UNOBSERVABLE INPUTS AS AT 31 DECEMBER 2021**

| SECTOR | FAIR VALUE ($) | PRIMARY VALUATION TECHNIQUE | SIGNIFICANT UNOBSERVABLE INPUTS | RANGE/ INPUT* | WEIGHTED AVERAGE |
|---|---|---|---|---|---|
| Private Debt | 10,440,000 | Vendor Pricing | Unadjusted Broker Quote | 1 | N/A |
| CLO Debt Tranches | 19,003,288 | Vendor Pricing | Unadjusted Broker Quote | 1 | N/A |
| Global High Yield | 1,896,183 | Market Approach | Second Lien Quotations | 98.63 | N/A |
| Global Floating Rate Loans | 9,534,102 | Vendor Pricing | Unadjusted Broker Quote | 1 | N/A |
| Equity | 1,392,374 | Market Approach | Enterprise value/EBITDA multiple (EV/EBITDA) | 9x | N/A |
| **Total** | **42,265,947** | | | | |

* Debt Investments with a single broker quote result in Level 3 classification. Unobservable inputs from the broker quote were not included because the Company does not develop the quantitative inputs and they are not readily available. The EBITDA multiple increase/(decrease) results in an increase/(decrease) in the valuation of the equity.

**UNOBSERVABLE INPUTS AS AT 31 DECEMBER 2020**

| SECTOR | FAIR VALUE ($) | PRIMARY VALUATION TECHNIQUE | SIGNIFICANT UNOBSERVABLE INPUTS | RANGE/ INPUT* | WEIGHTED AVERAGE |
|---|---|---|---|---|---|
| Private Debt | 10,173,363 | Vendor Pricing | Unadjusted Broker Quote | 1 | N/A |
| CLO Debt Tranches | 1,100,000 | Vendor Pricing | Unadjusted Broker Quote | 1 | N/A |
| Global High Yield | 2,619,598 | Market Approach | Second Lien Quotations | N/A | N/A |
| Global Floating Rate Loans | 15,496,874 | Vendor Pricing | Unadjusted Broker Quote | 1 | N/A |
| Equity | 2,373,584 | Market Comparables | EBITDA multiple | 4-18 | N/A |
| Warrants | 1,313,875 | Vendor Pricing | Exercise Price | N/A | N/A |
| **Total** | **33,077,294** | | | | |

* Debt Investments with a single broker quote result in Level 3 classification. Unobservable inputs from the broker quote were not included because the Company does not develop the quantitative inputs and they are not readily available. The EBITDA multiple increase/(decrease) results in an increase/(decrease) in the valuation of the equity.

### DERIVATIVE ACTIVITY

The derivatives assets and liabilities per each counterparty are offset in accordance with the guidance in Accounting Standards Codification Topic 210 (ASC 210) section 210-20-45 and ASC 815 section 815-10-45 to determine the net amounts presented in the Statement of Assets and Liabilities. As at 31 December 2021, there were 5 counterparties for the forward contracts (31 December 2020: 5). The Company is subject to enforceable master netting agreements with its counterparties of foreign currency exchange contracts with Royal Bank of Canada of ($145,582) (31 December 2020: $260,679), State Street of $551,564 (31 December 2020: $14,578), Westpac of ($1,935,769) (31 December 2020: $107,572),Goldman Sachs of ($9,468) (31 December 2020: ($108,468)) and UBS AG of ($43,846) (31 December 2020: $12,611,141). These agreements govern the terms of certain transactions and reduce the counterparty risk associated with relevant transactions by specifying offsetting mechanisms.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Fair Value of Financial Instruments and derivatives (continued)

**DERIVATIVE ACTIVITY (continued)**

The following table, at 31 December 2021, show the gross and net derivatives assets and liabilities by contract type and amount for those derivatives contracts for which netting is permissible.

| DESCRIPTION | GROSS AMOUNTS OF RECOGNISED ASSETS ($) | GROSS AMOUNTS OFFSET IN THE STATEMENTS OF ASSETS AND LIABILITIES ($) | NET AMOUNTS OF RECOGNISED ASSETS PRESENTED IN THE STATEMENT OF ASSETS AND LIABILITIES ($) |
|---|---|---|---|
| Forward currency contracts | 704,827 | (153,263) | 551,564 |
| **Total** | **704,827** | **(153,263)** | **551,564** |

| DESCRIPTION | GROSS AMOUNTS OF RECOGNISED LIABILITIES ($) | GROSS AMOUNTS OFFSET IN THE STATEMENTS OF ASSETS AND LIABILITIES ($) | NET AMOUNTS OF RECOGNISED LIABILITIES PRESENTED IN THE STATEMENT OF ASSETS AND LIABILITIES ($) |
|---|---|---|---|
| Forward currency contracts | (2,287,929) | 153,263 | (2,134,666) |
| **Total** | **(2,287,929)** | **153,263** | **(2,134,666)** |

There is no collateral for forward contracts.

The following table, at 31 December 2020, show the gross and net derivatives assets and liabilities by contract type and amount for those derivatives contracts for which netting is permissible.

| DESCRIPTION | GROSS AMOUNTS OF RECOGNISED ASSETS ($) | GROSS AMOUNTS OFFSET IN THE STATEMENTS OF ASSETS AND LIABILITIES ($) | NET AMOUNTS OF RECOGNISED ASSETS PRESENTED IN THE STATEMENT OF ASSETS AND LIABILITIES ($) |
|---|---|---|---|
| Forward currency contracts | 14,711,590 | (1,717,620) | 12,993,970 |
| **Total** | **14,711,590** | **(1,717,620)** | **12,993,970** |

| DESCRIPTION | GROSS AMOUNTS OF RECOGNISED LIABILITIES ($) | GROSS AMOUNTS OFFSET IN THE STATEMENTS OF ASSETS AND LIABILITIES ($) | NET AMOUNTS OF RECOGNISED LIABILITIES PRESENTED IN THE STATEMENT OF ASSETS AND LIABILITIES ($) |
|---|---|---|---|
| Forward currency contracts | (1,826,088) | 1,717,620 | (108,468) |
| **Total** | **(1,826,088)** | **1,717,620** | **(108,468)** |

There is no collateral for forward contracts.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Fair Value of Financial Instruments and derivatives (continued)

**DERIVATIVE ACTIVITY (continued)**

The following table presents the impact of derivative instruments on the Statement of Operations in conformity with US GAAP.

| | FOR THE YEAR ENDED 31 DECEMBER 2020 ($) | FOR THE YEAR ENDED 31 DECEMBER 2020 ($) |
|---|---|---|
| Net realised gain on derivatives | 13,249,047 | 16,710,613 |
| Net change in unrealised depreciation on derivatives | (14,468,604) | (23,564,875) |
| **Total** | **(1,219,557)** | **(6,854,262)** |

Primary underlying risks (credit risk, liquidity risk and market risk) associated with the derivatives are explained in Note 4.

The Company presents the gain or loss on derivatives in the Statement of Operations.

The net realised and unrealised gain/(loss) on investments shown in the Statement of Operations For the year ended 31 December 2021 by type of investment is as follows:

**FOR THE YEAR ENDED 31 DECEMBER 2021**
(EXPRESSED IN U.S. DOLLARS)

| | |
|---|---|
| Realised gain on investments | 8,250,003 |
| Realised loss on investments | (4,585,587) |
| | **3,664,416** |
| Realised gain on derivatives | 27,429,337 |
| Realised loss on derivatives | (14,180,290) |
| | **13,249,047** |
| Unrealised gain on investments | 8,557,960 |
| Unrealised loss on investments | (11,767,523) |
| | **(3,209,563)** |
| Unrealised gain on derivatives | 2,568,251 |
| Unrealised loss on derivatives | (17,036,855) |
| | **(14,468,604)** |
| Realised and unrealised gain on foreign currency transactions | 1,271,975 |
| Realised and unrealised loss on foreign currency transactions | (1,566,388) |
| | **(294,413)** |

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**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Fair Value of Financial Instruments and derivatives (continued)

The net realised and unrealised gain/(loss) on investments shown in the Statement of Operations for the year ended 31 December 2020 by type of investment is as follows:

**FOR THE YEAR ENDED 31 DECEMBER 2020**
(EXPRESSED IN U.S. DOLLARS)

| | |
|---|---|
| Realised gain on investments | 3,438,583 |
| Realised loss on investments | (26,936,918) |
| | **(23,498,335)** |
| Realised gain on derivatives | 84,143,012 |
| Realised loss on derivatives | (67,432,399) |
| | **16,710,613** |
| Unrealised gain on investments | 17,333,254 |
| Unrealised loss on investments | (6,107,525) |
| | **11,225,729** |
| Unrealised gain on derivatives | 30,702,956 |
| Unrealised loss on derivatives | (54,267,831) |
| | **(23,564,875)** |
| Realised and unrealised gain on foreign currency transactions | 3,538,994 |
| Realised and unrealised loss on foreign currency transactions | (1,252,104) |
| | **2,286,890** |

### (f) Investment Transactions, Investment Income, Expenses and Valuation

All investment transactions are recorded on a trade date basis. Upon sale or maturity, the difference between the consideration received and the cost of the investment is recognised as a realised gain or loss. The cost is determined based on the first in, first out ("FIFO") cost method.

The Company carries investments on its Statement of Assets and Liabilities at fair value in accordance with US GAAP, with changes in fair value recognised within the Statement of Operations in each reporting period. Quoted investments are valued according to their bid price as at the close of the relevant reporting date. Investments in private securities are priced at the bid price using a pricing service for private loans. Asset backed securities are valued according to their bid price. If a price cannot be ascertained from the above sources, the Company will seek bid prices from third party broker/dealer quotes for the investments. The Directors believe that bid price is the best estimate of fair value and is in line with the valuation policy adopted by the Company.

In cases where no third party price is available, or where the Investment Manager determines that the provided price is not an accurate representation of the fair value of the investment, the Investment Manager determines the valuation based on the Investment Manager's fair valuation policy. The overall criterion for fair value is a price at which the securities involved would change hands in a transaction between a willing buyer and a willing seller, neither being under compulsion to buy or sell and both having the same knowledge of the relevant facts.

Consistent with the above criterion, the following criteria are considered when applicable:

- Valuation of other securities by the same issuer for which market quotations are available;
- Reasons for absence of market quotations;
- The credit quality of the issuer and the related economics;
- Recent sales prices and/or bid and ask quotations for the security;
- Value of similar securities of issuers in the same or similar industries for which market quotations are available;
- Economic outlook of the industry;
- Issuer's position in the industry;
- The financial information of the issuer; and
- The nature and duration of any restriction on disposition of the security.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Derivative Contracts

The Company may, from time to time, hold derivative financial instruments for the purposes of hedging foreign currency exposure. These derivatives are measured at fair value in accordance with US GAAP, with changes in fair value recognised within the Statement of Operations in each reporting year.

Depending on the product and the terms of the transaction, the fair value of the over the counter (OTC) derivative products, such as foreign exchange contracts, can be modelled taking into account the counterparties' credit worthiness and using a series of techniques, including simulation models.

Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments and the pricing inputs are observed from actively quoted markets. The forward exchange contracts valued by the Company using pricing models fall into this category and are categorised within level 2 of the fair value hierarchy.

The Company may enter into forward foreign currency contracts to hedge against foreign currency exchange risk and for investment purposes.

As shares are denominated in Pound Sterling and investments are denominated in U.S. Dollars, Euro or Sterling, holders of any class of shares are subject to foreign currency fluctuations between the currency in which such shares are denominated and the currency of the investments made by the Company. Consequently, the Investment Manager seeks to engage in currency hedging between the U.S. Dollar and any other currency in which the assets of the Company or a class of shares is denominated, subject to suitable hedging contracts such as forward currency exchange contracts being available in a timely manner and on terms acceptable to the Investment Manager, in their sole and absolute discretion.

Note 2 (e) details the gross and net derivative asset and liability position by contract type and the amount for those derivative contracts for which netting is permissible under US GAAP. The derivative assets and liabilities have been netted where an enforceable master netting arrangement is in place.

### (h) Taxation

The Company is exempt from Guernsey tax on income derived from non-Guernsey sources. However, certain of its underlying investments may generate income that is subject to tax in other jurisdictions, principally in the United States and typically by way of withholding taxes levied on interest and other income paid to the Company. During the year ended 31 December 2021, the Company suffered withholding taxes of $42,398 (31 December 2020: $28,741). As of 31 December 2021, withholding taxes receivable (reclaimed) totalled $135,882 (31 December 2020: $93,484).

The changes to the Company's discount control mechanisms approved by shareholders at the EGM resulted in the Company becoming an "offshore fund" for UK tax purposes under the UK's offshore fund rules. On 26 January 2021 the Company was approved by HM Revenue and Customs ("HMRC") to be treated as a "reporting fund" for these purposes with effect from the beginning of its accounting period commencing 1 January 2020 and is required to calculate its income in accordance with the relevant rules applicable to offshore reporting funds and report its "excess reportable income" to shareholders. This can be found on the Company's website.

In accordance with US GAAP, management is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognised is measured as the largest amount of benefit that has 50% or higher chance of being realised upon ultimate settlement. De-recognition of a tax benefit previously recognised could result in the Company recording a tax liability that would reduce net assets. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in periods, disclosure, and transition that intends to provide better Financial Statements comparability among different entities.

As of 31 December 2021, the Company has recorded no liability for net unrecognised tax benefits relating to uncertain tax positions it has taken or expects to take in future tax returns (31 December 2020: Nil)

### (i) Dividends

Dividends are charged in the Statement of Changes in Net Assets in the period in which the dividends are declared.

### (j) Expenses

Operating expenses are recognised in the Statement of Operations on an accruals basis. Operating expenses include amounts directly or indirectly incurred by the Company as part of its operations.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Share capital, share buybacks and treasury shares

Any costs incurred by a share buyback and by a sale of shares held in treasury will be charged to that share class. Costs directly attributable to the issue of new shares (that would have been avoided if there had not been a new issue of new shares) are written off against the value of the ordinary share premium. Dividends paid on the ordinary shares are recognised in the Statement of Changes in Equity. The Company's own shares can be repurchased and held in treasury to be reissued in the future or subsequently cancelled. Holders of ordinary shares are entitled to attend, speak and vote at general meetings of the Company. Each ordinary share (excluding shares in treasury) carries one vote. Shares held in treasury do not carry voting rights.

## NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS

### Related Party Agreements

*Investment Management Agreement*

The Board is responsible for managing the business affairs of the Company but delegates certain functions to the Investment Manager under the Investment Management Agreement (the "Agreement") dated 18 March 2011.

The Manager of the Company is Neuberger Berman Europe Limited (which is a related party), an indirectly wholly owned subsidiary of NB Group. On 17 July 2014, the Company, the Manager and Neuberger Berman Investment Advisers LLC (which was the Sub-Investment Manager) made certain classification amendments to the Agreement for the purposes of the AIFM Directive.

The Sub-Investment Management Agreement was terminated on 17 July 2014 and the Sub-Investment Manager was appointed as the AIFM per the amended and restated Investment Management Agreement ("IMA") dated 17 July 2014. The Manager, Neuberger Berman Europe Limited, was appointed under the same agreement. In accordance with the terms of the IMA, the Manager shall pay a fee to the AIFM out of the Investment Management fee received from the Company. The Company does not pay any fees to the AIFM. On 31 December 2017, the Company entered into an Amendment Agreement amending the IMA in respect of the manufacture of the Company's Key Information Document by the AIFM, MiFID II, anti-money laundering and bribery, cyber security and data protection. On 1 October 2019, the IMA was amended to reflect a reduction in the Investment Manager's fee and was amended again effective 8 September 2020 to reflect further changes to the Investment Manager's fees.

The AIFM is responsible for risk management and the discretionary management of the assets held in the Company's portfolio and will conduct the day-to-day management of the Company's assets (including uninvested cash). The AIFM is not required to and generally will not submit individual investment decisions for approval by the Board. The Manager provides certain administrative services to the Company.

Until 7 September 2020, the Manager was entitled to a management fee of 0.65% per annum of the Company's NAV. The IMA was amended on 8 September 2020 and the Investment Manager thereafter is entitled to the following rates per annum of the Company's NAV:

| | |
|---|---|
| On first £500m of the NAV | 0.75% |
| On £500m – £750m of the NAV | 0.70% |
| On 750m – £1bn of the NAV | 0.65% |
| Any amount greater than £1bn of the NAV | 0.60% |

For the year ended 31 December 2021, the management fee expense was $2,425,841 (31 December 2020: $2,819,518), of which $599,135 (31 December 2020: $567,605) was unpaid at the year end.

The Manager is not entitled to a performance fee.

*Directors*

The Directors are related parties and are remunerated for their services at a fee of £40,000 per annum each (£50,000 for the Chair). The Chair of the Audit and Risk Committee receives an additional £6,000 for services in this role. The Chair of the Management Engagement Committee and the Chair of the Remuneration and Nomination Committee receive an additional £3,000 each per annum and the Senior Independent Director receives an additional £3,000 per annum. For the year ended 31 December 2021, the Directors' fees and travel expenses amounted to $225,725 (31 December 2020: $216,256). Of these, $Nil were owing at the year-end (31 December 2020: $Nil).

As at 31 December 2021, Mr Dorey (inc. spouse) and Mr Staples held 245,671 and 45,000 Sterling Ordinary Shares in the Company respectively (31 December 2020: Mr Dorey (inc. spouse) and Mr Staples held 245,671 and 45,000 Sterling Ordinary Shares in the Company respectively). Mrs Platts resigned as a Director on 14 June 2021. Ms. Duhot did not hold any shares in the Company at 31 December 2021 (31 December 2020: Nil). As at 31 December 2021 Mr Dorey's wife held 80,671 Sterling Ordinary Shares (31 December 2020: 80,671 Sterling Ordinary Shares).

During the year ended December 2021, the Directors received the following dividend payments on their shares held: Mr Dorey £7,722 (2020: £1,698); Mr Staples £2,106 (2020: £1,443) and Mr Dorey's wife received £3,775 (2020: £3,351).

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS (continued)

### Related Party Agreements (continued)

*Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC*

The contracts with Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC are classified as related party transactions. Other than fees payable in the ordinary course of business and the additional fees disclosed in Note 3, there have been no material transactions with related parties, which have affected the financial position or performance of the Company in the financial period.

### Significant Agreements

*Administration, Custody and Company Secretary Agreement*

Effective 1 March 2015, the Company entered into an Administration and Sub-Administrator agreement with U.S. Bank Global Fund Services (Guernsey) Limited ("Administrator") and U.S. Bank Global Fund Services (Ireland) Limited ("Sub-Administrator"), both wholly owned subsidiaries of U.S. Bancorp. This agreement was subject to an amendment effective 1 October 2020. Under the terms of the agreement, Sub-Administration services are delegated to U.S. Bank Global Fund Services (Ireland) Limited.

For the year ended 31 December 2021, the administration fee was $132,403 (31 December 2020: $237,953) of which $10,096 (31 December 2020: $13,538) was unpaid at the year end.

Effective 22 April 2019, Sanne Fund Services (Guernsey) Limited was appointed the Company Secretary and is entitled to an annual fee of £80,000 plus out of pocket expenses. For the year ended 31 December 2021, the secretarial fees were $124,601 (31 December 2020: $119,184), of which $30,716 (31 December 2020: $27,339) was unpaid at the year end.

Effective 1 March 2015, U.S. Bank National Association ("Custodian") became the Custodian of the Company. The Custodian fees for the year ended 31 December 2021 were $41,907 (31 December 2020: $51,671) and the amount owing to them was $16,801 (31 December 2020: $48,454).

Effective 1 January 2020, the Company entered into an amendment agreement to reduce the Administration and Custodian fees, which was further amended effective 1 October 2020 to reflect further reductions to the Administration fees.

*Professional fees*

Professional fees during the year were $659,534 (31 December 2020: $1,155,669).

*Registrar's Agreement*

Link Market Services (Guernsey) Limited is the appointed registrar of the Company. For the year ended 31 December 2021, the Registrar's fees amounted to $95,667 (31 December 2020: $117,436). Of these, $73,738 (31 December 2020: $25,769) was unpaid at the year end.

*Corporate Broker Agreement*

Effective 1 January 2019, Numis Securities Limited were appointed the Company's Corporate Broker and Financial Advisors. As at 31 December 2021 Numis Securities Limited are entitled to an annual retainer fee of £50,000 p.a. For the year ended 31 December 2021, the Corporate Broker and Financial Advisors' fees amounted to $68,846 (31 December 2020: $89,726). Of these, $nil (31 December 2020: $nil) were unpaid at the year end.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 4 – RISK FACTORS

### Market Risk

*Market risk* is the potential for changes in the value of investments. Market risk includes interest rate risk, foreign exchange risk and price risk.

### Interest Rate Risk

*Interest rate risk* primarily results from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Floating rate investments, such as senior secured loans, typically receive a coupon, which is linked to a variable base rate, usually LIBOR or EURIBOR. As such, income earned will be affected by changes in the variable component albeit downward moves are likely to be capped by the LIBOR/EURIBOR floors that are prevalent in the majority of transactions. The Financial Conduct Authority announced in 2017 it would not compel or persuade panel banks to make LIBOR submissions after 2021.

The Company invests predominantly in floating rate investments; however, it does have material exposure to fixed rate investments, which are subject to interest rate risk through movements in their market price when interest rates change. In preparation for the transition from LIBOR to new reference rates, credit spread adjustments had been worked out well ahead of the transition, so we do not believe there to be any material valuation risk as a result of the shift to a new reference rate (e.g., SOFR in the US and SONIA in the UK). Basically, the concept of a credit spread adjustment is, by design, intended to equalize the total coupon on loans before and after the transition to ensure that no party (borrower or lender) benefits simply from the conversion. Another way to state this is that without a spread adjustment, there would be some value transfer (likely from lenders to borrowers/issuers) upon transition from LIBOR to SOFR- and SONIA-based rates. The spread adjustment is only intended to be used for legacy debt maturing after LIBOR is no longer used. New issues that use a SOFR- or SONIA-based rate do not require a spread adjustment, since the margin over the reference rate can be set at the appropriate level at issuance. Moreover, we have documented the LIBOR-related contract language for securities we hold that reference LIBOR.

### Price Risk

*Price Risk* is the risk that the price of the security will fall. The Investment Manager manages the exposure to price risk by diversifying the portfolio.

### Foreign Exchange Risk

*Foreign Exchange Risk* arises from various currency exposures, primarily with respect to Sterling and Euro investments and share issue proceeds. The Company makes use of hedging techniques, as part of its risk management strategy, including but not limited to the use of forward exchange contracts to mitigate its exposure to this risk. These instruments involve market risk, credit risk, or both kinds of risks. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and interest rates.

### Credit Risk

The Company may invest in a range of bank debt investments and corporate and other bonds. Until such investments are sold or are paid in full at maturity, the Company is exposed to issuer credit risk, relating to whether the issuer will make interest and/or principal payments on their debt obligations.

The Company maintains positions in a variety of securities, derivative financial instruments and cash and cash equivalents in accordance with its investment strategy and guidelines. The Company's trading activities expose the Company to counterparty credit risk from brokers, dealers and other financial institutions (collectively, "counterparties") with which it transacts business. "Counterparty credit risk" is the risk that a counterparty to a trade will fail to meet an obligation that it has entered into with the Company, resulting in a financial loss to the Company. The Company's policy with respect to counterparty credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out by the Investment Manager.

All the Company's assets other than derivative financial instruments were held by the Custodian. The Custodian segregates the assets of the Company from the Custodian's own assets and other Custodian clients' assets. The Investment Manager believes the risk is low with respect to any losses as a result of this ring-fencing. The Company conducts its trading activities with respect to non-derivative positions with a number of counterparties. Counterparty credit risk borne by these transactions is mitigated by trading with multiple counterparties.

In addition, the Company trades in over-the-counter ("OTC") derivative instruments. The Company is subject to counterparty credit risk related to the potential inability of counterparties to these derivative transactions to perform their obligations to the Company. The Company's exposure to counterparty credit risk associated with counterparty non-performance is generally limited to the fair value (derivative assets and liabilities) of OTC derivatives reported as net assets, net of collateral received or paid, pursuant to agreements with each counterparty.

The Investment Manager attempts to reduce the counterparty credit risk of the Company by establishing certain credit terms in its International Swaps and Derivatives Association ("ISDA") Master Agreements (with netting terms) with counterparties, and through credit policies and monitoring procedures. Under ISDA Master Agreements in certain circumstances (e.g., when a credit event such as a default occurs) all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions. The Company receives and gives collateral in the form of cash and marketable securities and it is subject to the ISDA Master Agreement Credit Support Annex.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 4 – RISK FACTORS (continued)

### Credit Risk (continued)

This means that securities received/given as collateral can be pledged or sold during the term of the transaction. The terms also give each party the right to terminate the related transactions on the other party's failure to post collateral.

### Geographic Concentration Risk

The Company may invest a relatively large percentage of its assets in issuers located in a single country, a small number of countries, or a particular geographic region. As a result, the Company's performance may be closely aligned with the market, currency or economic, political or regulatory conditions and developments in those countries or that region and could be more volatile than the performance of more geographically diversified investments.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as and when these become due. Liquidity risk is managed by the Investment Manager to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's ongoing requirements as they fall due.

### Participation Commitments

With respect to the senior loans, the Company may: 1) invest in assignments; 2) act as a participant in primary lending syndicates; or 3) invest in participations. If the Company purchases a participation of a senior loan interest, the Company would typically enter into a contractual agreement with the lender or other third party selling the participation, rather than directly with the borrower. As such, the Company not only assumes the credit risk of the borrower, but also that of the selling participant or other persons positioned between the Company and the borrower. As of 31 December 2021, there were no such outstanding participation commitments in the Company.

### Other Risks

Legal, tax and regulatory changes could occur that may adversely affect the Company. The regulatory environment for alternative investment companies is evolving, and changes in the regulation of investment companies may adversely affect the value of investments held by the Company or the ability of the Company to pursue its trading strategies. The effect of any future regulatory change on the Company could be substantial and adverse. The Board has considered the specific risks faced by the Company as a result of Brexit. At the portfolio level, the Board expects the impact of Brexit to be limited given the hedging arrangements in place and the robust investment process the Investment Manager has always adopted and its positioning in U.S., better rated, performing issuers and majority of investments being in the U.S. At the Company level the impact could be felt more directly through volatility of exchange rates. However, the Company seeks to mitigate this by using hedging techniques as disclosed on page 13.

## NOTE 5 – CONTINGENCIES

In the opinion of the Directors, there were no contingencies as at year end.

## NOTE 6 – SHARE CAPITAL

The share capital of the Company consists of an unlimited number of Ordinary Shares of no par value, which upon issue the Directors may classify as:

(i) U.S. Dollar Ordinary Shares, Sterling Ordinary Shares or Euro Ordinary Shares or as shares of such other classes as the Directors may determine;

(ii) B Shares of such classes denominated in such currencies as the Directors may determine; and

(iii) C Shares of such classes denominated in such currencies as the Directors may determine.

The rights attached to the above shares are one vote in respect of each share held.

(iv) n respect of a Share of a class denominated in any currency other than U.S. Dollars or Sterling held by the shareholder, such number of votes per Share of such class as shall be determined by the Directors in their absolute discretion upon the issue for the first time of shares of the relevant class.

The Directors may effect distributions of capital proceeds attributable to the Ordinary Shares to holders of Ordinary Shares by issuing B Shares of a particular class to holders of Ordinary Shares of a particular class pro-rata to their holding of Ordinary Shares of such class.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 6 – SHARE CAPITAL (continued)

The B Shares are issued on terms such that each B Share shall be compulsorily redeemed by the Company shortly following issue and the redemption proceeds paid to the holders of such B Shares on such terms and in such manner as the Directors may from time to time determine.

The Directors are authorised to issue C Shares of such classes (and denominated in such currencies) as they may determine in accordance with Article 4 and with C Shares of each such class being convertible into Ordinary Shares of such class as the Directors may determine at the time of issue of such C Shares.

The C Shares will not carry the right to attend and receive notice of any general meetings of the Company, nor will they carry the right to vote at such meetings.

The C Shares will be entitled to participate in a winding-up of the Company or on a return of capital in relation to the C share surplus as defined in the Prospectus.

The C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to such class of C Shares.

There were no U.S. Dollar Ordinary, Euro Ordinary Shares, B Shares or C Shares in issue as at 31 December 2021 or as at 31 December 2020.

As at 31 December 2021, the Company's share capital comprised 323,268,152 Sterling Ordinary Shares ("NBMI") of no par value (of which 76,083,114 were held in treasury). On 3 August 2020, the Company compulsorily converted all U.S. Dollar Ordinary Shares into Sterling Ordinary Shares and subsequently closed the U.S. Dollar Share Class. Further, in tandem with the proposals made at the EGM held on 8 September 2020, the Company offered to its investors a cash exit offer (the meaning of which is given in the EGM Circulated dated 17 August 2020 available on the Company's website) and redeemed 40% of the issued share capital effective 8 September 2020 to those investors who had elected to participate in the cash exit offer.

| FROM 1 JANUARY 2021 TO 31 DECEMBER 21 | STERLING ORDINARY SHARES |
|---|---|
| Balance as at 1 January 2021 | 247,185,038 |
| **Balance as at 31 December 2021[2]** | **247,185,038** |

| FROM 1 JANUARY 2020 TO 31 DECEMBER 2020 | U.S. DOLLAR ORDINARY SHARES | STERLING ORDINARY SHARES |
|---|---|---|
| Balance as at 1 January 2020 | **27,711,386** | **433,276,307** |
| Monthly conversions[1] | (1,649,207) | 1,372,976 |
| Compulsory Conversion | (24,156,179) | 19,487,060 |
| Share buybacks | (1,906,000) | (206,951,305) |
| **Balance as at 31 December 2020[2]** | **–** | **247,185,038** |

1 The Company offered a monthly conversion facility pursuant to which shareholders may elect to convert some or all of their shares of a class into shares of any other class until the mandatory conversion on 31 July 2020.

2 Balance of issued shares (less Treasury shares) used to calculate NAV per share.

### Treasury Shares

As at 31 December 2021, the Company held the following shares in treasury:

| | 31 DECEMBER 2021 | 31 DECEMBER 2020 |
|---|---|---|
| Sterling Ordinary Treasury Shares[1] | | |
| Opening number of shares | 76,083,114 | 75,000,000 |
| Shares bought into Treasury | – | 1,083,114 |
| Shares sold or cancelled from Treasury | – | – |
| Closing number of shares | 76,083,114 | 76,083,114 |

1 The Company has an approved share buyback programme and may elect to buyback ordinary shares at certain times during the year either for cancellation or to be held as Treasury shares at the absolute discretion of the Directors. There were no shares which were bought back during the year ended 31 December 2021.

**FOR THE YEAR ENDED 31 DECEMBER 2021**

## NOTE 6 – SHARE CAPITAL (continued)

The Computation for earnings per share for the years ended 31 December 2021 and 31 December 2020 are as follows:

| | 31 DECEMBER 2021 | 31 DECEMBER 2020 |
|---|---|---|
| Net increase in net assets resulting from operations | **£11,283,207** | **£1,059,758** |
| Divided by weighted average shares outstanding for Sterling Ordinary Shares | 247,185,038 | 353,677,735 |
| Earnings per share for Sterling Ordinary Shares | **£0.0456** | **£0.0030** |

## Note 7 – FINANCIAL HIGHLIGHTS

| 31 DECEMBER 2021 | STERLING ORDINARY SHARE AS AT 31 DECEMBER 2021 (GBP) |
|---|---|
| **Per share operating performance** | |
| NAV per share at the beginning of the year | 0.9394 |
| **Income from investment operations**[(a)] | |
| Net income per share for the year | 0.0488 |
| Net realised and unrealised loss from investments | (0.0022) |
| Foreign currency translation gain | 0.0076 |
| **Total gain from operations** | **0.0542** |
| Distributions per share during the year | (0.0507) |
| **NAV per share at the end of the year** | **0.9429** |
| | |
| **NAV Total return**[1,(b)] | **5.89%** |
| **Ratios to average net assets**[(b)] | |
| Net investment income | 5.13% |
| On-Going Charges | 1.12% |

(a) The weighted average number of shares outstanding for the year was used for calculation. See note 6 also.

(b) An individual shareholder's return may vary from these returns based on the timing of the shareholder's investments in the Company.

1 The NAV total return is the % of change in NAV per share from the start of the year. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

FOR THE YEAR ENDED 31 DECEMBER 2021

## Note 7 – FINANCIAL HIGHLIGHTS (continued)

| 31 DECEMBER 2020 | STERLING ORDINARY SHARE AS AT 31 DECEMBER 2020 (GBP) |
|---|---|
| **Per share operating performance** | |
| NAV per share at the beginning of the year | 0.9594 |
| Share buybacks and share swaps during the year | 0.0336 |
| **Income from investment operations**[(a)] | |
| Net income per share for the year[(b)] | 0.0365 |
| Net realised and unrealised loss from investments | (0.0230) |
| Foreign currency translation | (0.0221) |
| **Total gain from operations** | **(0.0086)** |
| Distributions per share during the year | (0.0450) |
| **NAV per share at the end of the year** | **0.9394** |

| | |
|---|---|
| **NAV Total return**[1,(b)] | **2.99%** |
| **Ratios to average net assets**[(b)] | |
| Net investment income | 4.09% |
| On-Going Charges | (1.11%) |

(a) The weighted average number of shares outstanding for the year was used for calculation. See note 6 also.

(b) An individual shareholder's return may vary from these returns based on the timing of the shareholder's investments in the Company.

1 The NAV total return is the % of change in NAV per share from the start of the year. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

## NOTE 8 – RECONCILIATION OF NET ASSET VALUE TO PUBLISHED NAV

| | STERLING ORDINARY SHARES £ |
|---|---|
| Published net assets at 31 December 2021 (US$) | 317,803,498 |
| Valuation adjustments (US$) | (2,122,351) |
| **Net assets per Financial Statements (US$)** | **315,681,147** |

## NOTE 9 – SUBSEQUENT EVENTS

Dividends declared post year-end amounted to £0.01245 per share.

Directors have been monitoring the developments in Ukraine and undertook a detailed review of the portfolio in March 2022. The Company has no investments or portfolio companies headquartered or with material operations in Russia, Ukraine or neighbouring countries. We therefore do not expect any material impact on the Company but will continue to monitor closely.

The Directors have evaluated subsequent events up to 20 April 2022, which is the date that the Financial Statements were available to be issued and have concluded there are no further items that require disclosure or adjustment to the Financial Statements.

# FUND 3.3 Disclosure Addendum to the 2021 Annual Report

The following disclosures to investors are required as per Section 3.2 'Investor Information' and Section 3.3 "Annual report of an AIF" of the FCA Investment Funds sourcebook ("**FUND 3.2**" and "**FUND 3.3**").

## Changes to FUND 3.2.2 R Disclosures

FUND 3.2.2 R (previously Article 23(1) of Directive 2011/61/EU on Alternative Investment Fund Managers Directive ("AIFMD")) requires certain information to be made available to investors in alternative investment funds ("AIFs") in the United Kingdom before they invest and requires that material changes to this information be disclosed in the annual report of each AIF.

There have been no material changes (other than those reflected in the financial statements) to this information requiring disclosure.

## Leverage

For the purposes of this disclosure, leverage is any method by which an AIF's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means.

FUND 3.2.6 provides that AIFM's must periodically disclose the total amount of leverage employed by that AIF. Regulation (EU) 2013/231 is part of retained law in the United Kingdom and requires that each leverage ratio be expressed as the ratio between an AIF's exposure and its net asset value ("NAV"), and prescribes two required methodologies, the gross methodology and the commitment methodology, for calculating such exposure. Using the above-mentioned methodologies, the leverage of the Fund as at 30 September 2021 is disclosed below:

| | |
|---|---|
| Leverage calculated pursuant to the gross methodology: | 1.16 |
| Leverage calculated pursuant to the commitment methodology: | 1.18 |

## Liquidity and risk management systems and profile

**Current risk profile risk management systems**

The portfolio managers and risk management professionals of Neuberger Berman Investment Advisers LLC (the "AIFM") regularly review the investment performance and the portfolio composition of the Fund in the light of the Fund's investment objective, policy and strategy; the principal risks and investment or economic uncertainties that have been identified as relevant to the Fund; internal risk measures and the interests and profile of investors.

The AIFM assesses the Fund's current and prospective need for liquidity on an on-going basis and ensures that liquidity is available when required. The risk profile of the Fund calculated by the AIFM was as follows:

## Market risk profile

The market risk indicators calculated by the AIFM as at 30 September 2021 are listed in the table here below:

| | < 5 YRS | 5 – 15 YRS | > 15 YRS | RISK MEASURE DESCRIPTION |
|---|---|---|---|---|
| **Net DV01** | USD 18,324 | USD 22,909 | 0 | Change of 1 bps of rate |
| **Net CS01** | USD 63,061 | USD 21,817 | 0 | Change of 1 bps for spread |

| | |
|---|---|
| The expected annual investment return/IRR in normal market conditions (in %) | 0 |

| | HISTORICAL SIMULATION | MONTE CARLO SIMULATION | PARAMETRIC SIMULATION |
|---|---|---|---|
| VAR[1] | N/A | 5% | N/A |

1 Value at Risk.

## Counterparty risk profile

The top five counterparties to which the Fund had the greatest mark-to-market net counterparty credit exposure, measured as a % of the NAV of the Fund are listed in the table below:

| RANKING | NAME OF COUNTERPARTY | NAV PERCENTAGE OF THE TOTAL EXPOSURE VALUE OF THE COUNTERPARTY |
|---|---|---|
| First counterparty exposure | US Bank | 1.99 |
| Second counterparty exposure | TRNTS | 1.72 |
| Third counterparty exposure | Brock Holdings | 1.70 |
| Fourth counterparty exposure | Chamberlain Group | 1.64 |
| Fifth counterparty exposure | Intelsat Jackson Hlgs | 1.55 |

The top five counterparties that had the greatest mark-to-market net counterparty credit exposure to the Fund, measured as a % of the NAV of the Fund are listed in the table below:

| RANKING | NAME OF COUNTERPARTY | NAV PERCENTAGE OF THE TOTAL EXPOSURE VALUE OF THE COUNTERPARTY |
|---|---|---|
| First counterparty exposure | Westpac | 0.61 |
| Second counterparty exposure | RBC | 0.05 |
| Third counterparty exposure | UBS | 0.01 |
| Fourth counterparty exposure | Goldman Sachs | <0.01 |
| Fifth counterparty exposure | N/A | N/A |

## Liquidity Profile

### (a) Portfolio Liquidity Profile

In normal market conditions the portfolio can be liquidated as follows:

50% within one day or less
44% within 2 to 7 days
6% within 8 to 30 days

The Fund had USD 10,912,888 unencumbered cash available to it.

### (b) Investor Liquidity Profile

Percentage of investor equity in the Fund that can be redeemed, in normal market conditions, is as follows:

0.2 % within one day or less
1.23% within 2 to 7 days
4.62% within 8 to 30 days
12.26% within 31 to 90 days
18.39% within 91 to 180 days
63.3% within 181 to 365 days

### (c) Investor Redemption

| | |
|---|---|
| Does the Fund provide investors with withdrawal/redemption rights in the ordinary course? | No |

# FUND 3.3 Disclosure Addendum to the 2021 Annual Report (continued)

## Report on Remuneration

The Neuberger Berman Compensation Committee is responsible for the compensation practices within the Neuberger Berman group, and Neuberger Berman also operates a structure throughout the group to ensure appropriate involvement and oversight of the compensation process, so that compensation within the group rewards success whilst reflecting appropriate behaviours.

Neuberger Berman recognises the need to ensure that compensation arrangements do not give rise to conflicts of interest, and this is achieved through the compensation policies as well as through the operation of specific policies governing conflicts of interests.

Neuberger Berman's compensation philosophy is one that focuses on rewarding performance and incentivizing employees. Employees at Neuberger Berman may receive compensation in the form of base salary, discretionary bonuses and/or production compensation. Investment professionals receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including the aggregate investment performance of all strategies managed by the individual (including the three-year track record in order to emphasize long-term performance), effective risk management, leadership and team building, and overall contribution to the success of Neuberger Berman.

Neuberger Berman considers a variety of factors in determining fixed and variable compensation for employees, including firm performance, individual performance, overall contribution to the team, collaboration with colleagues across the firm, effective partnering with clients to achieve goals, risk management and the overall investment performance. Neuberger Berman strives to create a compensation process that is fair, transparent, and competitive with the market.

A portion of bonuses may be awarded in the form of contingent or deferred cash compensation, including under the "Contingent Compensation Plan", which serves as a means to further align the interests of employees with the interest of clients, as well as rewarding continued employment. Under the Contingent Compensation Plan a percentage of a participant's compensation is awarded in deferred contingent form. Contingent amounts take the form of a notional investment based on a portfolio of Neuberger Berman investment strategies and/or a contingent equity award, and Neuberger Berman believes that this gives each participant further incentive to operate as a prudent risk manager and to collaborate with colleagues to maximise performance across all business areas. The programs specify vesting and forfeiture terms, including that vesting is normally dependent on continued employment and contingent amounts can be forfeited in cases including misconduct or the participants participating in detrimental activity.

The proportion of the total remuneration of the staff of the AIFM attributable to the Fund, calculated with reference to the proportion of the value of the assets of the Fund managed by the AIFM to the value of all assets managed by the AIFM, was $520,517 representing $100,867 of fixed compensation and $419,650 of variable compensation. There were 1,349 members of staff of the AIFM who shared in the remuneration paid by the AIFM.

Compensation by the AIFM to senior management and staff whose actions had a material impact on the risk profile on the Fund in respect of 2021 was $375,978,168 in relation to senior management and $1,226,796 in respect of 'risk takers'. The compensation figure for senior management has not been apportioned, while the compensation figure for risk takers has been apportioned by reference to the number of AIFs whose risk profile was materially impacted by each individual staff member.

**Neuberger Berman Investment Advisers LLC**
20 April 2022

# Alternative Performance Measures (APMs)

In accordance with ESMA Guidelines on Alternative Performance Measures ("APMs") the Board has considered what APMs are included in the Annual Report and Financial Statements which require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs may not have a standard meaning prescribed by US GAAP and therefore may not be comparable to similar measures presented by other entities. APMs included in the Annual Report and Financial Statements are deemed to be as follows:

| ALTERNATIVE PERFORMANCE MEASURES | PURPOSE AND/OR DESCRIPTION | CALCULATION |
|---|---|---|
| Net Asset Value ("NAV") total return | The total return is the % of change in NAV per share from the start of the year. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend. | Opening NAV per share (A)<br>Closing NAV per share (B)<br>Daily NAV Movement (C) = (B-A/A)<br>Dividend to date[1] = D<br>Reinvested Dividend (E) = (1+C)*D<br>NAV Total Return = ((B+E)-A)/A<br>1 Monthly dividends added on ex-date. |
| (Discount) or Premium to NAV | The share price of an Investment Company is derived from buyers and sellers trading the company's shares on the stock market. This price is not identical to the NAV. If the share price is lower than the NAV per share, the shares are trading at a discount. This could indicate that there are more sellers than buyers. Shares trading at a price above the NAV per share, are said to be at a premium. This is expressed as a percentage. | NAV per share[2] (A)<br>Quoted Share price per share[2] (B)<br>(Discount) or Premium = (B-A)/A<br>2 As at 31 December 2021 |
| On-going charges | On-going Charges (formerly known as Total Expense Ratio [TER]) are calculated using the AIC Methodology, which is a measure, expressed as a percentage of NAV, of the regular, recurring costs of the Company. *"On-going charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of Company, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs".* | Annualised ongoing charges (A)<br>Average undiluted net asset value in the period (B)<br>Ongoing charges (%) = (A)/(B |
| Current Gross Portfolio Yield | The Company's Current Gross 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 fees, Company's expenses or sales charges paid, which would reduce the results. | Coupon (A)<br>Current security price (B)<br>Relative weight of security = security market value/portfolio market value = (C)<br>Current Gross Portfolio Yield = ∑[(A/B)*C] |
| 12 month rolling dividend yield | The rolling 12 month dividend yield is based on the dividends declared in respect of the 12 months to 31 December 2021 and share price as at 31 December 2021. | Sum of Monthly Dividends (A)<br>Share price 31 December 2021 (B)<br>Rolling Dividend Yield = (A)/(B) |

# Alternative Performance Measures (APMs) (continued)

| ALTERNATIVE PERFORMANCE MEASURES | PURPOSE AND/OR DESCRIPTION | CALCULATION |
|---|---|---|
| Yield to Maturity | The Company's Current Yield to Maturity (YTM) is a market-value weighted average of the current yields of the holdings in the portfolio, The YTM is the annual return rate anticipated on a security if held until it matures. | Number of years to maturity of security (n)<br>Coupon (A)<br>Current security price (B)<br>Face value, security market value or par value (C)<br>Relative weight of security = security market value/portfolio market value = (D)<br>$YTM = \sum \frac{\left[\left(A+\frac{C-B}{n}\right)*D\right]}{\frac{C+B}{2}}$ |
| Share Price Total Return | The share price total return is the % of change in Share Price from the start of the year until the end of the year. It assumes that dividends paid to shareholders are reinvested at the share price at the time the shares are quoted ex-dividend. | Opening Share Price per share (A)<br>Closing Share Price per share (B)<br>Daily Share Price Movement (C) = (B-A/A)<br>Dividend to date[1] = D<br>Reinvested Dividend (E) = (1+C)*D<br>Share Price Total Return = ((B+E)-A)/A<br>1 Monthly dividends added on ex-date. |

# Contact Details

### Directors

Rupert Dorey – Chair
Laure Duhot
David Staples

All c/o the Company's registered office.

### Registered Office

Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 1GR

### Company Secretary

Sanne Fund Services (Guernsey) Limited

### Solicitors to the Company (as to English law and U.S. securities law)

Herbert Smith Freehills LLP

### Advocates to the Company (as to Guernsey law)

Carey Olsen

### Designated Administrator

U.S. Bank Global Fund Services (Guernsey) Limited

### Custodian and Principal Bankers

US Bank National Association

### Sub–Administrator

U.S. Bank Global Fund Services (Ireland) Limited

### Financial Adviser and Corporate Broker

Numis Securities Limited

### Alternative Investment Fund Manager

Neuberger Berman Investment Advisers LLC

### Manager

Neuberger Berman Europe Limited

### Registrar

Link Market Services (Guernsey) Limited

### UK Transfer Agent

Link Asset Services
34 Beckenham Road
Beckenham
Kent
BR3 4TU
United Kingdom

Shareholders holding shares directly and not through a broker, saving scheme or ISA and have queries in relation to their shareholdings should contact the Registrar on +44 (0)371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9 a.m. to 5:30 p.m. (excluding bank holidays). Shareholders can also access their details via Link's website:

www.signalshares.com

**Full contact details of the Company's advisers and Manager can be found on the Company's website.**

# Shareholder Information

## Website

Information relating to the Company can be found on the Company's website: www.nbgmif.com

The contents of websites referred to in this document are not incorporated in to, nor do they form part of, this report.

## Annual Reports

Copies of the Company's annual reports may be obtained from the Company Secretary or by visiting https://www.nbgmif.com under the Investor Information section.

## Net Asset Value Publication

The NAV is published daily. It is calculated at the close of business each day and notified to the London Stock Exchange the next business day. It can also be found on the Company's website.

## Company Numbers

**Sterling Ordinary Shares**

LSE ISIN code: GG00B3KX4Q34
Bloomberg code: NBMI:LN

**Legal Entity Identifier**

549300P4FSBHZFALLG04

## Association of Investment Companies

The Company is a member of the Association of Investment Companies. Contact details are as follows:
+44 (0)20 7282 555
enquiries@theaic.co.uk
www.theaic.co.uk

## Registrar

The Registrar provides an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at www.linksharedeal.com or by phoning +44(0)371 664 0445. Calls cost 12p per minute plus network charges +44(0)20 3367 2699 (from outside the UK). Lines are open 8 a.m. to 4:30 p.m. Monday to Friday (excluding UK bank holidays).