# N | B GLOBAL MONTHLY INCOME FUND

31 March 2023

## FUND OBJECTIVE

As of a vote passed at the Extraordinary General Meeting ("EGM") on 27th January 2023, the fund will now follow a managed wind-down process and the objective is now to realise all assets in an orderly manner.

## INVESTMENT MANAGEMENT TEAM

**Pieter D'Hoore**
Senior Portfolio Manager
The Hague

**Joseph P. Lynch**
Senior Portfolio Manager
Chicago

**Simon Matthews**
Senior Portfolio Manager
London

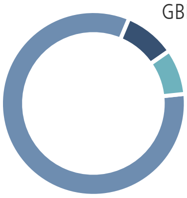
## FUND FACTS

| | |
|---|---|
| Ticker | NBMI:LN |
| ISIN | GG00BP0XL116 |
| Admission Date | 20 April 2011 |
| Management Fee* | 0.75% |
| ISA & SIPP eligible | Yes |
| Pricing | Daily |
| NAV (GBP) | 0.7991 |
| Share Price (GBP) | 0.7250 |
| Premium/Discount | -9.27% |
| Market Cap (GBP) | 129.40 Million |
| Dividend Policy** | Quarterly |

## PORTFOLIO STATISTICS

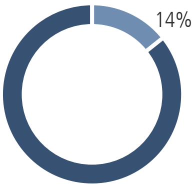
| | |
|---|---|
| Current Portfolio Yield (%)*** | 11.53 |
| Hedged Portfolio Yield (%) | 8.97 |
| Yield to Maturity (%) | 15.16 |
| Duration (years) | 1.36 |
| Number of Issuers | 121 |
| Average Credit Quality | B- |
| Weighted Average Price | 83.71 |

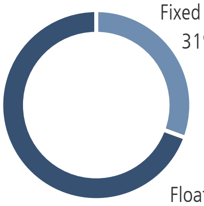
## CURRENCY BREAKDOWN % (MV)




The currency breakdown excludes cash and FX

## ASSET TYPE % (MV)




| Portfolio Assets: Applicable Ratings | Time To Maturity (years) | Market Value % |
|---|---|---|
| **Private Debt** | **5.70** | **27.1** |
| B | 5.33 | 1.8 |
| CCC | 5.63 | 21.4 |
| NR | 6.24 | 3.8 |
| **Distressed Debt** | **4.88** | **11.8** |
| B | 4.58 | 5.3 |
| CCC | 5.15 | 6.1 |
| NR | 4.70 | 0.5 |
| **US High Yield** | **5.82** | **10.0** |
| BB | 6.15 | 1.2 |
| B | 5.32 | 4.3 |
| CCC | 6.21 | 4.6 |
| **EUR High Yield** | **5.85** | **4.0** |
| B | 5.85 | 3.5 |
| CCC | 5.83 | 0.4 |
| **US Loans** | **3.91** | **9.9** |
| BB | 5.68 | 0.3 |
| B | 3.85 | 9.6 |
| **EUR Loans** | **3.39** | **3.5** |
| B | 3.39 | 3.5 |
| **CLO** | **10.36** | **9.4** |
| BB | 9.93 | 5.3 |
| B | 10.52 | 2.8 |
| NR | 11.81 | 1.2 |

The time to maturity and market value percentage table excludes equity holdings and cash.

* The current management fee is 0.75% (on assets below £500mln); 0.70% (on assets greater than £500mln and lower or equal to £750mln); 0.65% (on assets greater than £750mln and lower or equal to £1bln); 0.60% (on assets greater than £1bln). As of the EGM on 27th January the Investment Manager has reduced its applicable investment management fee by 7.5 basis points until 50% of the Company's assets by market value held as at the date of the EGM have been realised and thereafter the Investment Manager will reduce its applicable investment management fee by a further 7.5 basis points until all of the Company's assets have been realised.

** On 25 January 2023, the Board announced an additional interim dividend, totalling circa. £1.995 million, equating to £0.009 per Sterling Ordinary Share in respect of the Company's Excess Reportable Income for the 2022 Financial Year. The Board will keep under review the declaration of a further interim dividend from the Company's ERI in respect of the 2022 Financial Year following the conclusion of the 31 December 2022 year-end audit. Should there be such a further dividend, it is not expected to be significant. Following the results of the EGM, the Company will move to paying dividends on a quarterly rather than monthly basis, with the first such dividend being paid in relation to the period end, 31 March 2023. The Board intends to pay quarterly dividends where there is sufficient net income to do so. As the managed wind-down (refer to the EGM results linked here) progresses, the Board anticipates that the income from the Company may have insufficient net income to pay dividends.

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

**Past performance is not a reliable indicator of current or future results.**

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## QUARTERLY COMMENTARY

### Market Update

Non-investment grade credit markets finished the month of March with mixed returns as the global high yield bond market saw positive returns and floating rate loans were down slightly. The changes in risk sentiment in the month were largely driven by the turmoil in some U.S. regional and European banks followed by actions taken by central banks to shore up concerns over deposits. High yield spreads widened mid-month but then tightened off the March 24 wides after the actions by governments and central banks quelled fears of further contagion. That said, spreads widened on the month overall but tightened in the first quarter. Although defaults have risen, default rates across non-investment grade credit remain relatively low and issuer fundamentals of free cash flow, interest coverage and leverage have stayed in favourable ranges with the default outlook for 2023 / 2024 around the long-term average.

In the month of March, U.S. senior floating rate loans—measured by the Morningstar LSTA U.S. Leveraged Loan Index (the "LLI")—returned -0.03% with the lowest rated credit tier underperforming as the BB, B and CCC rated segments of the LLI returned -0.03%, 0.12% and -1.97%, respectively. The Morningstar European Leveraged Loan Index ("ELLI") returned -0.11% (excluding currency) in March with CCC and B rated loans underperforming with returns of -1.48% and -0.16%, respectively (excluding currency), as compared the BB index with a return of 0.12% (excluding currency).

The global high yield bond market finished the month with positive returns. The ICE BofA Global High Yield Constrained Index finished the month of March with a return of 0.62% and 3.30% year to date (Hedged USD). In the month, returns across credit ratings were mixed with the lowest rating tier seeing negative returns as the BB, B, CCC & lower categories of the ICE BofA Global High Yield Index returned 1.07%, 0.53%, and -1.96%, respectively.

CLO debt spreads widened back out beyond year-end levels in March in response to the regional banking headlines before rallying back at the end of the quarter and into April. Secondary non-investment grade CLO trading volumes declined 48% quarter-over-quarter as investors reassessed buying and selling needs as CLO debt spreads tightened in early 2023. The CLO BB index declined -0.60% over the month.

In our view, non-investment grade valuations are more than compensating investors for the benign default outlook; these instruments will continue to provide durable income and are especially attractive compared to other fixed income alternatives. While the tightening of financial conditions caused real GDP growth to slow, it remains positive. Although slowing real demand has helped inflation come off recent peaks, it is still higher than the Fed's target range. However, changes in consumer behaviour, rising inventories and central banks needing to balance financial and price stability are likely to continue to push the rate of inflation in a downward trend over time which could lead to less aggressive central bank policy. That said, our analysts remain focused on the specific credit fundamentals of individual issuers in their coverage, assessing the base and downside cases in the event of a soft-landing or recession. Relatively healthy consumer and business balance sheets and growing nominal GDP should continue to remain supportive for issuer fundamentals, in our view. While the incoming macroeconomic data and overall credit cycle dynamics can move the loan market day-to-day, we remain very focused on industry-specific trends and idiosyncratic risks to individual issuers.

### Asset Realisation Update

The Managed Wind-down of the Portfolio, as described in the Circular of 20th December, has been in effect since the EGM shareholder approval of 27th January 2023. In the period between 27th January and 31st March, a total of value of $60.3m of portfolio assets were disposed of being approximately 27% of NAV as of 27th January 2023. In April, further progress has been made in realising assets at the earliest opportunity consistent with maintaining shareholder value. Conditions in Credit Markets in the US and Europe have, particularly since the 'mini-bank crisis' been extremely volatile and lower quality and less liquid credit has underperformed recently. These factors have influenced at times the pace of asset realisation. The Board is considering a further capital repayment and expects to make an announcement shortly.

## RISK CONSIDERATIONS

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

**Risks associated with Managed Wind-Down**: The Portfolio will be reduced and concentrated in fewer less liquid holdings. The Company might experience increased volatility in its Net Asset Value and/or its Share price as a result of changes to the Portfolio Structure.

**Liquidity Risk**: The risk that the fund may be unable to sell an investment readily at its fair market value.

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

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

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

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

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

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

## IMPORTANT INFORMATION

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

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Full product details, including a Key Information Document, are available on our website at www.nbgmif.com.

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