
# NB Global Floating Rate Income Fund Limited

**2020 INTERIM REPORT**

Unaudited Interim Financial Statements
For The Six Months Ended 30 June 2020

NEUBERGER BERMAN

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# Features

### NB Global Floating Rate 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 2018 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 current investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst preserving the capital value of its investment portfolio, utilising the investment skills of the Investment Manager. As notified to investors on 17 August 2020 by way of circular, the Company proposes to amend its investment objective, dividend policy and investment policy, amongst other matters, at an Extraordinary General Meeting to be held on 8 September 2020. Should the resolutions proposed to shareholders be passed, the investment objective, dividend policy and investment policy of the Company will be amended.

### Investment Policy and Strategy

To pursue its investment objective, the Company invests mainly in senior secured floating rate loans issued in U.S. Dollars, Pound Sterling or Euros by primarily North American and European Union corporations, partnerships and other business issuers. These loans are at the time of investment often non-investment grade. The Company considers debt instruments to be non-investment grade if, at the time of investment, they are rated below the four highest categories (Aaa, Aa, A and Baa) by at least two independent credit ratings agencies or, if unrated, are deemed by the Investment Manager to be of comparable quality.

The coupon received when investing in floating rate loans varies with, and is periodically adjusted to reflect changes in, a generally recognised base interest rate such as LIBOR. The Company generally seeks to focus on loans of issuers that the Investment Manager believes have the ability to generate cash flow through a full business cycle, maintain adequate liquidity, possess an enterprise value in excess of senior debt and have access to both debt and equity capital.

The Company may also make investments in senior bonds on an opportunistic basis if the Investment Manager believes that such investments are attractively valued, up to a maximum in aggregate of 20% of the Net Asset Value ("NAV") at the time of investment, provided that no more than 10% of NAV may be invested in unsecured bonds at the time of investment.

The Company believes that strong senior floating rate loan investment results can be achieved through a proactive investment process of fundamental research, risk management and a strict discipline that seeks to avoid credit deterioration, selecting senior-secured securities whereby the yield is attractive on a relative value basis and by rotating across credit tiers and industry sectors. The Investment Manager will tend not to "reach" for yield without considering commensurate risk given the emphasis on avoiding credit deterioration. As a result, the portfolio has a higher concentration, on average, of higher quality, senior-secured, more liquid securities, predominantly in the U.S.

### Capital Structure

As at 30 June 2020, the Company's share capital comprised 467,688,002 Sterling Ordinary Shares ("NBLS") of no par value (of which 75,000,000 were held in treasury) and 25,498,806 U.S. Dollar Ordinary Shares ("NBLU") of no par value (of which 1,342,627 were held in treasury). On 3 August 2020, the U.S. Dollar Ordinary Shares were converted into Sterling Ordinary Shares and the U.S. Dollar class was subsequently delisted.

Up until 31 December 2019, the Company had a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l., which in turn held a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. On 31 December 2019, the two subsidiaries were liquidated.

The Company's interim financial statements to 30 June 2020 are therefore on a standalone basis, whilst the comparatives are consolidated as they comprise the Company and its wholly owned subsidiary undertakings.

### 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.

### Dividends

Dividends are paid quarterly in respect of each calendar quarter. The Company's current dividend policy is detailed in full on page 29 of the Annual Report for the year ended 31 December 2019.

The rolling 12 month dividend yield (based on the previous four quarterly dividends declared and share price as at 30 June 2020 was:

- Sterling Ordinary Shares: 5.21%
- U.S. Dollar Ordinary Shares: 5.18%

# Financial Highlights

### Key Figures

| (U.S. Dollars in millions, except per share data) | AS AT 30 JUNE 2020 | AS AT 31 DECEMBER 2019 |
|---|---|---|
| **Net Asset Value[1]** | | |
| - Sterling Ordinary Shares | $423.9 | $550.7 |
| - U.S. Dollar Ordinary Shares | $22.1 | $27.4 |
| **Net Asset Value per share** | | |
| - Sterling Ordinary Shares | £0.8736 | £0.9594 |
| - U.S. Dollar Ordinary Shares | $0.9130 | $0.9872 |
| **Share price** | | |
| - Sterling Ordinary Shares | £0.8200 | £0.9280 |
| - U.S. Dollar Ordinary Shares | $0.8550 | $0.95 |
| **Discount to Net Asset Value[2]** | | |
| - Sterling Ordinary Shares | (6.14%) | (3.27%) |
| - U.S. Dollar Ordinary Shares | (6.35%) | (3.77%) |
| **Investments** | $442.8 | $525.6 |
| **Dividend per share[3]** | | |
| - Sterling Ordinary Shares | 4.27 pence | 4.77 pence |
| - U.S. Dollar Ordinary Shares | 4.43 cents | 4.91 cents |
| **Current Gross Portfolio Yield[4]** | 4.58% | 5.31% |
| **12 month rolling dividend yield[5]** | | |
| - Sterling Ordinary Shares | 5.21% | 5.14% |
| - U.S. Dollar Ordinary Shares | 5.18% | 5.17% |
| **NAV Total Return[6]** | | |
| - Sterling Ordinary Shares | (6.93%) | 9.27% |
| - U.S. Dollar Ordinary Shares | (5.47%) | 9.43% |
| **Share Price Return[7]** | | |
| - Sterling Ordinary Shares | (9.48%) | 10.62% |
| - U.S. Dollar Ordinary Shares | (7.81%) | 8.03% |
| **On-Going Charges[8]** | | |
| - Sterling Ordinary Shares | 0.42% | 1.10% |
| - U.S. Dollar Ordinary Shares | 0.42% | 1.08% |

1 In the six months ended 30 June 2020, the Company re-purchased 42.0m Sterling Ordinary Shares at a total U.S. Dollar equivalent cost of $48.7 and 1.9m U.S. Dollar Ordinary Shares at a total cost of $1.8m.

2 The discount to net asset value refers to the % at which the share price of the class is trading at below the net asset value of that class as at 30 June 2020.

3 Dividend per share based on the four quarterly dividends declared in the prior 12 months.

4 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.

5 Rolling 12 month dividend yield based on the four quarterly dividends declared in the prior 12 months and share price as at 30 June 2020.

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

7 The share price return is the % of change in Share Price from the start of the period. It assumes that dividends paid to shareholders are reinvested at the share price at the time the shares are quoted ex-dividend.

8 Management fees and all other operating expenses expressed as a percentage of average net assets during the period. 30th June 2020 is based off a 6 month period whereas 31 December 2019 is based off 12 months.

# Chairman's Statement

Dear Shareholder,

It is with pleasure that I present to you the Interim Report of NB Global Floating Rate Income Fund Limited for the six months ended 30 June 2020. I will firstly address the forthcoming changes to the Company, which have been put to shareholders for approval.

## Strategic Changes

Following our announcement on 5 August that we would consult with shareholders regarding a change in investment strategy of the Company, we notified our shareholders of an Extraordinary General meeting ("EGM") on 8 September 2020 to approve a number of strategic changes. The circular detailing the proposals in full is available on the Company's website.

We have proposed to amend the Company's investment policy to allow the Company to invest in a wider range of credit assets, including alternative credit, thereby increasing the expected yield from the portfolio whilst leveraging the breadth of the Investment Manager's global platform and to support a move to pay income to shareholders on a monthly basis. The recent backdrop of equity dividend cuts and reductions in bond yields has heightened income investors' needs for a portfolio designed to deliver predictable, monthly income at attractive levels.

The Company will retain its ability to invest in senior secured, floating rate loans but will also be able to invest in a broad range of other credit assets, including but not limited to high yield and investment grade bonds and alternative credit comprising of distressed debt, mezzanine debt and private corporate loans. Protection of capital will remain of paramount importance.

We are confident that the proposals will appeal to a broad range of investors given the prevailing low interest rate environment. The Board considers that the proposals are in the best interests of the Company and of shareholders as a whole. Accordingly, the Board unanimously recommends shareholders to vote in favour of the resolutions.

The Board believes that the proposals will have the following benefits for shareholders:

- Result in an income focused, credit "best opportunities" Company, leveraging the breadth of the Investment Manager's fixed income platform and track record.
- Maintain exposure to senior secured floating rate loans.
- Provide shareholders with consistent levels of monthly income, to commence following declaration of the Q3 2020 dividend.
- The Board will announce a target annualised distribution per share at the commencement of each calendar year, expressed as both an annual percentage yield as well as a monthly distribution amount in Sterling, based on the Net Asset Value per share as at the end of the preceding calendar year.
- Provide shareholders with additional exposure to alternative credit, which is intended to increase the risk-adjusted return profile of the Company.
- Underpinned by an initial cash exit offer and a new discount control mechanism.
- From end of June 2022, the Board intends to propose a wind-up of the Company should its NAV drop beneath £150 million.
- Following realignment of the Company's Portfolio, the Board expects to target an annual yield that is 100 to 200 basis points higher than would have been generated under the current investment policy over the full credit cycle.

The initial cash exit offer, as part of these proposals, is conditional on the EGM proposals passing. Furthermore, in the event that shareholders overwhelmingly request to tender shares, the Directors have reserved the right to withdraw the initial cash exit offer and reconsider the direction of the Company in further consultation with our shareholders.

## Performance

The six-month period ended 30 June 2020 was one of unprecedented economic and social disruption. Over the first half of 2020, the Company's share price total return was (9.48%) per Sterling Ordinary Share and (7.81%) per U.S. Dollar Ordinary Share. The Company's Net Asset Value ("NAV") total return per share for the year was (6.93%) for the Sterling Ordinary Shares and (5.47%) for the U.S. Dollar Ordinary Shares. Excluding the benefit of our share buybacks during the year, these returns were (7.42%) and (5.81%) respectively. The latter compares with the relevant benchmark, the S&P/LSTA Leveraged Loan Index (the "Index"), which had a total return of (4.61%) in U.S. dollar terms.

# Chairman's Statement (continued)

Dividends per share fluctuated in a slightly wider range in the first half of 2020 between £0.0085 and £0.0111, than in 2019 due to declining LIBOR with the Company's dividend yield at period end being 5.21% and 5.18% per Sterling Share and U.S. Dollar Share respectively (calculated as the last four quarterly dividends expressed as a percentage of the share price as at 30 June 2020). The Company continues to meet its current objective of providing regular and sustainable dividends.

As at 30 June 2020, the Portfolio's current yield was 4.58% and the yield to maturity was 5.96%. This was some 8 bps and 53 bps below the Index respectively, being a consequence of the quality bias in the portfolio, which was reflected in the weighted average price of the loans in the portfolio of around 250 bps higher than the market.

It is pleasing to note that the significant cost savings as detailed in the Chairman's statement in the annual report have resulted in a material reduction in the OGC (on going charges). During the first half of 2020 the OGC ratio was running at 0.42% versus 0.55% as at 30 June 2019.

## Dividends

As at 30 June 2020, the annualised dividend based on the previous four quarterly dividends paid was 4.27 pence per share for the Sterling Ordinary Shares and 4.43 cents per share for the U.S. Dollar Ordinary Shares down from 4.77 pence and 4.91 cents per share, respectively as at 31 December 2019.

## Portfolio Construction

As at 30 June 2020, the portfolio continued to be highly diversified, with 251 issuers, and 317 investments. In terms of rating by credit quality, as at 30 June 2020 the portfolio was underweight CCC-rated loans, which constituted about 0.57% of the US market, compared to the portfolio weighting of 0.43%. The portfolio was overweight in the BB to B+ rating buckets. In the first half of 2020, we saw opportunities in both primary and secondary markets to increase exposure to BB/B+ rated loans, as many of those issuers have passed the Investment Manager's portfolio screening process. From a sector perspective, as at period end, the portfolio had a 6.80% underweight in the electronics sector, the most underweight sector allocation in the portfolio. During 2017 and early 2018, the electronics sector grew in size due to new issue activity from software companies with either aggressive terms or un-proven business models, and the Investment Manager's avoidance of these deals has been the primary driver of the underweight to the electronics sector.

The portfolio's European weight has remained steady in the first half ending the period at 7.3%. This is at the lower end of the historic range as through 2019 the European weight was reduced as we saw better value in US loan markets and were able to sell higher priced European tranches of debt and buy the U.S. Dollar equivalent at a discount.

## Discount Management

During the six months to 30 June 2020, the Company's share price discount ranged between 3.27% and 29.18% per Sterling Ordinary Share and 3.25% and 35.35% per U.S. Dollar Ordinary Share. The discount widened significantly in March during a period of extreme market dislocation arising from the emergence of the Covid-19 pandemic. Subsequently the discount has significantly narrowed and as at 28 August 2020 was (7.3%) per Sterling Ordinary Share (effective 3 August 2020 the U.S. Dollar Ordinary Shares were compulsorily converted into Sterling Ordinary Shares and the U.S. Dollar share class was subsequently de-listed and closed). The Board has continued to seek to address imbalances between supply and demand in the Company's shares by proactively repurchasing shares. In the six months to 30 June 2020, the Company repurchased 41,961,281 Sterling Ordinary Shares at a total cost of £37,571,471 and 1,906,000 U.S. Dollar Ordinary Shares at a total cost of $1,773,073 representing 9.68% of the Sterling Ordinary Shares and 6.88% of the U.S. Dollar Ordinary Shares in issue, at 1 January 2020. The weighted average discount of the buyback was 5.01% for the Sterling Ordinary Shares and 4.54% for the U.S. Dollar Ordinary Shares with an accretion to the NAV (as at 1 January 2020) of each share class of 0.50% and 0.33% respectively.

At the AGM 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 has continued to support its existing policy of aiming to maintain the discount to NAV at 3% or less in normal market conditions using appropriate discount management controls. During the abrupt and unprecedented economic disruption arising from Covid-19, the Board limited buybacks in recognition of the extreme dislocation in credit markets.

Should the resolutions be passed at the forthcoming EGM on 8 September 2020, the Company's discount control mechanism will be replaced with a bi-annual tender of up to 25% of issued share capital at a 2% discount to NAV commencing on or around 30 June 2022.

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

In accordance with the Company's Articles of Incorporation (the "Articles"), at the Annual General Meeting held on 11 June 2020 the Company proposed a resolution to consider the Company's continuation as a closed-ended investment company. I am pleased to report that shareholders voted overwhelmingly in favour of the Company's continuation at this meeting. Should the proposals at the EGM be passed the Company will no longer propose a continuation vote but the Directors would intend to propose to wind up the Company should the Net Asset Value have fallen below £150 million.

All other resolutions proposed at the AGM were duly passed with no significant votes lodged against any resolution.

### Brexit

The United Kingdom entered the transition period for leaving the European Union on 31 January 2020. We will continue to assess the possible impact of the European Union (Withdrawal Agreement) Act 2020, although as previously reported, a disorderly Brexit situation would not impact our operations in any material manner. Having reviewed the portfolio extensively, we do not believe there would be any significant impact from a disorderly Brexit, following the transition period. At the time of writing, uncertainty remains around the future relationship between the United Kingdom and the European Union.

### Covid-19

The coronavirus ("Covid-19") outbreak and related uncertainties have increased risk to the global economy. At this stage we cannot predict with any great degree of confidence the longer-term impact on the operating results of the majority of issuers in our portfolio though earlier in the year as the pandemic began to take hold we saw an extreme dislocation of credit markets, albeit short lived. We acknowledge that the continued development and fluidity of this situation precludes any prediction as to its ultimate long-term impact, which may have a continued adverse effect on economic and market conditions and trigger a period of global economic slowdown.

Covid-19 has, among other things, disrupted global travel and supply chains, and has adversely impacted global commercial activity, the transportation industry and commodity prices in the energy sector, however the Company was underweight in those sectors with the greatest risk or most direct impact, such as airlines, travel and leisure. Further details of the impact of Covid-19 is discussed in the Investment Manager's report on pages 9 to 11.

### Board Composition

As mentioned in our annual report, at the AGM Richard Battey stepped down as a director. On behalf of the Board, we thank Richard for his leadership and guidance during his tenure particularly as both our senior independent director and former chairman of the audit committee. David Staples has taken on the role of senior independent director. We continue to operate as a board of three directors and we intend to continue with our programme of orderly rotation with the replacement of Sandra Platts in 2021, who has served on the board for more than nine years.

### Outlook

Our outlook for credit markets remains positive despite the setbacks from Covid-19. Yields across the globe have been driven down with the unprecedented levels of stimulus injected by central banks and governments and we believe this is an environment where investors seeking yield have fewer and fewer places to look to.

Should the EGM resolutions be passed, the Board is confident in the breadth of expertise of the Investment Managers' credit platform in finding attractive, relative value opportunities in the months ahead. The Board believes that the proposals will result in an income focused, credit "best opportunities" Company, leveraging the breadth of the Investment Manager's fixed income platform and track record whilst maintaining exposure to senior secured floating rate loans.

We see an attractive pipeline building within alternative credit (as defined in the proposed amended Investment Policy). Best ideas will be sourced from the breadth of the Investment Manager's fixed income platform with a view to increasing the risk-adjusted return profile of the Company. We observe that this year, the illiquidity premium has expanded across alternative credit and in particular private credit, an area of expertise of the Investment Manager. The flexibility in the future to select from a range of credit investments across public and private markets, we believe, will be valuable given our view that the dispersion among individual credits or general market volatility could remain elevated for some time yet.

# Chairman's Statement (continued)

Default expectations have declined in recent months, but we continue to anticipate a modest increase, generally in the market, primarily driven by issuers already experiencing difficulties pre-Covid-19. Central bank and government activity, either through direct action or via capital markets has played a major role in dampening default rate expectations, particularly in the near term. Whilst uncertainty around the duration of the health crisis and rate of recovery remains, governments have succeeded in providing confidence and improving liquidity in both traditional and alternative credit markets to a larger degree than anticipated. Whilst yields have retracted since mid-March, we continue to see value at this juncture in relation to our analysis of default estimates across the various credit products. Avoiding defaults and differentiating between credit issuers of all types continues to be our aim.

In summary, for the remainder of this year we are positive on the outlook for credit markets and are confident in our ability to provide an attractive monthly distribution for our shareholders should the EGM resolutions be passed.

Thank you for your continued support.

**Rupert Dorey**
Chairman

1 September 2020

# Investment Manager's Report

## Market Environment

The senior floating rate market was a tale of two quarters in the first half of 2020. The first quarter was marked by extreme volatility and negative returns due to the Covid-19 pandemic and the second quarter saw strong returns as the loan market rallied supported by central bank policy implementation, "flattening of the virus curve" in many countries and the fact that investor risk appetites remained relatively healthy on news of much better than feared or better than expected economic data.

The U.S. senior floating rate market, as measured by the S&P/LSTA Leveraged Loan Index ("S&P LLI") returned (4.61%) for the period to 30 June 2020 with a return of (13.05%) in 1Q and 9.70% in 2Q. For the period to 30 June 2020, higher quality and the S&P LL100, a measure of the largest, most liquid loan issuers, declined less than the lower quality rated issuers and the broader market.

While there was a significant improvement in economic activity and risk asset returns over the second quarter, there were several days toward the end of the period where volatility returned on disappointing news of an increase in the number of Covid-19 cases. That said, investors generally remained optimistic that the economic recovery could continue and were hopeful after hearing news of several phase 3 trials for Covid-19 vaccines. Global central bank measures also provided a boost to credit markets in the second quarter as the Federal Reserve continued to make good on their promise to purchase corporate credit. While economic data have been mixed depending on exposure to the pandemic, there was much better-than-expected news out of the U.S. employment and retail sales reports as well as improving trends in manufacturing and services Purchasing Manager's Indexes ("PMI's"), a measure of current and future business conditions.

Demand for loans was mixed for the first half of the year, as collateralised loan obligation ("CLO") issuance was only $35.1 billion, the lowest level for any comparable period since 2016 and down 46% from 2019. Retail fund flows ended June 2020 with a total outflow of $15.7 billion year-to-date. While demand was on the weaker side for the six months ended June, supply was also muted due to the impact from heightened volatility and uncertainty due to Covid-19. Combining the decrease in outstandings – the proxy for supply – with measurable demand, it leaves the market with a $10.8 billion supply shortfall.

The par amount outstanding of the S&P LLI stood at $1.18 trillion as of the end of June 2020, having ended 2019 at $1.19 trillion. The end of June 2020 average bid was $89.88 compared to the recent low in March 2020 of $82.85 and $96.72 at the end of 2019. By principal amount, the trailing 12-month U.S. default rate was 3.23% at the end of June 2020, 184bps higher than the closing figure for 2019 and just above the 3% historical annual average.

The S&P European Leveraged Loan Index ("ELLI") returned (3.43%) for the first half of 2020 (all numbers excluding currency). The market gained momentum near the end of the period after news that many countries in the region had seen a declining rate of Covid-19 cases. Demand for loans in Europe also picked up later in the period as CLO issuance returned and as investor demand for yield remained a persistent theme. The average bid price of the ELLI as at 30 June 2020 finished at €93.23, down from €98.28 as of the end of 2019 but up from the March 2020 low of €82.80. Lower but stable demand continues with CLO issuance year-to-date totalling €10.1 billion, compared to €14.3 billion over the same period last year.

The par amount outstanding of the ELLI ended 30 June at €228 billion, an increase of €14 billion from the end of 2019. By principal amount, the trailing 12-month default for the ELLI was 2.09% at 30 June 2020, up from 0.44% at the end of 2019.

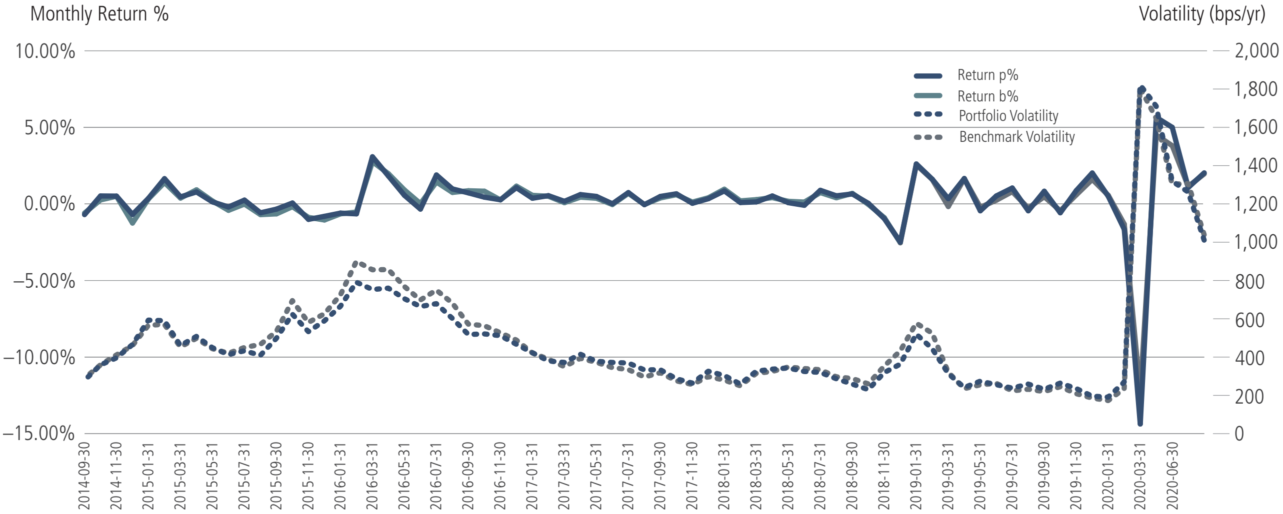
## Portfolio Management

During the first half of 2020, the portfolio remained significantly weighted towards U.S. Dollar issuance, which accounted for 92.7% of the portfolio at 30 June 2020. The bond allocation was well within the 20% of NAV permitted, at 9.3%, as we remained focused on keeping duration low and limiting potential areas of volatility. We continued to allocate to better rated assets and our share of BBB/BB credits ended the period at 26.5%, which is down from year end 2019, at 29.3%. The shift was based on relative value considerations and individual credit selection.

During the first half of the year, the portfolio showed a slightly higher volatility profile than its benchmark with the exception of May 2020 and June 2020 where the portfolio saw lower volatility than the benchmark. The shift in relative volatility was primarily due to the unexpected global spread of Covid-19 and the portfolio's positioning toward the theme of U.S. consumer growth prior to the rapid spread of the virus and its impact from mandated closures and travel bans. Despite this, the portfolio performed in line with the index in what was a very volatile period over the months of January through April 2020. With the exception of that period of extreme volatility due to Covid-19, we continue to evidence that in most times of increased volatility (e.g. August 2015 to October 2016), our portfolio tends to be less volatile than the index but delivers a very similar return to the index over a long period.

# Investment Manager's Report (continued)

### VOLATILITY VERSUS RETURN




Source: BlackRock, Aladdin.
*p – Portfolio, b – Benchmark*

### Covid-19 Pandemic

The senior floating rate loan market experienced significant volatility in the first quarter of 2020 due to the worldwide spread of Covid-19 and its impact on global economic activity from business closures, travel restrictions, closed borders and shelter-in-place orders. The weighted average loan price of the S&P Leveraged Loan Index started 2020 at $96.72, hit a near-term low of $76.23 on 23 March 2020 and on 30 June 2020 closed at $89.88. Due to significant intervention by the U.S. Federal Reserve, the U.S. Congress and global central banks and policymakers, markets stabilized as the total stimulus reached up to 30% of GDP in some countries. As a result of the stimulus and parts of the economy reopening and recovering, the senior floating rate loan market retraced much of its prior losses as of the end of June 2020.

Social distancing and closures intended to mitigate the spread of the virus did, in fact, cause large, temporary declines in GDP, but it also had the effect of slowing the virus and saving lives. Many countries who were able to "flatten the curve" of the virus know all too well that the recovery and reopening process is uneven at best. Our expectation is that economic activity will eventually resume to its full capacity, however, the timing and path is uncertain. Given this uncertainty, the Investment Manager is focused on avoiding defaults as well as keeping an eye on issuers' abilities to access capital markets and manage operations through this challenging yet temporary environment.

Earlier in the year as the pandemic began to take hold, the loan market experienced above-average trading volumes and was in a state of price discovery which pushed the bid-ask spread to wider than normal levels. Volatility in both directions and higher trading costs persisted at the end of the first quarter and beginning of the second. However, both volumes and trading costs began the process of normalising as central banks and policymakers stepped in to ensure that credit markets were functioning properly.

Also, in the first half, the Investment Manager's research team has stress-tested each issuer based on: (a) potential length of closures/disruptions; (b) ability to cut costs and defer capital expenditures; (c) liquidity; and (d) the timing of upcoming maturities to evaluate an issuer's ability to manage through the challenges. The conclusion of this analysis suggested that the median issuer in the Company's portfolio could withstand a several month period of zero or minimal revenues. The Investment Manager's research team had also assessed loan sectors by risk or impact to Covid-19 disruptions and generally, the Company was underweight in those sectors with the greatest risk or most direct impact, such as airlines, travel and leisure. There was also no material impact to the Company from defaults or restructurings as a result of the COVID 19 economic shutdown.

We have been in continuous contact with our key and critical service providers to understand their planning process and measures that they are taking in response to Covid-19. We are receiving regular written communications from third parties as their plans evolve, and ensuring these plans do not result in disruption to our business. There have been no issues highlighted from a business continuity or service provider standpoint so far.

We have documented the scenarios surrounding a potential key service provider outage and have appropriate internal controls to manage a sustained outage, if should arise.

## Outlook

Looking forward to the remainder of 2020, our outlook for credit markets remains constructive despite the setbacks from the global pandemic. Yields across the globe have been driven down with the unprecedented levels of stimulus injected and our view is the risk-free rate will remain anchored at low levels likely for some years. We believe this is an environment where Corporations, on the whole, will continue to prioritise debt reduction and de-leveraging over the payment of equity dividends. As such, investors seeking yield have fewer and fewer places to look we observe.

On the assumption that the EGM resolutions are passed, we are confident that with the breadth, experience and research capabilities of our credit platform combined with the dislocations in credit markets from Covid-19, that we are in a very good position to continue to identify attractive relative value opportunities in the months ahead. We are seeing increased levels of dispersion in credit markets currently and expect this will continue to present an interesting opportunity set. Our focus on capital preservation will also continue as we seek to focus the portfolio on industries regarded as more defensive as well as issuers who have been able to and will continue to navigate this challenging operating environment.

In traditional credit (defined in the proposed investment policy as high yield, leveraged loans and investment grade bonds), we note the significant impact that governments and central banks around the world have played in recent months either through open market operations or through direct support to corporations. The impact on issuers most directly exposed to the impact of the virus has been sharp, but the opening of capital markets even to these issuers in recent months has reduced the volume of near term bond and loan maturities and provided liquidity. The trailing 12-month default rate has moved up from the low levels seen in late 2019, but default expectations have moderated considerably since the peak of the crisis in March of this year. We anticipate a continuing rise in the default rate through 2020, but moderating from recent trends. The sharp increase in volume of so called 'fallen angels' through March and April has yielded interesting total risk-adjusted return opportunities for many of our strategies. The pace of downgrades has slowed at this point however we stand poised to allocate capital opportunistically as events unfold particularly as it relates to the virus and its economic impact.

Our projected default rate for the remainder of 2020 is around 1.6% and for 2021, we estimate 3.4%. While prior market-based default estimates did in fact overshoot the actual experience, our forward forecasts are estimates and given the current environment, there is some margin of error around them.

We see an attractive pipeline building within alternative credit (as defined in the proposed amended investment policy). Best ideas will be sourced from the breadth of our fixed income platform with a view to increasing the risk-adjusted return profile of the Company. We observe that this year, the illiquidity premium has expanded across alternative credit and in particular in private credit, an area of expertise of the firm.

The flexibility in the future to select from a range of credit investments across public and private markets we believe will be valuable given our view that the dispersion among individual credits or general market volatility could remain elevated for some time yet.

In summary, for the remainder of this year we are constructive on the outlook for credit markets and are confident in our ability to provide an attractive monthly distribution whilst maintaining our focus on avoidance of defaults and maintenance of capital.

**Neuberger Berman Investment Advisers LLC**

1 September 2020

**Neuberger Berman Europe Limited**

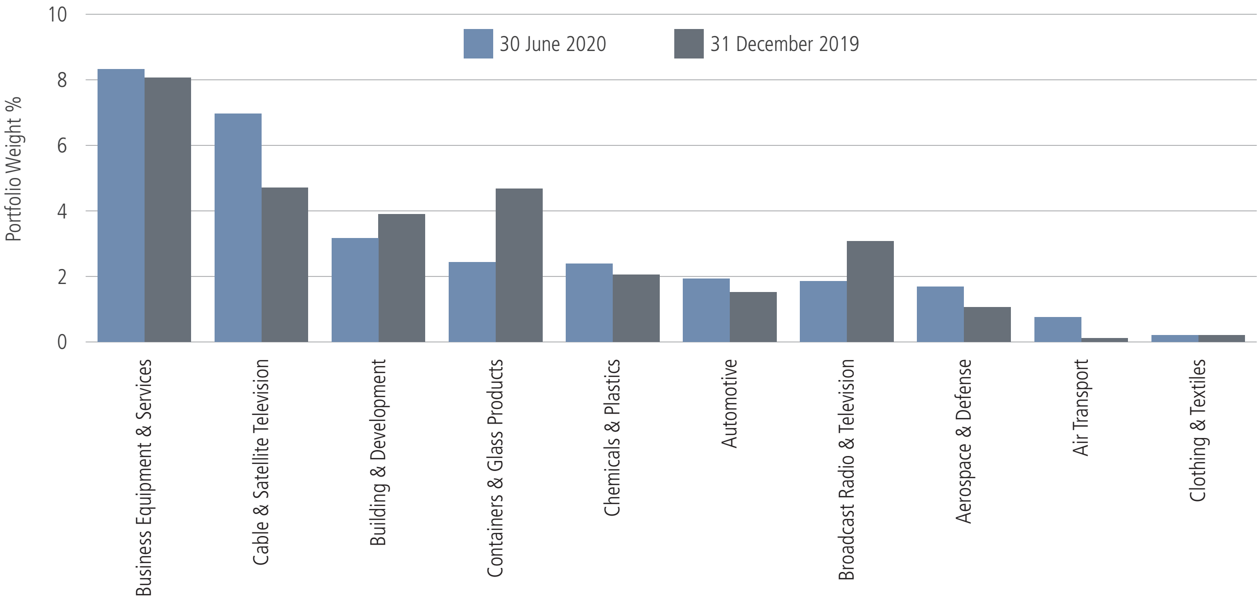
1 September 2020

# Portfolio Information

### Top 10 Issuers as at 30 June 2020 (excluding cash)

| ISSUER | SECTOR | FAIR VALUE ($) | PORTFOLIO WEIGHT |
|---|---|---|---|
| Altice France SA (France) | Cable & Satellite Television | 8,211,076 | 1.85% |
| Mcafee Inc | Electronics/Electrical | 5,486,736 | 1.24% |
| CSC Holdings Inc | Cable & Satellite Television | 4,827,273 | 1.09% |
| Intelsat Jackson Holdings SA | Telecommunications/Cellular Communications | 4,727,041 | 1.07% |
| Asurion LLC | Insurance | 4,618,657 | 1.04% |
| Bausch Health Companies Inc | Drugs | 4,584,919 | 1.04% |
| Brock Holdings III Inc | Business Equipment & Services | 4,566,736 | 1.03% |
| Prime Security Services Borrower LLC | Business Equipment & Services | 4,353,828 | 0.98% |
| Radiate Holdco LLC | Cable & Satellite Television | 4,112,600 | 0.93% |
| Rackspace Hosting Inc | Electronics/Electrical | 4,025,862 | 0.91% |

### Top 10 S&P Sector Breakdown




### Key Statistics as at 30 June 2020

| | |
|---|---|
| Current Gross Portfolio Yield[1] | 4.58% |
| Number of Investments | 317 |
| Number of Issuers | 251 |

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, fund 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 the realised distribution rate for each share class.

# Interim Management Report and Directors’ Responsibility Statement

## Principal Risks and Uncertainties

The principal risks of the Company are in the following areas:

- macroeconomic conditions;
- credit risk;
- liquidity risk;
- fund performance;
- level of discount or premium; and
- operational risk.

These risks, and the way in which they are managed, are described in more detail in the Strategic Report on pages 20 to 23 of the Company’s latest annual report and audited financial statements for the year ended 31 December 2019, which can be found on the Company’s website. The Board’s view is that these risks remain appropriately identified for the remainder of 2020. In addition to the Principal Risks, there remains uncertainty of the full and long term impacts of the global novel coronavirus (“Covid-19”) pandemic. The Board considers downside risk to global growth and delay in global economic recovery and market liquidity arising from the Covid-19 pandemic could potentially result in a risk of a reduction in portfolio performance. The Investment Manager reviews the portfolio on a regular basis for impact of Covid-19 on underlying assets’ performance. In addition, the Board reviews the Company’s risks on a quarterly basis and will review the impacts of the Covid-19 outbreak as the epidemic progresses and further information becomes available.

A brief description of each of the Principal Risks are detailed below:

## Macroeconomic Conditions

Macroeconomic conditions can change significantly and to the detriment of the portfolio or the Company causing a credit or liquidity risk to crystallise.

## Credit Risk

The key risk for the Company remains credit risk i.e. 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.

## Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as and when these fall due.

## Fund Performance

The Company’s Investment performance could fall below its stated objective or peer group for a variety of reasons including market conditions.

## 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.

## 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 the accurate reporting or monitoring of the Company’s financial position and the receipt or transmission of payments and the safeguarding of the Company’s assets.

# Interim Management Report and Directors' Responsibility Statement (continued)

## Going Concern

Having reassessed the principal risks and a detailed liquidity and solvency assessment updated for the potential impacts of Covid-19 on the viability of the Company, the Directors considered it appropriate to prepare the Unaudited Interim Financial Statements (the "Financial Statements") on a going concern basis. In making this statement, the Directors have considered the levels of working capital available to the Company, the closed-ended nature of the Company and the tradable and comparatively liquid nature of the majority of the investment portfolio held. Following extensive consultation with its shareholders, the Directors have made the assumption that the resolutions proposed to shareholders at the EGM to be held on 8 September 2020 will be passed in full.

On that assumption the current annual redemption offer mechanism will be replaced with a bi-annual tender commencing from June 2022 and the Company will no longer be subject to an annual continuation vote, but the Board intends to propose a wind-up of the Company should its NAV drop beneath £150 million. Further details of the replacement provisions can be found in the EGM circular, which is available on the Company's website. On the basis that the first bi-annual tender offer will take place in on or around June 2022 and in the event that the proposed cash exit offer is taken up in full, the Directors remain confident that the NAV of the Company will not fall below £150 million in the coming 24 months.

Despite our confidence that the resolutions proposed at the EGM will pass, the Board acknowledges material uncertainty in the event that either the resolutions do not pass or there is an overwhelming request for the cash exit offer. If either of these eventualities occur, the Board will feel obligated to consult further with shareholders to determine the future direction of the Company.

The Directors continue to take the view that the Company will remain a going concern.

## Related Party Transactions

Other than fees payable in the ordinary course of business, there have been no material transactions with related parties, which have affected the financial position or performance of the Company in the six month period to 30 June 2020. Additional related party disclosures are given in Note 3 on pages 36 and 37.

## Directors' Responsibilities Statement

The Board of Directors confirms that, to the best of its knowledge:

The Financial Statements, which have been prepared in conformity with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules ("DTR") sourcebook of the United Kingdom's Financial Conduct Authority ("FCA"), give a true and fair view of the assets, liabilities, financial position and profits/(losses) of the Company, as required by DTR 4.2.4R of the DTR of the U.K.'s FCA.

The combination of the Chairman's Statement, the Investment Manager's Report and this Interim Management Report meet the requirements of an Interim Management Report, and include a fair review of the information required by:

1. DTR 4.2.7R of the DTR, of the U.K.'s FCA, being an indication of important events that have occurred during the first six months of the year and their impact on the set of Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
2. DTR 4.2.8R of the DTR, of the U.K.'s FCA, being related party transactions that have taken place in the first six months of the current year and that have materially affected the financial position or performance of the Company during that period and any material changes in the related party transactions described in the last annual report that could have such a material effect.

By order of the Board

**Rupert Dorey**
Chairman

1 September 2020

# Independent Review Report to NB Global Floating Rate Income Fund Limited

## Report on the unaudited interim financial statements

### Our conclusion

We have reviewed NB Global Floating Rate Income Fund Limited's unaudited interim financial statements (the "interim financial statements") in the 2020 Interim Report of NB Global Floating Rate Income Fund Limited (the "Company") for the 6-month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### What we have reviewed

The interim financial statements comprise:

- the Unaudited Statement of Assets and Liabilities as at 30 June 2020;
- the Unaudited Condensed Schedule of Investments as at 30 June 2020;
- the Unaudited Statement of Operations for the period then ended;
- the Unaudited Statement of Changes in Net Assets for the period then ended;
- the Unaudited Statement of Cash Flows for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the 2020 Interim Report have been prepared in accordance with Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Company is The Companies (Guernsey) Law, 2008 and accounting principles generally accepted in the United States of America.

## Responsibilities for the interim financial statements and the review

### Our responsibilities and those of the directors

The 2020 Interim Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the 2020 Interim Report in accordance with Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the 2020 Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

# Independent Review Report to NB Global Floating Rate Income Fund Limited (continued)

### What a review of interim financial statements involves (continued)

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the 2020 Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

**PricewaterhouseCoopers CI LLP**
Chartered Accountants
Guernsey, Channel Islands

1 September 2020

(a) The maintenance and integrity of the NB Global Floating Rate Income Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Unaudited Statement of Assets and Liabilities

| AS AT 30 JUNE 2020 AND 31 DECEMBER 2019 (EXPRESSED IN U.S. DOLLARS) | NOTES | 30 JUNE 2020 (UNAUDITED) | 31 DECEMBER 2019 (AUDITED CONSOLIDATED) |
|---|---|---|---|
| **Assets** | | | |
| Investments, at fair value (2020: cost of $475,490,470, 2019: cost of $534,559,362) | 2 | 442,810,364 | 525,634,350 |
| Derivative assets, at fair value | 2 | – | 42,725,487 |
| Cash and cash equivalents, at cost: | | | |
| - Sterling | | 1,527,152 | 9,359,483 |
| - Euro | | 74,765 | 1,221,959 |
| - U.S. Dollar | | 9,800,934 | 10,486,274 |
| **Total cash and cash equivalents** | | **11,402,851** | **21,067,716** |
| | | **454,213,215** | **589,427,553** |
| **Other assets** | | | |
| Receivables for investments sold | | 7,531,122 | 10,341,862 |
| Interest receivable | | 1,543,619 | 1,751,231 |
| Other receivables and prepayments | | 183,463 | 37,390 |
| **Total other assets** | | **9,258,204** | **12,130,483** |
| **Total assets** | | **463,471,419** | **601,558,036** |
| **Liabilities** | | | |
| Payables for investments purchased | | 14,900,814 | 10,948,094 |
| Payables to Investment Manager and affiliates | 3 | 708,662 | 975,430 |
| Derivative liabilities, at fair value | 2 | 1,476,390 | 6,275,110 |
| Share buyback payable | | 201,192 | 4,997,310 |
| Accrued expenses and other liabilities | 3 | 254,194 | 329,309 |
| **Total liabilities** | | **17,541,252** | **23,525,253** |
| **Total assets less liabilities** | | **445,930,167** | **578,032,783** |
| Share capital | | 941,213,578 | 991,694,915 |
| Accumulated reserves | | (495,283,411) | (413,662,132) |
| **Total net assets** | | **445,930,167** | **578,032,783** |

The Unaudited Interim Financial Statements on pages 17 to 27 were approved and authorised for issue by the Board of Directors on 1 September 2020, and signed on its behalf by:

**David Staples**
Director

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Condensed Schedule of Investments

| **AS AT 30 JUNE 2020**<br>(EXPRESSED IN U.S. DOLLARS) | **COST** | **FAIR VALUE** | **FAIR VALUE AS % OF NET ASSETS** |
|---|---|---|---|
| **Portfolio of investments** | | | |
| Financial investments | | | |
| - Floating rate senior secured loans | 426,777,944 | 398,344,355 | 89.33% |
| - Fixed rate bonds | 34,200,085 | 33,816,430 | 7.58% |
| - Floating rate bonds | 7,851,420 | 6,790,101 | 1.53% |
| - Equity | 4,929,319 | 2,952,371 | 0.66% |
| - Warrants | 1,731,702 | 907,107 | 0.20% |
| **Total financial investments** | **475,490,470** | **442,810,364** | **99.30%** |
| | | | |
| **Forward exchange contracts** | | | |
| - Euro to Sterling | – | 45,155 | 0.01% |
| - Sterling to U.S. Dollar | – | (736,955) | (0.17%) |
| - U.S. Dollar to Euro | – | (781,637) | (0.17%) |
| - U.S. Dollar to Sterling | – | (2,953) | 0.00% |
| | **–** | **(1,476,390)** | **(0.33%)** |

| | **COST** | **FAIR VALUE** | **FAIR VALUE AS % OF NET ASSETS** |
|---|---|---|---|
| **Geographic diversity of investment portfolio (Domicile of issuer)** | | | |
| Australia/Oceania | 720,614 | 727,650 | 0.16% |
| Caribbean | 7,110,267 | 6,074,148 | 1.36% |
| North America | 407,848,052 | 378,468,172 | 84.88% |
| Europe | 59,811,537 | 57,540,394 | 12.90% |
| | **475,490,470** | **442,810,364** | **99.30%** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Condensed Schedule of Investments (continued)

| **AS AT 31 DECEMBER 2019 (AUDITED CONSOLIDATED)** (EXPRESSED IN U.S. DOLLARS) | **COST** | **FAIR VALUE** | **FAIR VALUE AS % OF NET ASSETS** |
|---|---|---|---|
| **Portfolio of investments** | | | |
| Financial investments | | | |
| - Floating rate senior secured loans | 503,318,028 | 493,850,029 | 85.44% |
| - Fixed rate bonds | 17,471,875 | 18,024,647 | 3.12% |
| - Floating rate bonds | 7,108,438 | 6,768,853 | 1.17% |
| - Equity | 4,929,319 | 4,890,215 | 0.85% |
| - Warrants | 1,731,702 | 2,100,606 | 0.36% |
| **Total financial investments** | **534,559,362** | **525,634,350** | **90.94%** |
| | | | |
| **Forward exchange contracts** | | | |
| - Euro to Sterling | – | (5,884,270) | (1.02%) |
| - Sterling to U.S. Dollar | – | 49,510,758 | 8.57% |
| - U.S. Dollar to Euro | – | (2,829,075) | (0.49%) |
| - U.S. Dollar to Sterling | – | (4,347,036) | (0.75%) |
| | **–** | **36,450,377** | **6.31%** |

| | **COST** | **FAIR VALUE** | **FAIR VALUE AS % OF NET ASSETS** |
|---|---|---|---|
| **Geographic diversity of investment portfolio (domicile of issuer)** | | | |
| Caribbean | 7,108,438 | 6,768,853 | 1.17% |
| North America | 461,409,115 | 453,345,152 | 78.43% |
| Europe | 66,041,809 | 65,520,345 | 11.34% |
| | **534,559,362** | **525,634,350** | **90.94%** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Condensed Schedule of Investments (continued)

| **INDUSTRY DIVERSITY OF INVESTMENT PORTFOLIO** (EXPRESSED IN U.S. DOLLARS) | **30 JUNE 2020 (UNAUDITED)** | | **31 DECEMBER 2019 (AUDITED CONSOLIDATED)** | |
|---|---|---|---|---|
| | **COST** | **FAIR VALUE** | **COST** | **FAIR VALUE** |
| Aerospace & Defence | 7,992,201 | 7,467,236 | 5,539,691 | 5,585,895 |
| Air Transport | 3,297,586 | 3,301,490 | 606,388 | 614,759 |
| Automotive | 8,677,353 | 8,537,725 | 7,853,974 | 7,963,723 |
| Broadcast Radio & Television | 10,048,852 | 8,185,933 | 15,393,385 | 16,193,035 |
| Business Equipment & Services | 39,781,140 | 36,875,475 | 42,961,842 | 42,405,859 |
| Building & Development | 14,593,699 | 14,058,261 | 20,329,662 | 20,475,968 |
| Cable & Satellite Television | 31,697,664 | 30,806,456 | 24,468,057 | 24,773,189 |
| Chemicals & Plastics | 11,004,330 | 10,578,911 | 10,812,762 | 10,787,106 |
| Clothing & Textiles | 1,124,857 | 945,866 | 1,124,613 | 1,073,388 |
| Containers & Glass Products | 11,358,981 | 10,811,709 | 24,669,420 | 24,554,571 |
| Drugs | 14,620,044 | 13,914,724 | 19,422,141 | 18,765,747 |
| Ecological Services & Equipment | 1,772,859 | 1,716,701 | 1,880,752 | 1,794,592 |
| Electronics/Electrical | 55,113,075 | 52,948,113 | 43,871,158 | 42,868,772 |
| Financial Intermediaries | 17,428,309 | 15,997,241 | 17,500,643 | 17,196,516 |
| Food Products | 3,218,186 | 3,151,209 | 2,552,418 | 2,445,335 |
| Food Service | 1,932,915 | 1,902,139 | 2,092,615 | 2,105,100 |
| Food/Drug Retailers | 2,785,266 | 2,823,142 | 4,994,130 | 5,153,363 |
| Health Care | 64,653,814 | 60,457,265 | 57,343,238 | 55,717,618 |
| Hotels & Casinos | 9,886,062 | 8,893,727 | 26,928,663 | 26,867,568 |
| Industrial Equipment | 13,563,924 | 12,726,056 | 14,526,073 | 14,472,480 |
| Insurance | 18,634,092 | 18,126,593 | 15,527,764 | 15,619,614 |
| Leisure Goods/Activities/Movies | 16,977,179 | 15,760,700 | 25,935,136 | 26,019,660 |
| Nonferrous Metals & Minerals | 2,092,838 | 1,308,877 | 2,089,774 | 1,802,995 |
| Oil & Gas | 35,636,139 | 27,994,374 | 40,204,704 | 36,212,161 |
| Publishing | 1,622,345 | 1,625,339 | 1,607,574 | 1,276,011 |
| Rail Industries | – | – | 1,114,400 | 1,129,598 |
| Retailers (except food and drug) | 12,291,119 | 11,617,011 | 26,280,028 | 26,033,313 |
| Steel | 6,604,144 | 6,161,775 | 8,681,042 | 8,655,858 |
| Surface Transport | 1,307,054 | 1,156,447 | 1,313,894 | 1,322,132 |
| Telecommunications/Cellular Communications | 30,755,212 | 28,984,361 | 35,096,018 | 34,149,268 |
| Utilities | 25,019,231 | 23,975,508 | 31,837,403 | 31,599,156 |
| | **475,490,470** | **442,810,364** | **534,559,362** | **525,634,350** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Condensed Schedule of Investments (continued)

**As at 30 June 2020, issuers with the following investments represented greater than 1% of NAV (Excluding cash):**

| SECURITIES | COUNTRY | INDUSTRY | FAIR VALUE $ | % OF NAV |
|---|---|---|---|---|
| **Altice France** | | | **8,211,076** | **1.84%** |
| Altice France 1L T/L-B13 (7/18) | France | Cable & Satellite Television | 3,978,737 | 0.89% |
| SFRFP T/L B12 1L USD | France | Cable & Satellite Television | 797,502 | 0.18% |
| Altice France SA 2.125% 02/15/25 SR:Regs | France | Cable & Satellite Television | 668,724 | 0.15% |
| Altice France SA 3.375% 01/15/28 SR:Regs | France | Cable & Satellite Television | 544,113 | 0.12% |
| Altice France Sa 5.500% 01/15/28 SR:Regs | France | Cable & Satellite Television | 2,222,000 | 0.50% |
| | | | | |
| **Mcafee** | | | **5,486,736** | **1.23%** |
| Mcafee T/L B 1L USD | United States | Electronics/Electrical | 4,586,266 | 1.03% |
| Mcafee T/L 2L USD | United States | Electronics/Electrical | 900,470 | 0.20% |
| | | | | |
| **Intelsat Jackson** | | | **4,727,041** | **1.06%** |
| Intelsat Jackson Holdings | Luxembourg | Telecommunications/ Cellular Communications | 3,469,942 | 0.78% |
| Intelsat Jackson Holdings | Luxembourg | Telecommunications/ Cellular Communications | 501,244 | 0.11% |
| Intelsat DIP 1L 04/20 | Luxembourg | Telecommunications/ Cellular Communications | 418,191 | 0.09% |
| Intelsat Jackson Holdings | Luxembourg | Telecommunications/ Cellular Communications | 337,664 | 0.08% |
| | | | | |
| **Emerald Expo Holdings Inc** | | | **4,692,270** | **1.05%** |
| Emerald Expo Holdings Inc | United States | Leisure Goods/Activities/Movies | 2,445,300 | 0.55% |
| Emerald Topco Inc | United States | Health Care | 2,246,970 | 0.50% |
| | | | | |
| **Bausch Health Companies** | | | **4,584,919** | **1.03%** |
| Bausch Health Americas | Canada | Drugs | 3,723,794 | 0.84% |
| Bausch Health Cos Inc 7.000% 03/15/24 SR:144A | Canada | Drugs | 861,125 | 0.19% |
| | | | | |
| **Asucor** | | | **4,618,657** | **1.04%** |
| Asucor T/L B2 2L USD | United States | Insurance | 2,322,450 | 0.52% |
| Asucor T/L B7 1L USD | United States | Insurance | 1,776,034 | 0.40% |
| Asucor T/L B6 1L USD | United States | Insurance | 520,173 | 0.12% |
| | | | | |
| **Brock Holdings III Inc** | | | **4,566,736** | **1.02%** |
| Brock Holdings III Inc | United States | Business Equipment & Services | 2,373,584 | 0.53% |
| Brock Holdings Notes 15% 10/24/22 | United States | Business Equipment & Services | 2,193,152 | 0.49% |
| | | | | |
| **Total** | | | **36,887,435** | **8.27%** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Condensed Schedule of Investments (continued)

**As at 31 December 2019, issuers with the following investments represented greater than 1% of NAV (Excluding cash):**

**(AUDITED CONSOLIDATED)**

| SECURITIES | COUNTRY | INDUSTRY | FAIR VALUE $ | % OF NAV |
|---|---|---|---|---|
| **Altice France** | | | **7,862,950** | **1.36%** |
| Altice France 1L T/L-B13 (7/18) | France | Cable & Satellite Television | 4,171,359 | 0.73% |
| Altice France Sa 3.375% 01/15/28 Sr:Regs | France | Cable & Satellite Television | 593,118 | 0.10% |
| Altice France Sa 5.500% 01/15/28 Sr:Regs | France | Cable & Satellite Television | 2,260,610 | 0.39% |
| SFRFP T/L B12 1L USD | France | Cable & Satellite Television | 837,863 | 0.14% |
| | | | | |
| **Intelsat Jackson** | | | **6,929,733** | **1.20%** |
| Intelsat Jackson Holdings | Luxembourg | Telecommunications/ Cellular Communications | 3,513,648 | 0.61% |
| Intelsat Jackson Holdings | Luxembourg | Telecommunications/ Cellular Communications | 2,910,088 | 0.50% |
| Intelsat Jackson Holdings | Luxembourg | Telecommunications/ Cellular Communications | 505,997 | 0.09% |
| | | | | |
| **Bass Pro Group** | | | **6,462,807** | **1.12%** |
| Bass Pro T/L-B 1L USD | United States | Retailers (except food and drug) | 6,462,807 | 1.12% |
| | | | | |
| **Staples Inc** | | | **6,311,334** | **1.09%** |
| SPLS TL B1 1L USD | United States | Retailers (except food and drug) | 4,526,834 | 0.78% |
| STAPLES INC 7.500% 04/15/26 SR:REGS | United States | Retailers (except food and drug) | 1,784,500 | 0.31% |
| | | | | |
| **EG FINCO** | | | **5,789,515** | **1.00%** |
| OPTFIN T/L 2L USD | United States | Retailers (except food and drug) | 341,842 | 0.06% |
| OPTFIN T/L B 1L GBP | United Kingdom | Retailers (except food and drug) | 2,543,185 | 0.44% |
| OPTFIN T/L B1 1L EUR | United Kingdom | Retailers (except food and drug) | 2,904,488 | 0.50% |
| | | | | |
| **Rackspace Hosting** | | | **5,778,384** | **1.00%** |
| Rackspace Hosting Inc | United States | Electronics/Electrical | 5,778,384 | 1.00% |
| | | | | |
| **Total** | | | **39,134,723** | **6.77%** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Condensed Schedule of Investments (continued)

### As at 30 June 2020, the below were the largest 50 investments based on the NAV:

| SECURITIES | COUNTRY | INDUSTRY | FAIR VALUE $ | % |
|---|---|---|---|---|
| Mcafee T/L- B 1L USD | United States | Electronics/Electrical | 4,586,266 | 1.03% |
| Prime Security Services Bor | United States | Business Equipment & Services | 4,353,828 | 0.98% |
| Radiat Tl B 1L USD | United States | Cable & Satellite Television | 4,112,600 | 0.92% |
| Rackspace Hosting Inc | United States | Electronics/Electrical | 4,025,862 | 0.90% |
| MPH Acquisition Holdings | United States | Health Care | 4,018,533 | 0.90% |
| Altice France 1L T/L-B13 (7/18) | France | Cable & Satellite Television | 3,978,737 | 0.89% |
| Select Medical Corp | United States | Health Care | 3,745,256 | 0.84% |
| Valeant 5/18 T/L-B | Canada | Drugs | 3,723,794 | 0.84% |
| Assuredpartners Inc 1L T/L-B 2/20 | United States | Insurance | 3,525,891 | 0.79% |
| Frontier Communications | United States | Telecommunications/Cellular Communications | 3,486,020 | 0.78% |
| Intelsat Jackson Hldg | Luxembourg | Telecommunications/Cellular Communications | 3,469,942 | 0.78% |
| Bass Pro 1L T/L-B | United States | Retailers (except food and drug) | 3,398,506 | 0.76% |
| Blackstone Cqp Holdco LP | United States | Oil & Gas | 3,384,104 | 0.76% |
| Applied Systems Inc 1L T/L-B | United States | Electronics/Electrical | 3,380,237 | 0.76% |
| Sedgwick 1L T/L-B 11/18 | United States | Insurance | 3,339,705 | 0.75% |
| TDG T/L F 1L USD | United States | Aerospace & Defence | 3,333,790 | 0.75% |
| Ortho-Clinical Diagnostics | United States | Health Care | 3,271,112 | 0.73% |
| Team Health Holdings Inc | United States | Health Care | 3,234,001 | 0.73% |
| CPN T/L- B9 1L USD | United States | Utilities | 3,233,563 | 0.73% |
| Gentiva Health Services | United States | Health Care | 3,180,653 | 0.71% |
| Edgewater Generation LLC | United States | Utilities | 3,134,385 | 0.70% |
| Traverse Midstream Partners LLC | United States | Oil & Gas | 3,110,423 | 0.70% |
| Envision Healthcare Corpora | United States | Health Care | 3,096,219 | 0.69% |
| BCP Renaissance Parent | United States | Oil & Gas | 3,053,370 | 0.68% |
| Tempo Acquisition Llc | United States | Business Equipment & Services | 3,045,865 | 0.68% |
| Centurylink 1L T/L-B 1/20 | United States | Telecommunications/Cellular Communications | 3,026,489 | 0.68% |
| Hub International Ltd | United States | Insurance | 3,016,410 | 0.68% |
| Forterra Finance Llc | United States | Building & Development | 2,918,837 | 0.65% |
| Lucid Energy Group | United States | Oil & Gas | 2,911,036 | 0.65% |
| Reynolds Group Holdings | United States | Containers & Glass Products | 2,820,110 | 0.63% |
| Change Healthcare Holdings | United States | Health Care | 2,808,991 | 0.63% |
| Citco Funding LLC | United States | Financial Intermediaries | 2,784,049 | 0.62% |
| Playtika 1L T/L-B 11/19 | United States | Leisure Goods/Activities/Movies | 2,711,603 | 0.61% |
| Kron Tl/L B 1L USD | United States | Business Equipment & Services | 2,694,571 | 0.60% |
| UHOS T/L B-Dd 1L USD | United States | Health Care | 2,671,113 | 0.60% |
| Vertiv 1L T/L-B 2/20 | United States | Electronics/Electrical | 2,660,607 | 0.60% |
| Telenet 1L T/L-Ar USD 1/20 | Luxembourg | Cable & Satellite Television | 2,626,088 | 0.59% |
| Verscend 1L T/L-B (8/18) | United States | Health Care | 2,616,716 | 0.59% |
| Parexel Intl Corp | United States | Health Care | 2,586,688 | 0.58% |
| Brookfield Wec Holdings | United States | Utilities | 2,571,305 | 0.58% |
| Caesars Resort Collection LLC | United States | Hotels & Casinos | 2,563,744 | 0.57% |
| CSC Holdings T/L B 1L USD | United States | Cable & Satellite Television | 2,554,526 | 0.57% |
| Zayo 1L T/L USD 2/20 | United States | Telecommunications/Cellular Communications | 2,512,510 | 0.56% |
| Hyland Software Inc. | United States | Electronics/Electrical | 2,502,652 | 0.56% |
| Athenahealth 1L T/L-B 1/19 | United States | Health Care | 2,490,121 | 0.56% |
| Emerald Expo Holdings Inc | United States | Leisure Goods/Activities/Movies | 2,445,300 | 0.55% |
| MTN Infrastructure Topco | United States | Telecommunications/Cellular Communications | 2,436,160 | 0.55% |
| Ceridian Hcm Holding Inc | United States | Business Equipment & Services | 2,412,265 | 0.54% |
| Brock Holdings III Inc | United States | Business Equipment & Services | 2,373,584 | 0.53% |
| Bcprap T/L- 1L USD | United States | Oil & Gas | 2,356,969 | 0.54% |
| | | | **154,295,106** | **34.60%** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Condensed Schedule of Investments (continued)

## As at 31 December 2019, the below were the largest 50 investments based on the NAV:

**(AUDITED CONSOLIDATED)**

| SECURITIES | COUNTRY | INDUSTRY | FAIR VALUE $ | % |
|---|---|---|---|---|
| Bass Pro 1L T/L-B | United States | Retailers (except food and drug) | 6,462,807 | 1.12% |
| Rackspace Hosting Inc | United States | Electronics/Electrical | 5,778,384 | 1.00% |
| MPH Acquisition Holdings | United States | Health Care | 5,503,729 | 0.95% |
| Team Health Holdings Inc | United States | Health Care | 4,842,395 | 0.84% |
| Mcafee T/L- B 1L USD | United States | Electronics/Electrical | 4,775,225 | 0.83% |
| Sedgwick 1L T/L-B 11/18 | United States | Insurance | 4,740,630 | 0.82% |
| Bcprap T/L- 1L USD | United States | Oil & Gas | 4,722,689 | 0.82% |
| Lucid Energy Group | United States | Oil & Gas | 4,709,787 | 0.81% |
| Sprint Communications 1L T/L-B | United States | Telecommunications/Cellular Communications | 4,657,287 | 0.81% |
| Garda World 1L T/L-B 10/19 | Canada | Business Equipment & Services | 4,570,588 | 0.79% |
| SPLS T/L 1L USD | United States | Retailers (except food and drug) | 4,526,834 | 0.78% |
| CH Hold T/L- B 1L USD | United States | Automotive | 4,490,893 | 0.78% |
| Endo Pharmaceutical 1L T/L-B | United States | Drugs | 4,468,710 | 0.77% |
| Berry Plastics Group Inc | United States | Containers & Glass Products | 4,452,299 | 0.77% |
| BCP Renaissance Parent | United States | Oil & Gas | 4,446,422 | 0.77% |
| DTZ US Borrower LLC | United States | Building & Development | 4,405,180 | 0.76% |
| Reynolds Group Holdings | United States | Containers & Glass Products | 4,313,607 | 0.75% |
| Altice France 1L T/L-B13 (7/18) | France | Cable & Satellite Television | 4,171,359 | 0.72% |
| Formula One 1L T/L-B (1/18) | United Kingdom | Leisure Goods/Activities/Movies | 4,144,207 | 0.72% |
| Prime Security Services Bor | United States | Business Equipment & Services | 4,077,940 | 0.71% |
| Applied Systems Inc 1L T/L-B | United States | Electronics/Electrical | 4,065,155 | 0.70% |
| Berlin Packaging LLC | United States | Containers & Glass Products | 4,059,324 | 0.70% |
| Medallion Midland Acquisition LLC | United States | Oil & Gas | 3,972,891 | 0.69% |
| Dakota Holding Corp | United States | Business Equipment & Services | 3,966,946 | 0.69% |
| Brookfield Wec Holdings | United States | Utilities | 3,954,236 | 0.68% |
| Seaworld 1L T/L-B5 | United States | Leisure Goods/Activities/Movies | 3,914,874 | 0.68% |
| Caesars Resort Collection LLC | United States | Hotels & Casinos | 3,868,079 | 0.67% |
| Envision Healthcare Corpora | United States | Health Care | 3,852,127 | 0.67% |
| Mohegan Tribal Gaming Authority | United States | Hotels & Casinos | 3,804,599 | 0.66% |
| Centurylink 1L T/L-B | United States | Telecommunications/Cellular Communications | 3,760,148 | 0.65% |
| Forterra Finance Llc | United States | Building & Development | 3,723,552 | 0.64% |
| Ortho-Clinical Diagnostics | United States | Health Care | 3,664,354 | 0.63% |
| Scientific Games International | United States | Hotels & Casinos | 3,611,246 | 0.62% |
| Frontier Communications | United States | Telecommunications/Cellular Communications | 3,608,285 | 0.62% |
| Tempo Acquisition Llc | United States | Business Equipment & Services | 3,550,376 | 0.61% |
| Intelsat Jackson Hldg | Luxembourg | Telecommunications/Cellular Communications | 3,513,648 | 0.61% |
| Valeant 5/18 T/L-B | United States | Drugs | 3,499,118 | 0.61% |
| Panther Bf Aggregator 2 | United States | Automotive | 3,472,829 | 0.60% |
| Capmid T/L B 1L USD | United States | Oil & Gas | 3,437,327 | 0.59% |
| BJ's Wholesale Club Inc | United States | Retailers (except food and drug) | 3,425,143 | 0.59% |
| Kron Tl/L B 1L USD | United States | Business Equipment & Services | 3,421,182 | 0.59% |
| CPN T/L- B9 1L USD | United States | Utilities | 3,392,578 | 0.59% |
| Traverse Midstream Partners LLC | United States | Oil & Gas | 3,387,481 | 0.59% |
| Station Casinos Llc | United States | Hotels & Casinos | 3,342,306 | 0.58% |
| Realogy Group Llc | United States | Building & Development | 3,326,584 | 0.58% |
| Trident Tpi Holdings Inc | United States | Containers & Glass Products | 3,291,190 | 0.57% |
| Mauser Packaging Solutions T/L B (Bway) | United States | Containers & Glass Products | 3,290,806 | 0.57% |
| Hub International Ltd | United States | Insurance | 3,269,837 | 0.57% |
| TMS International Corp | United States | Steel | 3,263,618 | 0.56% |
| Nestle Skin 1L T/L-B Eur 7/19 | Luxembourg | Health Care | 3,236,458 | 0.56% |
| | | | **202,207,269** | **34.99%** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Statement of Operations

| (EXPRESSED IN U.S. DOLLARS) | NOTES | 1 JANUARY 2020 TO 30 JUNE 2020 (UNAUDITED) | 1 JANUARY 2019 TO 30 JUNE 2019 (UNAUDITED CONSOLIDATED) |
|---|---|---|---|
| **Income** | | | |
| Interest income net of withholding taxes, 2020: $17,797 (2019: $73,516) | 2(b) | 12,240,875 | 24,635,625 |
| Other income from investments | | 53,969 | 224,957 |
| **Total income** | | **12,294,844** | **24,860,582** |
| | | | |
| **Expenses** | | | |
| Investment management and services | 3 | 1,531,553 | 3,196,556 |
| Administration and professional fees | 3 | 324,848 | 1,341,392 |
| Directors' fees and travel expenses | 3 | 115,113 | 120,432 |
| **Total expenses** | | **1,971,514** | **4,658,380** |
| | | | |
| **Net investment income** | | **10,323,330** | **20,202,202** |
| | | | |
| **Realised and unrealised gains and losses** | | | |
| Net realised loss on investments | 2(e) | (16,673,544) | (12,151,383) |
| Net realised loss on derivatives | 2(e) | (659,953) | 607,494 |
| **Total net realised loss** | | **(17,333,497)** | **(11,543,889)** |
| | | | |
| Net change in unrealised (depreciation)/appreciation on investments | 2(e) | (25,031,445) | 35,808,340 |
| Net change in unrealised (depreciation)/appreciation on derivatives | 2(e) | (37,926,767) | (2,713,079) |
| **Total net unrealised (depreciation)/appreciation** | | **(62,958,212)** | **33,095,261** |
| | | | |
| Realised and unrealised loss on foreign currency | 2(e) | (110,585) | (135,245) |
| | | | |
| **Net realised and unrealised (loss)/gain** | | **(80,402,294)** | **21,416,127** |
| | | | |
| **Net (decrease)/increase in net assets resulting from operations** | | **(70,078,964)** | **41,618,329** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Statement of Changes in Net Assets

**FOR THE PERIOD 1 JANUARY 2020 TO 30 JUNE 2020 (UNAUDITED)**

| (EXPRESSED IN U.S. DOLLARS) | VALUE |
|---|---|
| **Net assets as at 1 January 2020** | **578,032,783** |
| Dividends | (11,542,316) |
| Net movement from share buybacks and share conversions | (50,481,336) |
| Net decrease in net assets resulting from operations | (70,078,964) |
| **Net assets as at 30 June 2020** | **445,930,167** |

**FOR THE PERIOD 1 JANUARY 2019 TO 30 JUNE 2019 (UNAUDITED CONSOLIDATED)**

| (EXPRESSED IN U.S. DOLLARS) | VALUE |
|---|---|
| **Net assets as at 1 January 2019** | **911,886,137** |
| Dividends | (21,154,661) |
| Net movement from share buybacks and share conversions | (190,870,743) |
| Net increase in net assets resulting from operations | 41,618,329 |
| **Net assets as at 30 June 2019** | **741,479,062** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Unaudited Statement of Cash Flows

| (EXPRESSED IN U.S. DOLLARS) | 1 JANUARY 2020 TO 30 JUNE 2020 (UNAUDITED) | 1 JANUARY 2019 TO 30 JUNE 2019 (UNAUDITED CONSOLIDATED) |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net (decrease)/increase in net assets resulting from operations | (70,078,964) | 41,618,329 |
| Adjustment to reconcile net increase/(decrease) in net assets resulting from operations to net cash provided by operating activities: | | |
| Net realised loss on investments | 16,673,544 | 12,151,383 |
| Net change in unrealised depreciation/(appreciation) on investments and derivatives | 62,958,212 | (33,095,261) |
| Net change in unrealised (loss)/gain on translation of assets and liabilities | (401,386) | 225,895 |
| Amortisation of discounts/premiums | (329,758) | (1,254,882) |
| Changes in receivables for investments sold | 2,810,740 | 2,965,891 |
| Changes in interest receivable | 207,612 | 1,604,328 |
| Changes in other receivables and prepayments | (146,073) | 157,479 |
| Changes in payables for investments purchased | 3,952,720 | 4,941,651 |
| Changes in payables to Investment Manager and affiliates | (266,768) | (388,979) |
| Changes in accrued expenses and other liabilities | (75,115) | 24,726 |
| Purchase of investments | (177,268,740) | (204,827,255) |
| Realisation of investments | 218,717,495 | 415,636,164 |
| **Net cash provided by operating activities** | **56,753,519** | **239,759,469** |
| | | |
| **Cash flows from financing activities:** | | |
| Net movement from share buybacks and share conversions | (55,277,454) | (189,938,542) |
| Dividends paid | (11,542,316) | (21,154,661) |
| **Net cash used in financing activities** | **(66,819,770)** | **(211,093,203)** |
| | | |
| Effect of exchange rate changes on cash | 401,386 | (225,895) |
| | | |
| **Net decrease in cash and cash equivalents** | **(9,664,865)** | **28,440,371** |
| | | |
| Cash and cash equivalents at beginning of the period | 21,067,716 | 24,502,094 |
| | | |
| **Cash and cash equivalents at end of the period** | **11,402,851** | **52,942,465** |

The accompanying notes on pages 28 to 42 form an integral part of the Unaudited Interim Financial Statements

# Notes to the Unaudited Interim Financial Statements

**FOR THE PERIOD ENDED 30 JUNE 2020**

## 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 required under Article 51 of the Company's Articles of Incorporation, 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. Subject to the proposed resolution to amend the Articles of Incorporation at the forthcoming EGM on 8 September being duly passed at the forthcoming EGM, the Company will no longer propose an annual continuation vote.

The Company's current investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst preserving the capital value of its investment portfolio, utilising the investment skills of the Investment Manager to pursue its investment objective. The Company invests mainly in floating rate senior secured loans issued in U.S. Dollars, Sterling and Euros by primarily North American and European Union corporations, partnerships and other business issuers. These loans will at the time of investment often be non-investment grade. The Company considers debt instruments to be non-investment grade if, at the time of investment, they are rated below the four highest categories (AAA, AA, A and BAA) by at least two independent credit rating agencies or, if unrated, are deemed by the Investment Manager to be of comparable quality.

The Company's share capital was denominated in Pound Sterling and U.S. Dollars and consists of Pound Sterling Ordinary Shares and U.S. Dollar Ordinary Shares as at 30 June 2020. Effective 3 August 2020 the U.S. Dollar Ordinary Shares were compulsorily converted into Sterling Ordinary Shares and the U.S. Dollar share class was subsequently de-listed and closed.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The accompanying Unaudited Consolidated Interim Financial Statements have been prepared on a going concern basis and in accordance with Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The Unaudited Consolidated Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and the Companies (Guernsey) Law, 2008.

The Company is regarded as an Investment Company and it follows the accounting and reporting requirements of the Financial Accounting Standards Board Accounting Standards ("FASB") Codification ("ASC") Topic946 ("ASC946"). The Board believes that the underlying assumptions are appropriate and that the Company's Unaudited Financial Interim Statements therefore present a true and fair view of the results and financial position.

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 as of the reporting date as well as taking into consideration the impacts of Covid-19 and results of the EGM on page 14. On the assumption that the resolutions proposed at the forthcoming EGM to be held on 8 September 2020 are passed, the Company will no longer be subject to an annual continuation vote, but the Board intends to propose a wind-up of the Company should its NAV drop beneath £150 million. Further, the Board is also proposing a change to the existing discount control policy, whereby the current annual redemption offer mechanism will be replaced with a bi-annual tender commencing June 2022. On the basis that the first bi-annual tender offer will take place on or around June 2022 and in the event that the proposed cash exit offer is taken up in full, the Directors remain confident that the NAV will not fall below £150 million in the coming 24 months. The Directors continue to take the view that the Company will remain a going concern.

Despite our confidence that the resolutions proposed at the EGM will pass, the Board acknowledges material uncertainty in the event that either the resolutions do not pass or there is an overwhelming request for the cash exit offer. If either of these eventualities occur, the Board will feel obligated to consult further with shareholders to determine the future direction of the Company.

After making enquiries of the Investment Manager and the Sub-Administrator, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least one year from the date these financial statements were signed. Accordingly, the Directors continued to adopt a going concern basis in preparing these financial statements.

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

Up until 31 December 2019, the Company had a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l., which in turn held a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. On 31 December 2019, the two subsidiaries were liquidated. The Company's Unaudited Interim Financial Statements to 30 June 2020 are therefore on a standalone basis, whilst the comparatives are consolidated as they comprise the Company and its wholly owned subsidiary undertakings

### (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.

In August 2018, Financial Accounting Standards Board ("FASB") issued FASB Accounting Standards Update ("ASU") 2018-13, Fair Value Measurement (Accounting Standards Codification ("ASC") 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The Company has adopted ASU 2018-13 for the interim period. The impact of ASU 2018-13 on the Company is that it requires description of the measurement uncertainty of the fair values to changes in inputs at the reporting date (clarifies that there is no requirement to disclose future changes). It also adds disclosure requirements for the range and weighted average or other quantitative information that reflects the distribution of significant unobservable inputs used in Level 3 fair values.

### Critical accounting estimates

The area where estimates are significant to the financial statements is 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 they operate.

At no point was there a loss of control over the subsidiaries despite the appointment of the liquidator on 18 December 2019. The agreement with the liquidator and Luxembourg law allowed the Company to terminate the liquidator and the liquidator had to take instructions from the Company therefore, consolidation of the subsidiaries was still appropriate at the end of 31 December 2019.

Up until 31 December 2019, the Company had a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l., which in turn held a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. On 31 December 2019, the two subsidiaries were liquidated.

The Company's interim financial statements to 30 June 2020 are therefore on a standalone basis, whilst the comparatives are consolidated as they comprise the Company and its wholly owned subsidiary undertakings.

### (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 translation

Monetary assets and liabilities denominated in a currency other than U.S. Dollars are translated into U.S. Dollar equivalents using spot rates as at the reporting date. On initial recognition, a foreign currency transaction is recorded and translated 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 period, 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 30 June 2020 were 1.2356 USD: 1GBP and 1.1232 USD: 1EUR (31 December 2019 were 1.32475 USD: 1GBP and 1.12250 USD: 1EUR).

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

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.

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

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

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 30 June 2020 to estimate the fair value of each class of financial instruments:

- Valuation of financial investments – The loans, warrants and bonds are valued at bid price. The Investment Manager believes that bid price is the best estimate of fair value and is in line with the valuation policy adopted by the Company. Level 2 and 3
- Equity and warrant investments are carried at fair value as determined by the Investment Manager. Level 1 equity investments are valued using quoted prices.
- 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.
- Derivatives – The Company estimates fair values of derivatives based on the latest available forward exchange rates.
- Payables for investments purchased – The net realisable 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 realisable value reasonably approximates fair value.
- Accrued expenses and other liabilities – The net realisable value reasonably approximates fair value.

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**: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

**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.

## 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 30 June 2020.

#### FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 30 JUNE 2020

| FINANCIAL INVESTMENTS | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|
| Floating rate senior secured loans | – | 367,274,032 | 31,070,323 | 398,344,355 |
| Fixed rate bonds/corporate loans | – | 30,368,278 | 3,448,152 | 33,816,430 |
| Floating rate bonds/corporate loans | – | 6,790,101 | – | 6,790,101 |
| Equity | 501,252 | 77,535 | 2,373,584 | 2,952,371 |
| Warrants | – | 61,895 | 845,212 | 907,107 |
| **Total financial investments** | **501,252** | **404,571,841** | **37,737,271** | **442,810,364** |

| FINANCIAL INVESTMENTS | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|
| Balance at start of the period | 1,503,253 | 495,662,575 | 28,468,522 | 525,634,350 |
| Purchases during the period[1] | – | 186,796,433 | 11,216,643 | 198,013,076 |
| Sales during the period[1] | – | (233,932,934) | (5,528,897) | (239,461,831) |
| Realised loss on investments | – | (15,759,837) | (913,707) | (16,673,544) |
| Unrealised loss on revaluation | (1,002,001) | (20,157,071) | (3,872,373) | (25,031,445) |
| Amortisation | – | 329,758 | – | 329,758 |
| Transfer from Level 2 to Level 3 | – | (18,142,690) | 18,142,690 | – |
| Transfer from Level 3 to Level 2 | – | 9,775,607 | (9,775,607) | – |
| **Balance at end of the period** | **501,252** | **404,571,841** | **37,737,271** | **442,810,364** |

1 Included in these figures is $20,744,335 of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the period. These have been excluded from the sales and purchases in the cash flow statement on page 27.

#### DERIVATIVES AT FAIR VALUE AS AT 30 JUNE 2020

| FINANCIAL ASSETS | NO. OF CONTRACTS | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|---|
| Derivatives (*for hedging purposes only*) | – | – | – | – | – |
| **FINANCIAL LIABILITIES** | | | | | |
| Derivatives (*for hedging purposes only*) | 51 | – | (1,476,390) | – | (1,476,390) |
| **Total** | **51** | **–** | **(1,476,390)** | **–** | **(1,476,390)** |

## 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 2019.

**FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 31 DECEMBER 2019**

| FINANCIAL INVESTMENTS | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|
| Floating rate senior secured loans | – | 472,325,980 | 21,524,049 | 493,850,029 |
| Fixed rate bonds/corporate loans | – | 15,757,823 | 2,266,824 | 18,024,647 |
| Floating rate bonds/corporate loans | – | 6,768,853 | – | 6,768,853 |
| Equity | 1,503,253 | 419,982 | 2,966,980 | 4,890,215 |
| Warrants | – | 389,937 | 1,710,669 | 2,100,606 |
| **Total financial investments** | **1,503,253** | **495,662,575** | **28,468,522** | **525,634,350** |

| | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|
| Balance at start of the year | 286,629 | 856,659,155 | 49,291,665 | 906,237,449 |
| Purchases during the year[1] | 1,561,142 | 321,227,657 | 12,973,073 | 335,761,872 |
| Sales during the year[1] | – | (713,803,223) | (28,212,403) | (742,015,626) |
| Realised loss on investments | – | (19,755,825) | (24,479) | (19,780,304) |
| Unrealised loss on revaluation | (344,518) | 41,679,226 | 2,545,895 | 43,880,603 |
| Amortization | – | 1,550,356 | – | 1,550,356 |
| Transfer from Level 2 to Level 3 | – | (12,488,548) | 12,488,548 | – |
| Transfer from Level 3 to Level 2 | – | 20,593,777 | (20,593,777) | – |
| **Balance at end of the year** | **1,503,253** | **495,662,575** | **28,468,522** | **525,634,350** |

1 Included in these figures is $18,556,073 of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year. These have been excluded from the sales and purchases in the cash flow statement on page 27.

**DERIVATIVES AT FAIR VALUE AS AT 31 DECEMBER 2019**

| FINANCIAL ASSETS | NO. OF CONTRACTS | LEVEL 1 ($) | LEVEL 2 ($) | LEVEL 3 ($) | TOTAL ($) |
|---|---|---|---|---|---|
| Derivatives *(for hedging purposes only)* | 33 | – | 42,725,487 | – | 42,725,487 |
| **FINANCIAL LIABILITIES** | | | | | |
| Derivatives *(for hedging purposes only)* | 48 | – | (6,275,110) | – | (6,275,110) |
| **Total** | **81** | **–** | **36,450,377** | **–** | **36,450,377** |

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. All derivative trades have an enforceable master netting agreement so the net amount based on this is the same as the net amount disclosed in the Unaudited Statement of Assets and Liabilities. As at 30 June 2020, there were two counterparties for the forward contracts (31 December 2019: two).

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

The following tables summarise the significant unobservable inputs the Company used to value its investments categorised within Level 3 at 30 June 2020. The tables are not intended to be all-inclusive but instead capture the significant unobservable inputs relevant to the determination of fair values.

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

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

**UNOBSERVABLE INPUTS AS AT 30 JUNE 2020**

| INVESTMENT TYPE | FAIR VALUE ($) | PRIMARY VALUATION TECHNIQUE | SIGNIFICANT UNOBSERVABLE INPUTS | RANGE/ INPUT* | WEIGHTED AVERAGE |
|---|---|---|---|---|---|
| Floating rate senior secured loans | 31,070,323 | Market Information | Unadjusted Broker Quote | 1* | N/A |
| Equity | 3,373,584 | Market Comparables | EBITDA multiple | 8-16 | N/A |
| Fixed rate bonds/corporate loans | 3,448,152 | Market Information | Enterprise Value | N/A | N/A |
| Warrants | 845,212 | Market Information | Exercise Price | N/A | N/A |
| **Total** | **37,737,271** | | | | |

Level 3 assets are valued using single bid-side broker quotes or by good faith methods of the Investment Manager. For good faith valuations, the Investment Manager directly uses unobservable inputs to produce valuations. These inputs vary by asset class. For example, equity valuations may utilise EBITDA multiples approach. The EBITDA multiple increase/(decrease) results in an increase/(decrease) in the valuation of the equity.

* Bank 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. In situations where discounted cash flow models are used, increasing/(decreasing) discount rates or increasing/(decreasing) weighted average life, in isolation, will generally result in (decreased)/increased valuations.

**UNOBSERVABLE INPUTS AS AT 31 DECEMBER 2019**

| SECTOR | FAIR VALUE ($) | PRIMARY VALUATION TECHNIQUE | SIGNIFICANT UNOBSERVABLE INPUTS | RANGE/INPUT* |
|---|---|---|---|---|
| Bank Debt Investments | 21,524,049 | Market Information | Unadjusted Broker Quote | 1 |
| Equity | 4,677,649 | Market Comparables | EBITDA multiple | 4-11 |
| Corporate Bonds | 2,266,824 | Market Information | Enterprise Value | N/A |
| **Total** | **28,468,522** | | | |

* Bank 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.

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

| PRIMARY UNDERLYING RISK | FOR THE PERIOD ENDED 30 JUNE 2020 ($) (UNAUDITED) | FOR THE PERIOD ENDED 30 JUNE 2019 ($) (UNAUDITED CONSOLIDATED) |
|---|---|---|
| Net realised loss on derivatives | (659,953) | 607,494 |
| Net change in unrealised (appreciation)/depreciation on derivatives | (37,926,767) | (2,713,079) |
| **Total** | **(38,586,720)** | **(2,105,585)** |

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

There is no collateral for forward contracts.

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

The Company 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 30 June 2020 the AIFM designated 24 (31 December 2019: 10) of its floating rate senior secured loans at Level 3. With respect to the level 3 equity position, 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.

## 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 Unaudited Statement of Operations for the period ended 30 June 2020 by type of investment is as follows:

**FOR THE PERIOD ENDED 30 JUNE 2020**
(EXPRESSED IN U.S. DOLLARS)

| | |
|---|---|
| Realised gain on investments | 845,305 |
| Realised loss on investments | (17,518,849) |
| | **(16,673,544)** |
| Realised gain on derivatives | 52,260,492 |
| Realised loss on derivatives | (52,920,445) |
| | **(659,953)** |
| Unrealised gain on investments | 3,974,975 |
| Unrealised loss on investments | (29,006,390) |
| | **(25,031,445)** |
| Unrealised gain on derivatives | 16,328,409 |
| Unrealised loss on derivatives | (54,255,176) |
| | **(37,926,767)** |
| Realised and unrealised gain on foreign currency transactions | 624,216 |
| Realised and unrealised loss on foreign currency transactions | (734,801) |
| | **(110,585)** |

The net realised and unrealised gain/(loss) on investments shown in the Consolidated Statement of Operations for the period ended 30 June 2019 by type of investment is as follows:

**FOR THE PERIOD ENDED 30 JUNE 2019**
(EXPRESSED IN U.S. DOLLARS)

| | |
|---|---|
| Realised gain on investments | 2,450,185 |
| Realised loss on investments | (14,601,568) |
| | **(12,151,383)** |
| Realised gain on derivatives | 51,488,929 |
| Realised loss on derivatives | (50,881,435) |
| | **607,494** |
| Unrealised gain on investments | 39,828,590 |
| Unrealised loss on investments | (4,020,250) |
| | **35,808,340** |
| Unrealised gain on derivatives | 40,616,520 |
| Unrealised loss on derivatives | (43,329,599) |
| | **(2,713,079)** |
| Realised and unrealised gain on foreign currency transactions | 1,208,466 |
| Realised and unrealised loss on foreign currency transactions | (1,343,711) |
| | **(135,245)** |

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

### (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.

Operating expenses are recognised on an accruals basis. Operating expenses include amounts directly or indirectly incurred by the Company as part of its operations. Any costs incurred by a share buyback and by a re-issue of shares held in treasury will be charged to that share class.

The Company carries investments on its Unaudited Statement of Assets and Liabilities at fair value in accordance with US GAAP, with changes in fair value recognised within the Unaudited 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 Investment Manager believes 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.

### (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 Consolidated Statement of Operations in each reporting period.

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.

As shares are denominated in U.S. Dollars and 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.

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

### (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. The Group filed tax returns for its Luxembourg entities. Corporate taxes incurred at the Luxembourg subsidiaries' level totalled €0 (31 December 2019: €72,374) and as these amounts are not considered material by the Directors, they have not been separately disclosed on the Unaudited Statement of Operations. Following the liquidation of the Luxembourg subsidiaries, it is expected that the withholding taxes will increase in 2020. As of 30 June 2020 withholding taxes receivable (reclaimed) totalled $82,539. The Directors consider that, assuming the proposals at the EGM are passed, the Company will become an "offshore fund" for the purposes of the UK's offshore fund rules. The Company intends to apply to HMRC for approval to treat the Company as a "reporting fund" for these purposes. Assuming such approval is obtained, the Company will be treated as a reporting fund from the beginning of its current accounting period on 1 January 2020 and will be required to calculate its income in accordance with the relevant rules applicable to offshore reporting funds and report the same to shareholders.

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 statement comparability among different entities. The Company guaranteed to the Liquidator to pay surplus of 1) tax liabilities, 2) costs and expenses related to the liquidation.

As of 30 June 2020, 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 2019: Nil).

## NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS

### 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. Subject to the resolutions at the EGM being passed, the Company will enter into an Amendment Agreement effective 8 September 2020 amending the Investment Manager's fee to:

| NAV amounts of the Company | 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 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.

As per the Amendment Agreement to the IMA effective 1 October 2019, the Investment Manager is entitled to a fee of 0.65% per annum of the Company's NAV.

For the period ended 30 June 2020, the management fee expense was $1,531,553 (30 June 2019: $3,196,556), of which $708,647 (30 June 2019: $1,550,582) was unpaid at the period end.

The Manager is not entitled to a performance fee.

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

### 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. Under the terms of the agreement, Sub-Administration services are delegated to U.S. Bank Global Fund Services (Ireland) Limited.

The Sub-Administrator is responsible, amongst other things, for the day-to-day administration of the Company (including but not limited to the calculation and publication of the estimated daily NAV).

The Administrator is entitled to an annual fee, accrued daily and paid monthly in arrears, in accordance with the Administration and Sub-Administration Agreement and subject to an annual minimum of $75,000.

For the period ended 30 June 2020, the administration fee was $133,538 (30 June 2019: $232,731) of which $23,318 (30 June 2019: $36,168) was unpaid at the period end.

Effective 22 April 2019, Praxis Fund Services Limited replaced Carey Commercial Limited as the Company Secretary, and is entitled to an annual fee of £85,000 plus out of pocket expenses.

For the period ended 30 June 2020, the secretarial fee was $64,167 (30 June 2019: $111,411), of which $26,250 (30 June 2019: $25,313) was unpaid at the period end.

Effective 1 March 2015, U.S. Bank National Association ("Custodian") became the Custodian of the Company.

The Custodian fees for the period ended 30 June 2020 were $46,312 (30 June 2019: $159,625) of which $36,898 (30 June 2019: $9,519) was unpaid. Sub-Custodian fee refund received for the period ended 30 June 2020 was $255,892. Effective 1 January 2020, the Company entered into an amendment agreement to reduce the Administration and Custodian fees.

### Registrar's Agreement

Link Market Services (Guernsey) Limited is the appointed registrar of the Company. For the period ended 30 June 2020, the Registrar's fees amounted to $71,533 (30 June 2019: $70,810). Of these, $39,018 (30 June 2019: $34,718) was unpaid at the period end.

### Corporate Broker Agreement

Effective 1 January 2019, Numis Securities Limited were appointed the Company's Corporate Broker and Financial Advisors. Numis Securities Limited are entitled to an annual retainer fee of £69,000 p.a.

### 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 Chairman). Mr. Battey's resignation was effective 11 June 2020 and received £19,150. In addition, the Chairman of the Audit and Risk Committee receives an additional £6,000 for services in this role. The Chairman of the Management Engagement Committee and the Chairman of the Remuneration Committee receive an additional £3,000 each per annum and the Senior Independent Director receives an additional £3,000 per annum. For the period ended 30 June 2020, the Guernsey Directors' fees and travel expenses amounted to $115,113 (30 June 2019: $120,904). Of these, $Nil were owing at the period end (30 June 2019: $Nil).

As at 30 June 2020, Mr Battey, Mr Dorey, Mrs Platts and Mr Staples held 30,077, 20,000, 10,069 and 25,000 Sterling Ordinary Shares in the Company respectively (31 December 2019: Mr Battey, Mr Dorey, Mrs Platts and Mr Staples held 30,077, 20,000, 10,069 and 25,000 Sterling Ordinary Shares in the Company respectively). During the period, Mr Dorey's wife held 100,000 U.S. Dollar Ordinary Shares.

During the period ended June 2020, the Directors received the following dividend payments on their shares held: Mr Battey £641; Mr Dorey £426; Mrs Platts £214; Mr Staples £533 and Mr Dorey's wife received $2,210.

### 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 year.

## 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 fixed 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 Company invests predominantly in floating rate investments; however, it does have some exposure to fixed rate investments, which are subject to interest rate risk through movements in their market price when interest rates change. The Financial Conduct Authority announced in 2017 it would not compel or persuade panel banks to make LIBOR submissions after 2021. LIBOR is therefore expected to cease from the end of 2021 impacting trillions of USD financial instruments globally. Whilst there is no single agreed alternative at the present time, the Investment Manager is examining the implications of a transition on the Company and its portfolio and will manage the transition on behalf of the Company.

### 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 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.

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.

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.

## NOTE 4 – RISK FACTORS (continued)

### 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 fall 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 inter positioned between the Company and the borrower. As of 30 June 2020, 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 in exchange rates, particularly related to the details around Brexit.

## NOTE 5 – CONTINGENCIES

In the opinion of the Directors, there were no contingencies as at period 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 and, in the case of a general meeting of all shareholders:

(a) 1.6 votes in respect of each Sterling Ordinary Share held by the shareholder; and

(b) In 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.

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.

## NOTE 6 – SHARE CAPITAL (continued)

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 Euro Ordinary Shares, B Shares or C Shares in issue as at 30 June 2020 (31 December 2019: No Euro Ordinary Shares, no B Shares and no C Shares).

| FROM 1 JANUARY 2020 TO 30 JUNE 2020 | U.S. DOLLAR ORDINARY SHARES | STERLING ORDINARY SHARES | TOTAL |
|---|---|---|---|
| Balance as at 1 January 2020 | **27,711,386** | **433,276,307** | **460,987,693** |
| Monthly conversions[1] | (1,649,207) | 1,372,976 | (276,231) |
| Share buybacks | (1,906,000) | (41,961,281) | (43,867,281) |
| **Balance as at 30 June 2020**[2] | **24,156,179** | **392,688,002** | **416,844,181** |

| FROM 1 JANUARY 2019 TO 31 DECEMBER 2019 | U.S. DOLLAR ORDINARY SHARES | STERLING ORDINARY SHARES | TOTAL |
|---|---|---|---|
| Balance as at 1 January 2019 | **57,929,350** | **730,289,944** | **788,219,294** |
| Monthly conversions[1] | (18,749,182) | 15,174,710 | (3,574,472) |
| Share buybacks | (11,468,782) | (312,188,347) | (323,657,129) |
| **Balance as at 31 December 2019**[2] | **27,711,386** | **433,276,307** | **460,987,693** |

### Treasury Shares

As at 30 June 2020, the Company held the following shares in treasury.

| | 30 JUNE 2020 | 31 DECEMBER 2019 |
|---|---|---|
| Sterling Ordinary Treasury Shares[3] | 75,000,000 | 75,000,000 |
| U.S. Dollar Ordinary Treasury Shares[3] | 1,342,627 | 1,342,627 |

1 The Company offers 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.

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

3 The Company has an approved share buyback programme and may elect to buyback ordinary shares at certain times during the period/year for either cancellation or to be held as Treasury shares.

## Note 7 – FINANCIAL HIGHLIGHTS

| 30 JUNE 2020 | U.S. DOLLAR ORDINARY SHARE AS AT 30 JUNE 2020 (USD) | STERLING ORDINARY SHARE AS AT 30 JUNE 2020 (GBP) |
|---|---|---|
| **Per share operating performance** | | |
| NAV per share at the beginning of the period | 0.9872 | 0.9594 |
| Share buybacks and share conversions during the period | 0.0075 | 0.0041 |
| **Income from investment operations**[(a)] | | |
| Net income per share for the period[(b)] | 0.0200 | 0.0194 |
| Net realised and unrealised loss from investments | (0.0789) | (0.0762) |
| Foreign currency translation | – | (0.0115) |
| **Total gain from operations** | **(0.0589)** | **(0.0683)** |
| Distributions per share during the period | (0.0228) | (0.0216) |
| **NAV per share at the end of the period** | **0.9130** | **0.8736** |
| | | |
| **NAV Total return**[1,2, (b)] | (5.47%) | (6.93%) |
| **Ratios to average net assets**[2, (b)] | | |
| Net investment income | 2.19% | 2.19% |
| Expenses | (0.42%) | (0.42%) |

(a) The average number of shares outstanding for the period was used for calculation.

(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 period. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

2 Not annualised for periods less than one year.

## Note 7 – FINANCIAL HIGHLIGHTS (continued)

| 31 DECEMBER 2019 | U.S. DOLLAR ORDINARY SHARE AS AT 31 DECEMBER 2019 (USD) | STERLING ORDINARY SHARE AS AT 31 DECEMBER 2019 (GBP) |
|---|---|---|
| **Per share operating performance** | | |
| NAV per share at the beginning of the year | 0.9468 | 0.9215 |
| Share buybacks and share conversions during the year | 0.0047 | 0.0232 |
| **Income from investment operations**[(a)] | | |
| Net income per share for the year[(b)] | 0.0457 | 0.0440 |
| Net realised and unrealised loss from investments | 0.0431 | 0.0365 |
| Foreign currency translation | – | (0.0169) |
| **Total gain from operations** | **0.0888** | **0.0636** |
| Distributions per share during the year | (0.0531) | (0.0489) |
| **NAV per share at the end of the year** | **0.9872** | **0.9594** |
| **NAV Total return**[1, (b)] | 9.43% | 9.27% |
| **Ratios to average net assets**[(b)] | | |
| Net investment income | 4.69% | 4.66% |
| Expenses | 1.08% | 1.10% |

(a) The average number of shares outstanding for the year was used for calculation.

(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 - SUBSEQUENT EVENTS

Since the period ended 30 June 2020 and up to 27 August 2020 being the last practicable date prior to publishing, the Company has repurchased 200,000 Sterling Ordinary Shares and zero U.S. Dollar Ordinary Shares for cancellation.

On 3 August 2020, all of the U.S. Dollar Ordinary Shares were compulsorily converted into Sterling Ordinary Shares following which the USD. Share Class was de-listed and is no longer available. The Company also ceased its voluntary conversion facility.

On 17 August 2020, the Company announced proposed strategic changes to the Company which will be put to its shareholders at an EGM to be held on 8 September 2020. These changes are detailed in full in the EGM circular available on the Company's website. The key proposals include a change to the Company's investment policy, investment objective and dividend policy, a proposed change of the Company's name, adoption of new Articles of Incorporation and a proposed cash exit offer.

# Contact Details

### Directors

Rupert Dorey – Chairman
Sandra Platts
David Staples

All c/o the Company's registered office.

### Registered Office

Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 1GR

### Company Secretary

Praxis Fund Services 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.nbgfrif.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 www.nbgfrif.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: NBLS: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 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. We are open between 9 a.m. to 5:30 p.m., Monday to Friday excluding public holidays in England and Wales.