



28 February 2022

Effective September 8th, 2020, the NB Global Floating Rate Income Fund Limited was renamed to the NB Global Monthly Income Fund Limited

### FUND OBJECTIVE

The NB Global Monthly Income Fund Limited ("the Fund") aims to provide its shareholders with consistent levels of monthly income, while maintaining or increasing the Net Asset Value per Share over time. The Fund's managers seek to achieve this strategy by investing in a broad range of credit assets, including but not limited to high yield and investment grade bonds and alternative credit comprising of private debt, special situations and CLO debt tranches.

### INVESTMENT MANAGEMENT TEAM



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



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



**Simon Matthews**  
Senior Portfolio Manager  
London

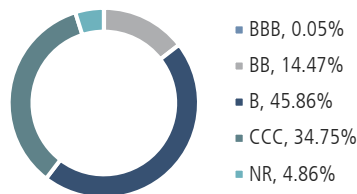


**Norman Milner**  
Senior Portfolio Manager  
New York

### FUND FACTS

Ticker	NBML:LN
ISIN	GG00B3KX4Q34
Admission Date	20 April 2011
Management Fee*	0.75%
ISA & SIPP eligible	Yes
Pricing	Daily
NAV (GBP)	0.9295
Share Price (GBP)	0.8740
Premium/Discount	-5.97%
Market Cap (GBP)	216.04 Million
Dividend Policy	Monthly
Last Dividend (GBP)	0.0042
Annualised Dividend Yield (%)	5.77%

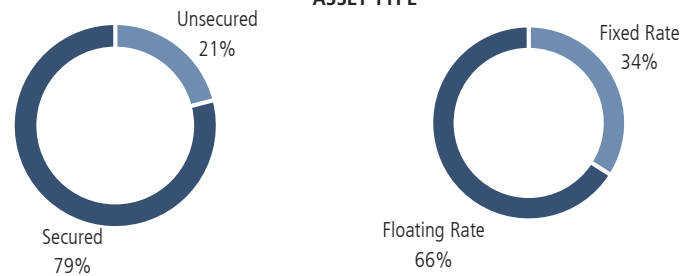
### CREDIT QUALITY % (MV)



### ASSET ALLOCATION % (MV)



### ASSET TYPE



### TOP 10 S&P SECTORS % (MV)

	Fund
Electronics	11.91
Health Care	10.74
Oil & Gas	6.93
Business Equip. & Services	5.93
Utilities	5.23
Building & Dev	5.15
Industrial Equip	5.00
Telecommunication	4.08
Insurance	3.51
Retailers	3.10

Holdings data excludes cash

### TOP 10 ISSUERS % (MV)

	Sector	Fund
Brock Holdings III Inc	Business Equipment & Services	1.73
Chamberlain Group	Building & Development	1.68
Euro Garages	Retailers	1.60
Constellation Automotive Limited	Automotive	1.49
Team Health	Health Care	1.43
CSC Holdings	Cable Television	1.29
Uniti Group	Telecommunication	1.18
Parexel	Health Care	1.16
Asurion	Insurance	1.03
WSH Investments	Food Services	1.02

### PORTFOLIO STATISTICS \*\*

Current Portfolio Yield (%)	6.46
Hedged Portfolio Yield (%)	7.55
Yield to Maturity (%)	7.31
Duration (years)	1.67
Number of Issuers	212
Average Credit Quality	B-
Weighted Average Price	96.85

Past performance is not a reliable indicator of future result

\* The current management fee is 0.75% (on assets below £500m); 0.70% (on assets greater than £500m and lower or equal to £750m); 0.65% (on assets greater than £750m and lower or equal to £1bn); 0.60% (on assets greater than £1bn)

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

### CONTACT

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## MONTHLY COMMENTARY

### Market Update

Non-investment grade credit markets finished the month of February with negative returns, capping a volatile first two months of the year for risk assets. The Russian invasion of Ukraine and concerns that the Fed, ECB and Bank of England will face tougher battles in their fight against higher inflation caused generalized macro volatility to spike. As a result of the uncertainty around the military conflict, market implied Fed Funds rate expectations for 2022 ratcheted downward somewhat after U.S. Treasury yields peaked mid-month at 2.05% which added to the declines in the broader bond market. Meanwhile, after yields on 10-year German Bunds moved to positive territory in January, they moved higher still to a near-term peak in mid-February which also looked to be pricing in further monetary tightening in Europe. It is important to point out that floating rate loans held up better than longer dated and higher beta assets given their shorter duration and de minimus direct country exposure to Russia and Ukraine. While the secondary impacts of higher commodity prices are an area of focus regarding the outlook for real GDP growth, issuer fundamentals across non-investment grade credit markets remain in good shape with default rates below or near all-time lows.

In the month of February, U.S. senior floating rate loans—measured by the S&P/LSTA Leveraged Loan Index (the “S&P LLI”)—returned -0.51% with the highest and lowest rated loans underperforming as the BB, B and CCC rated segments of the index returned -0.59%, -0.49% and -0.63%, respectively. For the first two months of the year, the S&P LLI returned -0.15%. The LL100, a measure of the largest, most liquid issuers, returned -0.54% in the month and -0.40% year-to-date, underperforming the total S&P LLI. The European Leveraged Loan Index returned -1.11% in February and -0.76% year-to-date, excluding currency effects. The second lien loans index returned -0.23% in February and +0.58% year to date.

The global high yield bond market finished the month of February down significantly in a broad risk asset sell-off. Despite the rout in risk markets, there were no major negative fundamental news events in credit markets. The ICE BofA Global High Yield Constrained Index finished the month with a return of -2.09% and -4.44% year to date. In February, returns across ratings saw lesser drawdowns in the lower-rated credit tier as the BB, B, CCC & lower rated categories of the ICE BofA Global High Yield Index returned -2.25%, -1.99%, and -1.34%, respectively.

CLO debt spreads widened in February, as the CLO market and other credit assets reacted negatively to the Russian invasion of Ukraine and associated global economic implications of the conflict and sanctions. Much like broader credit markets, with more acute effects being felt on the European continent, US CLO debt held up better than European CLO debt. That said, overall secondary market volumes declined 35% month-over-month as broader market volatility in the second half of February caused bid-ask spreads to widen, and the non-investment grade share of total trading volumes dropped to 5% in the last week of February. The CLO BB index declined -1.60% over the month.

Default rates in February remained at all-time lows in high yield and are just above all-time lows in loans, which is consistent with sturdy balance sheets and solid free cash flow growth. Our outlook for defaults also remain benign with well-below average default rates expected in 2022 and 2023. Non-investment grade credit, especially given its lower duration profile and attractive yields, will likely continue to see favourable investor demand as rising interest rates weigh on longer duration, lower yielding fixed income.

In our view, non-investment grade valuations are more than compensating investors for the benign default outlook, will continue to provide durable income and are especially attractive compared to other fixed income alternatives. While the Russia-Ukraine conflict and higher inflation present heightened uncertainty, real U.S. GDP growth is estimated to be in the 3.5 – 4.0% range for 2022 and input costs for most issuers are being passed on to end markets. Our analysts have been focused on the outlook for issuer margins given rising input cost pressures. Mitigating this, however, is strong consumer and business balance sheets, growing nominal wages, strong jobs growth and businesses working to clear supply bottlenecks, which should provide support for issuer fundamentals. While there is near zero direct exposure to Russia and Ukraine in the loan and high yield markets, our global research team continues to monitor the investment thesis for each issuer in the portfolio given the uncertainty around the Russia-Ukraine conflict and the secondary impacts related to commodity prices and the sanctions put in place on Russia. Supply chain disruptions remain a concern which is also something we continue to monitor closely. Even with the elevated geopolitical risk and spike in commodity prices, which is resulting in short-term volatility, we believe our bottom-up, fundamental credit research focused on security selection while seeking to avoid credit deterioration and putting only our “best ideas” into portfolios, position us well to take advantage of the increased volatility.

### Portfolio Positioning

The overall Fund exposure to floating rate assets is at 66%, with an average duration of 1.67 years. We reduced exposure to Floating Rate loans which held up much better in a period of rising volatility and rotated into select Special Situations and Global High Yield where fixed rate bonds in particular began to screen attractively in relative terms. Exposure to Private Debt and CLO Debt Tranches was broadly stable over the month. Our exposure to CCC rated issuers increased modestly in the month, a function of additions to Special Situations in most part. This was offset by a reduction in single B and a modest increase in BB rated issuers. Primary market activity was more subdued during the period as the market sold off and geopolitical risks increased, nevertheless we did participate in a handful of transactions.

### Recent investments

We added exposure in primary to a new 1st lien loan from FloWorks, a distributor of specialty flow control products. The credit is supported by the high proportion of revenues from the less cyclical maintenance & repair market for highly specialized equipment used in the chemicals, refining, and other industrial industries which have good end market drivers. Leverage we believe to be reasonable, and is supported by a healthy equity cushion and free cash flow profile. We also like the market structure, given there are only a limited number of competitors.

We also added a position in the 4.75% '24 bond from Viridian, the largest vertically integrated electric utility in Northern Ireland, focused specifically on wind generation, with additional operations in the Republic of Ireland. Credit quality is underpinned by their number one position in the Irish electricity generation and supply market, growing portfolio of wind assets, supportive regulatory regime and well invested CCGT portfolio that provides a highly efficient baseload output.

## RISK CONSIDERATIONS

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

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

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

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

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

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

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

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

## IMPORTANT INFORMATION

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

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