

NEWSLETTER – AS OF 31 JANUARY 2019

Dear Unitholders,

We are pleased to provide this January 2019 update for the NB Global Corporate Income Trust (ASX: NBI).

Market Review

Following a vicious December sell-off, equity markets rose to close out their best January in three decades. Strong earnings and the U.S. Federal Reserve indicating it will pause rate hikes caused investors to rush back into the market. The S&P 500 gained 7.6% (AUD-hedged) in January, its biggest monthly rally since October 2015. During the same period, the ASX 200 gained 3.9%.

The global high yield market has also had a strong start to the year, with the ICE BofAML Global High Yield Index (AUD-hedged) gaining 3.8%, and in the process recovering all of its -3.5% loss suffered in the final quarter of 2018.

Market Outlook

Although economic growth is expected to slow, we believe the probability of a near term recession is low. In addition, while volatility is likely to persist, we believe valuations for high yield corporate bonds compensate investors for modest default risk. The operating performance of underlying issuers has been stable; revenue and EBITDA growth have improved as leverage has plateaued; and, refinancing activity has significantly reduced the number of bonds maturing in the near term.

However, the performance of global high yield bond markets continues to be susceptible to a variety of factors, including uncertainty around government disruptions, such as aggressive rhetoric, trade policy and the overall regulatory environment. Below-average new issue supply of high yield bonds continues to be supportive, and we expect issuance to remain flat year-on-year during 2019.

We believe NBI is well-positioned to provide downside protection as market volatility persists given its generally higher quality positioning. However NBI will allocate selectively to lower quality B and CCC securities where we see attractive relative value.

NBI Review

NBI's NTA registered a strong rebound of 4.7% in January and its performance since inception has been in-line with our expectations given the resilient nature of corporate high yield bonds. Historically, during periods of volatility, high yield has provided lesser drawdowns and quicker rebounds as compared to equity, and we have now witnessed this first-hand in the current environment.

It is also important to note that since its inception, NBI has experienced no defaults in its portfolio and has continued to generate a stable and consistent income stream despite the volatility in underlying bond prices. For January, NBI announced a monthly distribution of 0.875 cents per Unit, which keeps it firmly on track to achieving its Target Distribution¹ of 5.25% per annum (net of fees and expenses).

For more detailed information on NBI, please view the [Monthly Investment Report](#).

NBI Issuer Highlight

NBI holds a diversified portfolio of corporate high yield bonds issued by large, liquid global companies.

One example is Pampa Energia. Pampa is the largest, fully integrated energy company in Argentina. Through its subsidiaries, Pampa participates in electricity generation and Oil & Gas production.

We believe the credit fundamentals of Pampa remain solid. Its FY2017 revenue exceeded US\$3.1 billion and it maintains a low Debt to EBITDA ratio of 1.2x. Despite Pampa's strong fundamentals, its bond price declined by over 9% from peak to trough during the last quarter of 2018. However, we then saw its bond price recover strongly by over 6.5% in the first month of 2019. We believe Pampa will continue to have strong prospects and deliver stable income to NBI.

For more information about NBI's Top 10 issuers, please view [here](#).

NBI Investment Team

Latest Update

Markets Summit 2019 The heat is on!

Tue 19 February 2019, Sydney



Neuberger Berman is delighted to participate as a Faculty Partner in the upcoming Portfolio Construction Forum Markets Summit 2019 (Tue 19 Feb 2019, Sydney). Markets Summit is THE investment markets scene setter of the year. The blended live and online learning program features 20+ leading investment thinkers - geopolitical specialists, economists, market/asset class experts, and investment strategists - from around the world. Each offers his/her best high conviction ideas on the drivers of and outlook for the markets (geopolitical, economic and asset class), and the opportunities and risks ahead, on a three- to five-year view, in the context of the theme - The heat is on! - and the implications for portfolios.

[Click here for more information about the event](#)

1. The Target Distribution is only a target and may not be achieved. Actual distributions will be monitored against the Target Distribution. The Target Distribution will be formally reviewed at least annually (as at the end of each financial year) and any reduction in Target Distribution will be notified by way of ASX announcement as required. Investors should review the "Risk Factors" set out in Section 8 of the PDS

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