

## NEWSLETTER – AS OF 28 FEBRUARY 2019

Dear Unitholders,

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

### Market Review

U.S. and China trade talks continue to dominate the headline news. Trade tensions appeared to improve as President Donald Trump delayed the 25% tariffs scheduled on \$200bn in Chinese imports. Fourth quarter 2018 earnings results in the U.S. have been broadly positive, suggesting underlying company fundamentals remain healthy. The U.S. economy continues to demonstrate solid growth and is providing a supportive environment for global markets. In Europe, the uncertainty surrounding Brexit continues to weigh on market sentiment with a critical U.K. Parliament vote expected in mid-March and Brexit day on 29 March drawing ever closer.

Against this backdrop, the global high yield market has continued to post positive returns, with the ICE BofAML Global High Yield Index (AUD-hedged) gaining 1.7% during the month.

### NBI Review

NBI recorded a positive return of 1.94% in February. Since its inception, NBI has experienced no defaults in its portfolio and invested in a diversified portfolio of corporate bonds issued by large, liquid global companies.

For February, NBI announced a monthly distribution of 0.875 cents per Unit, which keeps it firmly on track to achieving its Target Distribution<sup>1</sup> of 5.25% per annum (net of fees and expenses) and maintains its objective of distributing reliable and consistent income.

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

### Market Outlook

We believe fundamentals and valuations should offset the impact of a soft landing. Economic growth is expected to slow, but we believe the probability of a near-term recession remains low. Operating performance of underlying issuers has been stable; revenue and EBITDA growth remain in positive territory; leverage continues to decline; and, refinancing activity has significantly reduced the volume of bonds maturing in the near term. We believe NBI is well-positioned to provide downside protection should market volatility persist, while taking advantage of future opportunities to invest in lower quality securities.

Given ongoing demand, resulting in NBI trading at a premium to NTA, and with a view to promoting additional market liquidity through an expanded investor base, NBI is considering a new capital raise in mid-May. It is anticipated that the offer of new units will comprise both an entitlement offer and general offer. Neuberger Berman is currently in discussions with the proposed joint lead managers and further details will be released in due course. View our latest press release [here](#).

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

### NBI Investment Team

## Latest Update



### Latest Market Update

Vivek Bommi, Senior Portfolio Manager - Global High Yield, provides an update on the NB Global Corporate Income Trust and shares his latest views on the global high yield market.

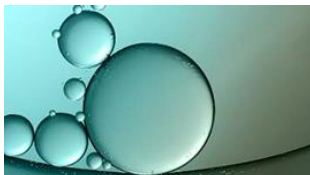
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### Positioning Fixed Income Portfolios for a Maturing Cycle

The U.S. senior loan market has seen explosive growth over the last few years and senior loans have become an increasingly significant part of the capital structure for non-investment grade companies. However, while senior loans have a part to play in a well-diversified fixed-income portfolio, now does not appear to be the time for an aggressive allocation to senior loans given the increase in lower-rated issuance, declining debt cushions and loosening loan underwriting standards.

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### The Case for Global High Yield Bonds

The majority of Australian investors have little to no exposure to global high yield bonds...Vivek Bommi makes the case for this diversifying asset class, which exhibits some unexpected characteristics.

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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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