

# APPENDIX 4D HALF-YEAR REPORT

NB Global Corporate Income Fund (ARSN: 627 297 241) (the "Fund")

Current reporting period 1 July 2019 to 31 December 2019  
Previous reporting period 26 September 2018 to 31 December 2018

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

PERFORMANCE	31 DECEMBER 2019 \$M		THE PERIOD 26 SEPTEMBER 2018 TO 31 DECEMBER 2018 \$M
Total investment income/(loss) (Revenue from ordinary activities)	43.53	Up 403.77% from	(14.33)
Operating profit/(loss) for the half-year	39.76	Up 360.72% from	(15.25)
Total comprehensive income/(loss) for the half-year	39.76	Up 360.72% from	(15.25)

## DETAILS OF DISTRIBUTIONS

DISTRIBUTIONS <sup>(1), (2)</sup>	RECORD DATE	PAYMENT DATE	AMOUNT PER UNIT (CPU)	FRANKED AMOUNT PER UNIT (CPU) <sup>(3)</sup>
Distribution – July 2019	2 August 2019	9 August 2019	0.8991	-
Distribution – August 2019	3 September 2019	10 September 2019	0.8991	-
Distribution – September 2019	2 October 2019	10 October 2019	0.8991	-
Distribution – October 2019	4 November 2019	11 November 2019	0.8991	-
Distribution – November 2019	3 December 2019	10 December 2019	0.8991	-
Distribution – December 2019	3 January 2020	10 January 2020	0.8991	-

(1) Subsequent to the current reporting period, the Fund made a distribution for the month of January 2020 and has announced the details of its distribution for the month of February 2020.



- a. The January 2020 monthly distribution had a record date of 4 February 2020 and a payment date of 11 February 2020. The amount distributed was 0.8991 CPU and was unfranked.
  - b. The February 2020 monthly distribution will have a record date of 28 February 2020 and a payment date of 6 March 2020. The Fund intends on distributing 0.8991 CPU and for the distribution to be unfranked.
- (2) All distributions relate to foreign sourced income.
  - (3) The Fund is a flow through vehicle for tax purposes and thus there is no franked amount per unit.

## DETAILS OF DISTRIBUTIONS REINVESTMENT PLAN

Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975) (the **Responsible Entity**) established the distribution reinvestment plan rules (**DRP Rules**) on 26 September 2018 under which unit holders may elect to receive additional units instead of cash distributions.

Unit holders may elect by electronic **DRP** election to join the **DRP** or vary the level of participation in the **DRP**. The last date for election to participate in the **DRP** was 6 January 2020.

The Responsible Entity makes distributions on a monthly basis. In accordance with the **DRP Rules**, units are issued at the net asset value of a unit or other unit application price determined under the constitution for the Fund (**Constitution**), on the record date. The record date is the 2<sup>nd</sup> business day of each month.

NET TANGIBLE ASSETS	CURRENT REPORTING PERIOD (\$)	PRIOR REPORTING PERIOD (\$)
Net tangible assets per unit	2.06	1.91

## CONTROL GAINED OR LOST DURING THE PERIOD

There were no entities over which control has been gained or lost during the current reporting period.

## ASSOCIATES AND JOINT VENTURES ENTITIES

There were no holdings in associates or joint venture entities during the current reporting period.

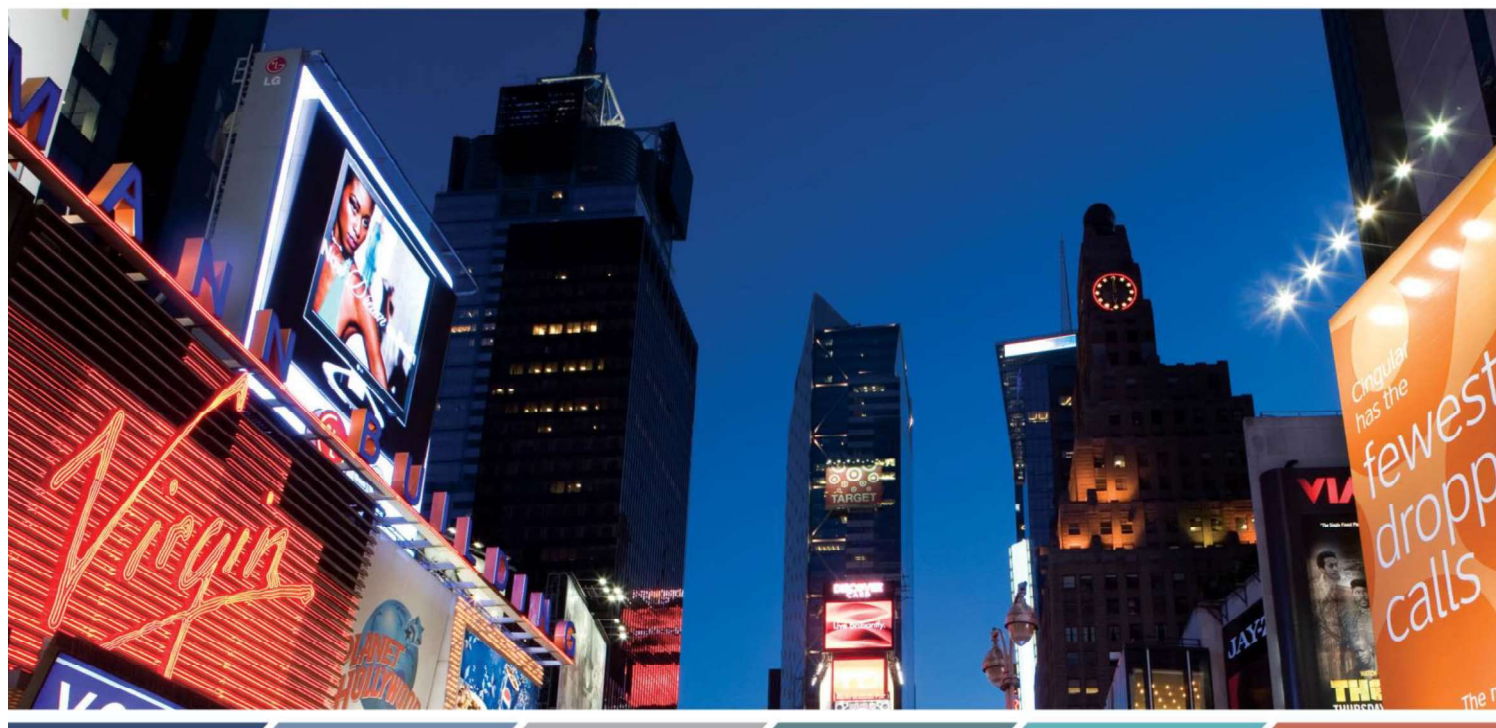
## STATUTORY REVIEW

The interim report for the period 1 July 2019 to 31 December 2019 has been reviewed by PricewaterhouseCoopers and an unmodified review report has been issued.

## COMMENTARY

Additional Appendix 4D disclosure requirements can be found in the financial report for the half-year ended 31 December 2019 which contains the Directors' report, the condensed financial statements and accompanying notes.

Philip Gentry, Director, Equity Trustees Limited, the Responsible Entity of NB Global Corporate Income Fund, has authorised that this document be given to the ASX.



# **NB GLOBAL CORPORATE INCOME TRUST**

ARSN 627 297 241

## **CONDENSED FINANCIAL REPORT**

For the half year ended 31 December 2019

### **INVESTMENT MANAGER**

Neuberger Berman Australia Limited  
(ABN 90 146 033 801, AFSL 391401)

### **RESPONSIBLE ENTITY**

Equity Trustees Limited  
(ABN 46 004 031 298, AFSL 240975)



## NB Global Corporate Income Trust

ARSN 627 297 241

### Condensed Financial Report

For the half year ended 31 December 2019

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This condensed financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed financial report is to be read in conjunction with the annual report for the period ended 30 June 2019 and any public announcements made in respect of NB Global Corporate Income Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This condensed financial report covers NB Global Corporate Income Trust as an individual entity.

The Responsible Entity of NB Global Corporate Income Trust is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street

Melbourne, VIC 3000.



## Directors' Report

The directors of Equity Trustees Limited, the Responsible Entity of NB Global Corporate Income Trust (the "Fund"), present their report together with the condensed financial statements of the Fund for the half year ended 31 December 2019. These condensed financial statements have been prepared as it is a disclosing entity under the Corporations Act 2001.

### Principal activities

The Fund was constituted on 4 July 2018, registered with the Australian Securities and Investments Commission on 17 July 2018, and commenced operations on 26 September 2018. There was no investment activity in the period 17 July 2018 to 25 September 2018. The Fund was listed on the Australian Securities Exchange (ASX) on 26 September 2018 and is quoted under ticker code: NBI.

The Fund invests in corporate debt securities in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Fund also uses derivatives for hedging purposes.

The Fund did not have any employees during the half year ended 31 December 2019 (31 December 2018: Nil).

There were no significant changes in the nature of the Fund's activities during the half year ended 31 December 2019 (31 December 2018: Nil).

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	Neuberger Berman Australia Pty Limited
Custodian and Administrator	JPMorgan Chase Bank, N.A.
Statutory Auditor	PricewaterhouseCoopers

### Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the half year and up to the date of this report:

Philip D Gentry	Chairman
Harvey H Kalman	
Ian C Westley	
Michael J O'Brien	
Carmen Lunderstedt	Company Secretary (resigned 8 October 2019)
Susan Taylor	Company Secretary (appointed 8 October 2019)

### Review and Results of Operations

During the half year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance for the half year ended 31 December 2019 was 3.17% (net of fees). The referable index of the Fund, the ICE BofAML Global High Yield Index returned 3.52% for the same period.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended 31 December 2019	For the period 26 September 2018 to 31 December 2018
Operating profit/(loss) for the half-year (\$'000)	39,763	(15,252)
Distributions paid and payable (\$'000)	24,023	5,434
Distributions (cents per unit)	5.39	2.64

## Significant Changes in State of Affairs

On 8 October 2019, Carmen Lunderstedt resigned as company secretary and was replaced by Susan Taylor on the same date.

On 2 July 2019, the Fund also completed a \$476 million capital raising at an offer price of \$2 per new ordinary unit issued.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the half year ended 31 December 2019.

## Matters subsequent to the end of the half-year

The Fund declared distributions on both 2 January and 3 February 2020 and announced on 20 February 2020, a distribution for 27 February 2020.

On 21 January 2020, the Responsible Entity announced a 3 new units for every 4 existing units non renounceable entitlement and shortfall offer of new fully paid ordinary units in the Fund to raise up to \$749 million. The offer was made available to institutional and retail investors in Australia and New Zealand under a Product Disclosure Statement and closed on 21 February 2020. On 26 February 2020, it was announced that the offer had received applications exceeding \$340 million at an offer price of \$2.05, as per the Product Disclosure Statement the allotment and issue of new units under the entitlement offer will occur on 2 March 2020.

## Fees paid to and interests held in the Fund by the Responsible Entity and its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the period are disclosed in Note 14 to the condensed financial statements.

No fees were paid out of Fund property to the directors of the Responsible Entity during the half year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial period are also disclosed in Note 14 to the condensed financial statements.

## Rounding of amounts to the nearest thousand dollars

The Fund is a registered scheme of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' report and condensed financial statements.

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

## Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited.



Philip D Gentry  
Chairman

Melbourne  
27 February 2020

## Investment Managers' Report

### Performance Highlights

Over the six months ended December 31, 2019 the Strategy's net return was 3.17%.

### Summary

During the six months ended December 31, 2019, security selection within Energy, Telecommunications and Support-Services was the most beneficial to performance. In contrast, security selection within Utilities, an underweight to Insurance and security selection within Food & Drug Retail were the largest detractors. Within our ratings' positioning, security selection within the Strategy's BB rated issuers was the most beneficial to performance while an underweight to BB issuers was the largest detractor, albeit modest.

Over the period we increased our exposure to the Support-Services and Media-Broadcast sectors and reduced our positioning within the Media-Cable and Energy sectors. The Strategy has a larger weighting to B rated bonds and lower exposure to BB rated bonds based on relative value considerations.

### Market Context

- High yield had strong returns over the period in a market environment characterized by an increase in idiosyncratic "tail" credit events (e.g. increasing credit dispersion) and somewhat of a lessening in macro and geopolitical risk driven by changes in monetary policy and the reduction of uncertainty with Brexit and US/China trade tensions. Over the six months ended December 31, 2019, the global high yield market as measured by the ICE BofA Global High Yield Constrained Index returned 4.20%. The US high yield market, represented by the ICE Bank of America US High Yield Constrained Index returned 3.86%. The European high yield market, represented by the ICE Bank of America European Non-Financial High Yield 3% Constrained Index, returned 3.06%.
- While there were bouts of volatility in the high yield market during the period driven by shifting political winds (UK/Brexit, elections, Germany, Hong Kong, China, US policy), changes in expectations for monetary policy and flare-ups in trade tensions, the US and European economies were more resilient than expected. Chinese economic growth also slowed given weakness in global trade flows and manufacturing. While the lower growth environment was challenging for many issuers, corporate profits for the majority of high quality issuers often exceeded much lowered expectations. While the US/China trade war has not been completely resolved, late in the year there was an announcement of a "phase-one" trade deal, which caused a shift in investor expectations fueling a global risk-on rally in December where lower quality high yield saw better returns. Generally, over the six month ended December 31, 2019, higher quality securities saw better returns than their lower quality counterparts.
- The European high yield market was supported by a number of factors over the six months ended December 2019, including accommodative policy by the European Central Bank (ECB) and Bank of England and a lessening of US/China trade tension which reduced uncertainty in the region as the Eurozone economies have a higher exposure to exports than the US. The backdrop of more accommodative monetary policy and lower interest rates were also supportive of issuer fundamentals and investor risk sentiment. Later in the year, the ECB signaled that rate cuts could be on hold in the near term which may have suggested to market participants that policymakers and economists were slightly less concerned about further deterioration in growth.
- Emerging markets were impacted by increasing trade tensions which weighed on global growth prospects and commodity prices over the period. However, the outlook improved somewhat late in the year as the US and China signed a "phase one" trade deal which reduced some of the uncertainty. That said, there remains risk to global trade flows either due to a reescalation, trade wars extending to other trade partners or no further progress being made after the "phase one" deal. For now, markets are less focused on trade war concerns and have very recently shifted focus to event risk in China and SE Asia which will likely have a disproportionately negative impact on Emerging Markets.
- The global high yield market's yield to worst ended the year at 5.15%.
- The global high yield default rate remain very low at just 0.92%.

### Performance Highlights

- Top contributors to relative returns during the period included Petrobras within Energy, Altice France within Telecommunications and Hertz within Support-Services.
- Top detractors from relative returns included Agua Y Saneamientos Argentinos within Utilities, and underweight to the Insurance sector and Casino Guichard Perrachon within Food & Drug Retail.

## Portfolio Strategy & Activity

- The Strategy invests in non-investment grade corporate bonds with a current target distribution rate of 5.25%. The current yield as of the end of December is 5.93%.
- The Strategy currently has larger exposure to securities rated B with lower exposure to bonds rated single BB. This is primarily on relative valuation considerations and based on bottom-up credit selection. The average credit rating for the Strategy is BB-.
- The Strategy has more exposure to less cyclical sectors such as Services and Media-Cable and a lower weighting to more cyclical sectors such as Energy and Automotive & Auto Parts.
- The Strategy currently has larger positions to bonds from the US, the UK and France and less to Italian and Chinese bonds.
- Over the period the Strategy's exposure increased to the Support-Services and Media-Broadcast sectors and decreased exposure to the Media-Cable and Energy sectors. Shifts in these sectors was a result of relative valuation considerations based on bottom-up credit fundamentals as well as an overall positioning away from more cyclical and commodity-exposed sectors.

## Outlook

The US and European high yield markets started 2020 with intra-month volatility primarily driven by an unexpected and escalating outbreak of the Novel Coronavirus in China. Even with the volatility, the ICE BofA US High Yield Constrained Index was flat in January, returning 0.00%. Despite the focus on headline risk and day-to-day news flow—which led to modest high yield spread widening—fundamentals of most US high yield issuers remained constructive. This type of environment of short-lived headline risk coupled with credit dispersion and overall stable fundamentals has typically resulted in an improved opportunity set from a credit selection perspective. The theme of a widening gap between lower quality and higher quality issuers remains persistent, especially in a lower real GDP growth environment. Issuers with unsustainable capital structures in secularly-declining parts of retail, energy, commodity- and highly cyclical industries continued to disappoint on measures of operating performance, many of which are likely to see increased stresses based on the recent decline in commodity prices and disruptions in Chinese supply chains. Aside from these pockets of idiosyncratic or deep-cyclical risk, most high yield issuers continue to report low-but-positive revenue growth, earnings that are generally in-line, good interest coverage and only modest increases in leverage. Much of the deterioration in credit fundamentals has been and continues to be driven by a subset of issuers in the more-distressed “tail” of the high yield universe. Illustrative of this is the fact that default activity remains relatively benign outside of Energy and commodity-focused industries.

We believe that spreads in the global high yield market are compensating investors for a relatively benign default environment, especially when excluding the secularly-challenged, idiosyncratic risk credits. Outside of the distressed parts of the high yield market, we continue to see solid operating performance with positive revenue and earnings growth, stable to reduced leverage and good interest coverage. While we continue to find ample opportunity in the high yield universe on a credit selection basis, headline risks continue to exist, including uncertainty around global growth expectations, global trade policy, uncertainty around the impact of the Coronavirus and geopolitical event risk (including the upcoming US Presidential elections and policy responses to recent events in China). This could continue to lead to periods of spread volatility. We believe our portfolio is well-positioned to provide downside protection as market volatility rises and that we will look to tactically take advantage of the increased volatility to add to credits with more stable and/or improving fundamentals and attractive valuations.

### **Corporate Governance Statement**

Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975) in its capacity as a responsible entity ("Responsible Entity") of the NB Global Corporate Income Trust ("the Fund"), has established a corporate governance framework which sets out the rules, relationships, systems and processes within which the Responsible Entity operates to promote investor confidence and good corporate governance.

Refer to the URL below for the location of the corporate governance statement on the Investment Manager's website:

[https://www.nb.com/documents/public/en-au/nb\\_gcit\\_corporate\\_governance\\_statement.pdf](https://www.nb.com/documents/public/en-au/nb_gcit_corporate_governance_statement.pdf)



### *Auditor's Independence Declaration*

As lead auditor for the review of NB Global Corporate Income Trust for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'G Sagonas', with a long horizontal flourish extending to the right.

George Sagonas  
Partner  
PricewaterhouseCoopers

Melbourne  
27 February 2020

**Condensed Statement of Comprehensive Income**

		Half-year ended 31 December 2019 \$'000	For the period 26 September 2018 to 31 December 2018 \$'000
	Note		
<b>Investment income</b>			
Interest income from financial assets at amortised cost		58	30
Net gains/(losses) on financial instruments at fair value through profit or loss	4	42,288	(13,270)
Net foreign exchange gain/(loss)		1,147	(1,101)
Other income		<u>40</u>	<u>7</u>
<b>Total investment income/(loss)</b>		<u>43,533</u>	<u>(14,334)</u>
<b>Expenses</b>			
Management fees	14	3,113	756
Responsible Entity fees	14	101	42
Custody and administration fees		<u>556</u>	<u>120</u>
<b>Total expenses</b>		<u>3,770</u>	<u>918</u>
<b>Operating profit/(loss) for the half-year</b>		<u>39,763</u>	<u>(15,252)</u>
 Other comprehensive income/(loss)		 <u>-</u>	 <u>-</u>
<b>Total comprehensive income/(loss) for the half-year</b>		<u>39,763</u>	<u>(15,252)</u>
 Basic and diluted earnings per unit (cents per unit)	8	 <u>8.93</u>	 <u>(7.37)</u>

*The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Condensed Statement of Financial Position**

		As at	
	Note	31 December 2019 \$'000	30 June 2019 \$'000
<b>Assets</b>			
Cash and cash equivalents	11	7,970	3,941
Receivables	12	175	54
Due from brokers - receivable for securities sold		372	342
Financial assets at fair value through profit or loss	5	<u>929,290</u>	<u>441,194</u>
<b>Total assets</b>		<u>937,807</u>	<u>445,531</u>
<b>Liabilities</b>			
Distributions payable	10	4,005	5,112
Payables	13	762	611
Due to brokers - payable for securities purchased		148	1,878
Financial liabilities at fair value through profit or loss	6	<u>16,112</u>	<u>13,563</u>
<b>Total liabilities</b>		<u>21,027</u>	<u>21,164</u>
	7		
<b>Net assets attributable to unit holders - equity</b>		<u>916,780</u>	<u>424,367</u>

*The above condensed statement of financial position should be read in conjunction with the accompanying notes.*

**Condensed Statement of Changes in Equity**

		Half-year ended 31 December 2019 \$'000	For the period 26 September 2018 to 31 December 2018 \$'000
	Note		
Total equity at the beginning of the half-year		424,367	-
Comprehensive income for the half-year			
Profit/(loss) for the half-year		39,763	(15,252)
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>39,763</b>	<b>(15,252)</b>
Transactions with unit holders			
Applications	7	476,256	413,978
Reinvestment of distributions	7	417	31
Distributions paid and payable	7	(24,023)	(5,434)
<b>Total transactions with unit holders</b>		<b>452,650</b>	<b>408,575</b>
<b>Total equity at the end of the half-year</b>		<b>916,780</b>	<b>393,323</b>

*The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.*

# Condensed Statement of Cash Flows

	Half-year ended 31 December 2019	For the period 26 September 2018 to 31 December 2018
Note	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments at fair value through profit or loss	365,864	20,916
Payments for purchase of financial instruments at fair value through profit or loss	(810,927)	(426,886)
Interest income received from financial assets at amortised cost	61	29
Other income received	40	7
GST (paid)/received	(80)	(2)
Management fees paid	(3,047)	(518)
Responsible Entity fees paid	(28)	-
Custody and administration fees paid	(544)	(93)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(448,661)</b>	<b>(406,547)</b>
<b>Cash flows from financing activities</b>		
Proceeds from applications by unit holders	476,256	413,978
Distributions paid to unit holders	(24,713)	(3,592)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>451,543</b>	<b>410,386</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,882</b>	<b>3,839</b>
Cash and cash equivalents at the beginning of the half-year	3,941	-
Effects of foreign currency exchange rate changes on cash and cash equivalents	1,147	(1,101)
<b>Cash and cash equivalents at the end of the half-year</b>	<b>7,970</b>	<b>2,738</b>
<b>Non-cash operating and financing activities</b>		
Issue of units under the distribution reinvestment plan	417	31

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to The Condensed Financial Statements

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## 1 General information

These condensed financial statements cover NB Global Corporate Income Trust (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme, which was constituted on 4 July 2018, registered with Australian Securities and Investment Commission on 17 July 2018 and commenced investment operations on 26 September 2018. There was no investment activity in the period 17 July 2018 to 25 September 2018. The Fund will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Fund was listed on the Australian Securities Exchange (ASX) on 26 September 2018 and is quoted under ticker code: NBI.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The condensed financial statements are presented in the Australian currency unless otherwise noted.

The Fund invests in corporate debt securities managed by Neuberger Berman Australia Pty Limited in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution. The Fund also uses derivatives for hedging purposes.

The condensed financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the condensed financial statements.

## 2 Basis of preparation

These condensed financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

These condensed financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed financial statements are to be read in conjunction with the annual financial statements for the period ended 30 June 2019 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The directors are satisfied that the Fund has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

### Significant accounting policies

The accounting policies applied in these condensed financial statements are the same as those applied to the Fund's financial statements for the period ended 30 June 2019.

## 3 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the condensed financial statements.

### (a) Fair value in an inactive or unquoted market (level 2)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

**(3) Fair value measurement (continued)****(a) Fair value in an inactive or unquoted market (level 2) (continued)**

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Fund would receive or pay to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

**b) Recognised fair value measurements**

The table below presents the Fund's financial assets and financial liabilities measured and recognised at fair value as at 31 December 2019 and 30 June 2019.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at 31 December 2019</b>				
<b>Financial assets at fair value through profit or loss</b>				
Forward currency contracts	-	21,016	-	21,016
Fixed interest securities	-	851,320	-	851,320
Floating interest securities	-	56,954	-	56,954
<b>Total financial assets at fair value through profit or loss</b>	-	<b>929,290</b>	-	<b>929,290</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward currency contracts	-	16,112	-	16,112
<b>Total financial liabilities at fair value through profit or loss</b>	-	<b>16,112</b>	-	<b>16,112</b>

**As at 30 June 2019**

<b>Financial assets at fair value through profit or loss</b>				
Forward currency contracts	-	487	-	487
Fixed interest securities	-	417,316	-	417,316
Floating interest securities	-	23,391	-	23,391
<b>Total financial assets at fair value through profit or loss</b>	-	<b>441,194</b>	-	<b>441,194</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Forward currency contracts	-	13,563	-	13,563
<b>Total financial liabilities at fair value through profit or loss</b>	-	<b>13,563</b>	-	<b>13,563</b>

### (3) Fair value measurement (continued)

#### (c) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period (30 June 2019: Nil).

#### (d) Financial instruments not carried at fair value

The carrying value of financial assets and liabilities carried at amortised cost are assumed to approximate their fair value due to their short term nature.

### 4 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities at fair value through profit or loss:

	Half-year ended 31 December 2019 \$'000	For the period 26 September 2018 to 31 December 2018 \$'000
<b>Financial assets</b>		
Net realised gain/(loss) on financial assets at fair value through profit or loss	(52,255)	4,074
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	86,957	1,219
Net gains/(losses) on financial assets at fair value through profit or loss	34,702	5,293
<b>Financial liabilities</b>		
Net realised gain/(loss) on financial liabilities at fair value through profit or loss	66,656	3,651
Net unrealised gain/(loss) on financial liabilities at fair value through profit or loss	(59,070)	(22,214)
Net gains/(losses) on financial liabilities at fair value through profit or loss	7,586	(18,563)
<b>Total net gains/(losses) on financial instruments at fair value through profit or loss</b>	<b>42,288</b>	<b>(13,270)</b>

### 5 Financial assets at fair value through profit or loss

	As at 31 December 2019 \$'000	30 June 2019 \$'000
<b>Derivatives</b>		
Forward currency contracts	21,016	487
Total derivatives	21,016	487
<b>Interest bearing securities</b>		
International corporate bonds	851,320	417,316
International floating rate notes	56,954	23,391
Total interest bearing securities	908,274	440,707
<b>Total financial assets at fair value through profit or loss</b>	<b>929,290</b>	<b>441,194</b>

## 6 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2019	30 June 2019
	\$'000	\$'000
Forward currency contracts	16,112	13,563
<b>Total financial liabilities at fair value through profit or loss</b>	<b>16,112</b>	<b>13,563</b>

## 7 Net assets attributable to unit holders

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

Movements in the number of units and net assets attributable to unit holders during the half year were as follows:

	Half-year ended 31 December 2019		For the period 26 September 2018 to 31 December 2018	
	Units '000	\$'000	Units '000	\$'000
Opening balance	207,082	424,367	-	-
Applications	238,128	476,256	206,989	413,978
Redemptions	-	-	-	-
Reinvestment of distributions	206	417	16	31
Distributions paid and payable	-	(24,023)	-	(5,434)
Profit/(loss) for the half-year	-	39,763	-	(15,252)
<b>Closing balance</b>	<b>445,416</b>	<b>916,780</b>	<b>207,005</b>	<b>393,323</b>

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

## 8 Basic and diluted earnings per unit

	Half-year ended 31 December 2019	For the period 26 September 2018 to 31 December 2018
Operating profit/(loss) attributable to unit holders (\$'000)	39,763	(15,252)
Weighted average number of units on issue ('000)	445,328	206,996
<b>Basic and diluted earnings per unit (cents)</b>	<b>8.93</b>	<b>(7.37)</b>

## 9 Derivative financial instruments

In the normal course of business, the Fund enters into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variables.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

## 9 Derivative financial instruments (continued)

Derivative transactions include many different instruments such as forwards, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Fund.

The Fund holds the following derivative instruments:

### (a) Forward currency contracts

Forward currency contracts are primarily used by the Fund to economically hedge against foreign currency exchange rate risks on its non-Australian dollar denominated securities. The Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting period. The Fund recognises a gain or loss equal to the change in fair value at the end of each reporting period.

The Fund's derivative financial instruments at period end are detailed below:

As at 31 December 2019	Contractual/notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	<u>1,037,473</u>	<u>21,016</u>	<u>16,112</u>
<b>Total derivatives</b>	<u>1,037,473</u>	<u>21,016</u>	<u>16,112</u>
As at 30 June 2019			
Forward currency contracts	<u>459,252</u>	<u>487</u>	<u>13,563</u>
<b>Total derivatives</b>	<u>459,252</u>	<u>487</u>	<u>13,563</u>

## 10 Distributions to unit holders

The distributions declared during the half year were as follows:

	Half-year ended 31 December 2019		For the period 26 September 2018 to 31 December 2018	
	\$'000	CPU	\$'000	CPU
<b>Distributions</b>				
July	4,003	0.8991	-	-
August	4,003	0.8991	-	-
September	4,004	0.8991	-	-
October	4,004	0.8991	1,812	0.8750
November	4,004	0.8991	1,811	0.8750
December (payable)	<u>4,005</u>	<u>0.8991</u>	<u>1,811</u>	<u>0.8750</u>
<b>Total distributions</b>	<u>24,023</u>	<u>5.3946</u>	<u>5,434</u>	<u>2.6250</u>

**11 Cash and cash equivalents**

	As at	
	31 December 2019	30 June 2019
	\$'000	\$'000
Cash at bank	<u>7,970</u>	<u>3,941</u>
<b>Total cash and cash equivalents</b>	<b><u>7,970</u></b>	<b><u>3,941</u></b>

These accounts are earning a floating interest rate of between 0% and -0.65% as at 31 December 2019 (30 June 2019: -0.50% to 0.47%).

**12 Receivables**

	As at	
	31 December 2019	30 June 2019
	\$'000	\$'000
Interest receivable	-	3
Withholding tax receivable	55	11
GST receivable	<u>120</u>	<u>40</u>
<b>Total receivables</b>	<b><u>175</u></b>	<b><u>54</u></b>

**13 Payables**

	As at	
	31 December 2019	30 June 2019
	\$'000	\$'000
Management fees payable	561	495
Responsible Entity fees payable	101	28
Custody and administration fees payable	<u>100</u>	<u>88</u>
<b>Total payables</b>	<b><u>762</u></b>	<b><u>611</u></b>

**14 Related party transactions**

The Responsible Entity of the NB Global Corporate Income Trust is Equity Trustees Limited (ABN 46 004 031 298, AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to Neuberger Berman Australia Pty Limited, to act as Investment Manager for the Fund, and JPMorgan Bank, N.A. to act as Custodian and Administrator for the Fund. The contracts are on normal commercial terms and conditions

**(a) Key management personnel****(i) Directors**

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial half-year and up to the date of this report...

Philip D Gentry	Chairman
Harvey H Kalman	
Ian C Westley	
Michael J O'Brien	
Carmen Lunderstedt	Company Secretary (resigned 8 October 2019)
Susan Taylor	Company Secretary (appointed 8 October 2019)

## 14 Related party transactions (continued)

### (ii) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the reporting period.

### (b) Transactions with key management personnel

The following transactions occurred with key management personnel during the reporting period:

	Half-year ended 31 December 2019 \$	For the period 26 September 2018 to 31 December 2018 \$
Applications for units	18,079	-
<b>Total</b>	<b>18,079</b>	<b>-</b>

### (c) Key management personnel unit holdings

Key management personnel held units in the Fund, as follows:

Unit holder	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
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#### As at 31 December 2019

Philip D Gentry	-	8,912	18,421	0.0020	8,912	-	378
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Key management personnel did not hold units in the Fund as at 30 June 2019.

### (d) Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to the Responsible Entity do not include any amounts directly attributable to the compensation of key management personnel.

### (e) Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

### (f) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the reporting period and there were no material contracts involving management personnel's interests existing at period end.

### (g) Responsible Entity's and Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution and the Product Disclosure Statement for the Fund, the Responsible Entity and the Investment Manager are entitled to receive management fees, calculated by reference to the average daily net assets (excluding net assets attributable to unit holders) of the Fund.

The transactions during the reporting period and amounts payable at period end between the Fund, and the Responsible Entity and the Investment Manager were as follows:

#### 14 Related party transactions (continued)

(g) Responsible Entity's and Investment Manager's fees and other transactions (continued)

	Half-year ended 31 December 2019	For the period 26 September 2018 to 31 December 2018
	\$	\$
Investment management fees for the half-year	3,112,698	756,190
Total fees payable to the Investment Manager at half-year end	560,821	237,418
Responsible Entity fees for the half-year	101,952	42,362
Fees payable to the Responsible Entity at half-year end	101,519	42,362

For information on how management fees are calculated please refer to the Fund's Product Disclosure Statement.

(h) Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) hold units in the Fund as follows:

Unit holder As at 31 December 2019	Number of units held opening	Number of units held closing	Fair value of investment \$	Interest held %	Number of units acquired	Number of units disposed	Distributions paid/payable by the Fund \$
ETSL ATF AMG Super Members	1,406,742	2,386,795	4,933,505	0.536	1,171,143	191,090	127,119
The Glenleith Super Fund A/C*	75,000	150,000	310,050	0.034	75,000	-	8,092
Alice J M Williams**	13,500	13,968	28,872	0.003	468	-	745

Unit holder  
As at 30 June 2019

ETSL ATF AMG Super Members	-	1,406,742	2,883,821	0.679	1,406,742	-	121,629
The Glenleith Super Fund A/C*	-	75,000	153,750	0.036	75,000	-	7,102
Alice J M Williams**	-	13,500	27,675	0.007	13,500	-	1,278

\* Glenn Sedgwick who is a director of EQT Holdings Limited, the parent entity of Equity Trustees Limited, is a member of the Glenleith Super Fund.

\*\* Alice J M Williams is a director of EQT Holdings Limited, the parent entity of Equity Trustees Limited.

(i) Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the reporting half year (30 June 2019: Nil).

#### 15 Operating segments

The Fund is organised into one main operating segment with only one key function, being the investment of funds internationally. It operates predominantly in Australia and in the securities industry. It earns revenue from interest income and other returns from the investment portfolio. The Fund continues to have foreign exposures as it invests in companies which operate internationally. The Company invests in different types of securities, as detailed at Note 3 Fair Value Measurement.

### **16 Events occurring after the reporting period**

#### **Distribution declarations**

On 2 January 2020, the Directors declared a distribution of 0.899 cents per unit with a record date of 3 January and this was paid on 10 January 2020.

On 3 February 2020, the Directors declared a distribution of 0.899 cents per unit with a record date of 4 February and this was paid on 11 February 2020.

On 20 February 2020, the Directors announced a distribution of 0.899 cents per unit with an Ex Date of 27 February 2020, and a record date of 28 February 2020 which will be paid on 6 March 2020.

#### **Capital raise by way of an entitlements offer**

On 21 January 2020, the Responsible Entity announced a 3 new units for every 4 existing units non-renounceable entitlement and shortfall offer of new fully paid ordinary units in the Fund to raise up to \$749 million. The offer was made available to institutional and retail investors in Australia and New Zealand under a Product Disclosure Statement and closed on 21 February 2020. On 26 February 2020, it was announced that the offer had received applications exceeding \$340 million at an offer price of \$2.05, as per the Product Disclosure Statement the allotment and issue of new units under the entitlement offer will occur on 2 March 2020.

No other significant events have occurred since the end of the half year which would impact on the financial position of the Fund as disclosed in the condensed statement of financial position as at 31 December 2019 or on the results and cash flows of the Fund for the half year ended on that date.

### **17 Contingent assets, contingent liabilities and commitments**

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2019 and 30 June 2019.

## Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- a) The condensed financial statements and notes set out on pages 10 to 20 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the half year ended on that date.
- b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited.



Philip D Gentry  
Chairman

Melbourne  
27 February 2020



## **Independent auditor's review report to the unitholders of NB Global Corporate Income Trust**

### ***Report on the half-year financial report***

We have reviewed the accompanying half-year financial report of NB Global Corporate Income Trust (the Fund) which comprises the condensed statement of financial position as at 31 December 2019, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

### ***Directors of the responsible entity's responsibility for the half-year financial report***

The directors of Equity Trustees Limited (the Responsible Entity), the responsible entity of the Fund, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NB Global Corporate Income Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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.

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of NB Global Corporate Income Trust is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers

  
George Sagonas  
Partner

Melbourne  
27 February 2020

### **Additional Corporate Information**

#### **Directors of the Responsible Entity**

Philip D Gentry  
Harvey H Kalman  
Ian C Westley  
Michael J O'Brien

#### **Company Secretary of the Responsible Entity**

Susan Taylor

#### **Registered Office**

Level 1  
575 Bourke Street  
Melbourne, VIC 3000  
Australia  
Telephone +61 3 8623 5200

#### **Investment Manager**

Neuberger Berman Australia Pty Limited

#### **Auditor and Tax**

PricewaterhouseCoopers

#### **Unit Register**

Boardroom Pty Limited

#### **Securities Exchange Listing**

Australian Securities Exchange  
ASX ticker code: NBI

#### **Website**

[www.nb.com/NBI](http://www.nb.com/NBI)