

# NB GLOBAL CORPORATE INCOME TRUST (ASX: NBI)

Global • Income • Diversification

N | B

## MONTHLY INVESTMENT REPORT – AS OF 30 APRIL 2020

### INVESTMENT OBJECTIVE & STRATEGY

- Aims to provide a consistent and stable monthly income stream
- Invests in high yield bonds issued by large, liquid global companies
- Strong emphasis on capital preservation by focusing on credit quality

### Market Review and Outlook

The global high yield market has recovered in the month of April as a result of very aggressive fiscal and monetary policy measures aimed at mitigating the negative impact to GDP from COVID-19 closures and stay-at-home orders. While volatility has declined since March, significant uncertainty around re-openings and both the timing and magnitude of an economic recovery remains. Global central bank measures, including the Federal Reserve's massive \$2.3 trillion of programs which include the purchase of fallen angels and high yield, instilled confidence in markets, and once implemented, equate to extraordinary provisions of liquidity and credit to ensure the proper functioning of capital markets and credit channels.

Our global research team continues to update their stress test scenarios for issuers in the portfolio based on duration of closures, the ability to cut variable costs and defer capital expenditures, near-term liquidity and the timing of upcoming maturities to evaluate an issuer's expected ability to manage through this period. The team is also looking through this temporary period to consider what changes in consumer and business behavior might be more transitory and which could potentially be more permanent.

Spreads in the high yield market have narrowed to 761 basis points as of the end of April. Spreads, at levels in the 700 to 800 basis points range, are likely compensating investors for an above-average rise in default rates, with the secularly-challenged, higher COVID-19 risk and the cyclically-exposed issuers most affected. While our team continues to be vigilant to the developments of both COVID-19 and the economic impact from it, we are finding select relative value opportunities. That said, our primary goal in the near term remains one of avoiding default risk. While uncertainty around the reopening of the economy and the severity of the hit to GDP will likely result in pockets of short-term volatility, we believe our portfolio is well positioned given our deep, fundamental research focus. We will continue to look to tactically take advantage of the increased volatility to add to credits with more stable fundamentals and compelling valuations.

### NBI Review

NBI holds a diversified portfolio of corporate high yield bonds issued by large, liquid global companies. Over the month, the portfolio reduced its position in the Media, Leisure and Consumer Goods sectors and increased positions in Automotive and Real Estate. In terms of credit quality, the portfolio reduced its position in BB and B rated bonds and increased positions in bonds rated BBB and Above. NBI continued to experience no defaults in its portfolio.

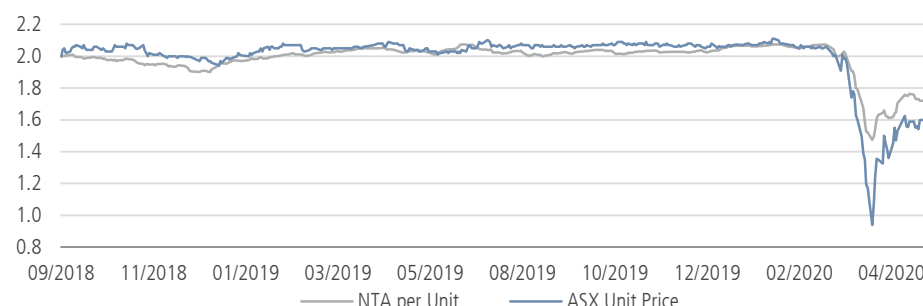
As of end of April, NBI returned 5.58% and announced a monthly distribution of 0.899 cents per Unit, which represents an annualised distribution of 5.25% (net of fees and expenses) and is in line with NBI's Target Distribution<sup>1</sup>.

### PERFORMANCE (NET)<sup>2</sup>

30 APRIL 2020	1 Month	3 Months	6 Months	1 Year	Since Inception <sup>3</sup>
<b>Total Return (%)<sup>4</sup></b>	5.58	-13.97	-11.83	-9.75	-3.05

Past Performance is not a reliable indicator of future performance.

### NTA PER UNIT / ASX UNIT PRICE PERFORMANCE



### RESEARCH

**BondAdviser**  
Invest Intelligently

**INDEPENDENT**  
INVESTMENT RESEARCH

**Lonsec**

**Zenith**  
Investment Partners

### TRUST FACTS

<b>Listing Date</b>	26 September 2018
<b>Market Cap</b>	\$753.05 million
<b>Net Tangible Assets (NTA)</b>	\$776.11 million
<b>ASX Unit Price</b>	\$1.69
<b>NTA per Unit</b>	\$1.74 (cum)
<b>Target Distribution<sup>1</sup></b>	5.25% (net)
<b>Distributions</b>	Monthly
<b>Management costs</b>	0.85% p.a.
<b>Responsible Entity</b>	Equity Trustees Limited
<b>Manager</b>	Neuberger Berman Australia Limited

### ABOUT NEUBERGER BERMAN

- Founded in 1939; a private, independent, employee-owned investment manager
- US\$330 billion in AUM as of March 31, 2020
- Located in 35 cities with 18 portfolio management centers across 24 countries
- The firm has considered ESG in investment processes as far back as the 1940s. For more information, please visit [www.nb.com/esg](http://www.nb.com/esg)

### FURTHER INFORMATION AND ENQUIRIES

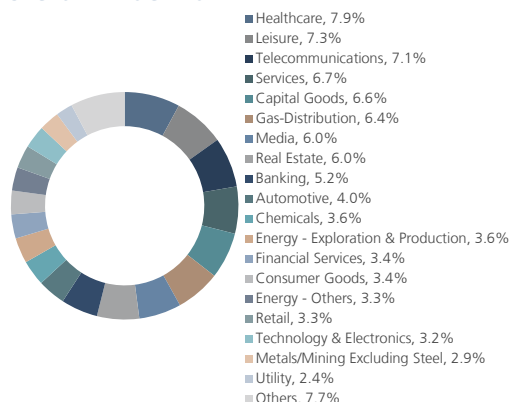
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Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

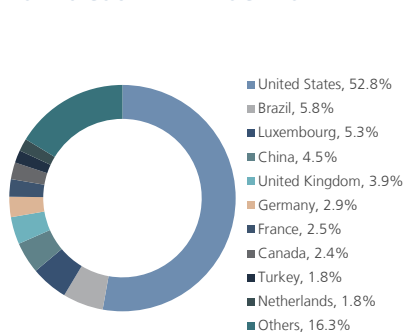
### PLATFORMS

Asgard	IOOF
BT Panorama	Macquarie Wrap
BT Wrap	MLC Wrap
CFS First Wrap	MLC Navigator
Hub 24	Netwealth

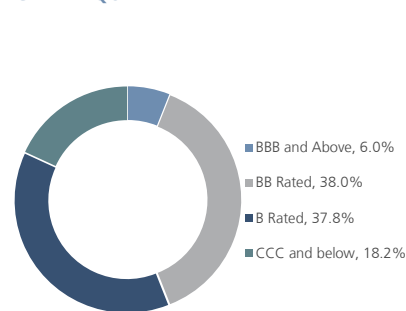
## SECTOR ALLOCATION



## TOP 10 COUNTRY ALLOCATION



## CREDIT QUALITY<sup>5</sup>



## TOTAL RETURNS (NET) (%) <sup>2, 4</sup>

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
FY2019	—	—	—	-1.14 <sup>6</sup>	-0.87	-1.74	4.71	1.94	1.09	1.48	-1.20	3.07	7.38
FY2020	-0.70	0.04	0.85	0.33	0.69	1.94	-0.15	-2.05	-16.81	5.58	—	—	—

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## DISTRIBUTIONS(€/unit)<sup>7</sup>

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	Annualised Distribution Rate
FY2019	—	—	—	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	2.47	9.47	6.24% <sup>8</sup>
FY2020	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	—	—	—	5.25% <sup>9</sup>

## TOP 10 ISSUERS

	SECTOR	%
Numericable Group	Telecommunications	2.70
Ford Motor Co	Automotive	2.09
Petrobras	Energy - Others	1.31
TransDigm Inc	Capital Goods	1.20
CIT Group Inc	Banking	1.13
Bausch Health Companies	Healthcare	1.10
Teva Pharmaceutical Industries Ltd.	Healthcare	1.07
Frontier Communications	Telecommunications	1.05
Targa Resources Partners	Gas-Distribution	1.05
Merlin Entertainment PLC	Leisure	1.00

## BOND PORTFOLIO SUMMARY

Number of Holdings	506
Number of Issuers	333
Yield to Maturity (%) <sup>10</sup>	8.57
Yield to Worst (%) <sup>11</sup>	8.50
Weighted Average Duration (years)	4.75
Average Credit Quality	B+

- For FY2020, NBI has set the target distribution amount per Unit, which is paid monthly by NBI, at 5.25% p.a. (net of fees and expenses) on the NTA per Unit as at 1 July 2019 ("Target Distribution"). 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 change 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 NBI's product disclosure statement dated 21 January 2020 ("2020 PDS"). Section 3.3.1 of the 2020 PDS sets out the Manager's views in relation to the interest rate environment and impact on target distributions. The Manager anticipates the Trust having to revise its Target Distribution for the financial year beginning 1 July 2020 marginally downwards given the recent decline in yields across global fixed income markets and the ongoing turnover of the Trust's holdings resulting from the Manager's active management approach.
- Performance is calculated net of management costs, which includes the Responsible Entity fee, the Management fee, the Administration fee, along with custodian, audit and legal fees and other transactional and operational costs. Investors should review the PDS for full details of NBI, including, in particular, the "Fees and Other Costs" section of the PDS.
- Annualised Performance since 26 September 2018 to latest month end.
- Total Return is calculated based on the pre-distribution month end NTA and assumes all distributions are reinvested.
- Credit quality ratings are based on the Bank of America ("BofA") Merrill Lynch Master High Yield Index composite ratings. The BofA Merrill Lynch composite ratings are updated once a month on the last calendar day of the month based on information available up to and including the third business day prior to the last business day of the month. The BofA Merrill Lynch composite rating algorithm is based on an average of the ratings of three agencies (to the extent rated). Generally the composite is based on an average of Moody's, S&P and Fitch. For holdings that are unrated by the BofA Merrill Lynch Index composite, credit quality ratings are based on S&P's rating. Holdings that are unrated by S&P may be assigned an equivalent rating by the investment manager. No NRSO has been involved with the calculation of credit quality and the ratings of underlying portfolio holdings should not be viewed as a rating of the portfolio itself. Portfolio holdings, underlying ratings of holdings and credit quality composition may change materially over time.
- Calculated from the listing date of 26 September 2018 to 31 October 2018.
- The most recent distribution amount has been announced, and will be paid in the following month.
- Based on the Initial Public Offer Subscription Price of \$2.00
- Based on the NTA per Unit as at 1 July 2019.
- Yield to Maturity — The total annualised return anticipated on a bond if it is held until the end of its lifetime. Yield to maturity is considered a long-term bond yield, but is expressed as an annual rate.
- Yield to Worst — The lowest potential annualised total return that can be received on a bond without the issuer defaulting. This can be different from the yield to maturity because it assumes that the issuer will exercise any option it has to "call" the security at the earliest opportunity (to redeem and repay the principal value to an investor early).

## DISCLAIMERS

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