

# NB GLOBAL CORPORATE INCOME TRUST (ASX: NBI)

Global • Income • Diversification

N | B

## MONTHLY INVESTMENT REPORT – AS OF 31 OCTOBER 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

Over October, the recovery in markets and the economy continued even though it lost some momentum later in the month, as rising global COVID-19 cases and the looming U.S. election caused some investors to pare back risk. The October U.S. economic data employment report was stronger than expected, with non-farm payrolls increasing +638 thousand (vs +580 thousand consensus), average hourly earnings increasing +0.1% (vs +0.2% consensus) and the jobless rate improving to 6.9% from 7.9% last month.

In the U.S., the FOMC's September meeting revealed a diversity of opinions surrounding the Fed's move to outcome-based forward guidance and, while an adjustment to QE will continue to be assessed, there was no indication of an imminent change. Elsewhere, the ECB underscored its willingness to supply additional stimulus as needed in the wake of new regional lockdowns due to resurgent COVID-19 case levels. In Japan, the Bank of Japan trimmed its growth forecast, but predicted a stronger rebound in 2021.

The global high yield market, represented by the ICE BofA Global High Yield Index recorded 0.42% total return during the month of October.

Our global research team continues to focus on identifying relative value opportunities across the credit spectrum as we continue to look to avoid material default risks. We think the dislocations in certain sectors and among more liquid credits should continue to provide an above average opportunity set. Furthermore, we are finding that the middle quality segments of the high yield market and some CCC credits where we have a differing view than the ratings agencies are providing attractive spread opportunities relative to the inherent credit risks.

### NBI Review

NBI holds a diversified portfolio of corporate high yield bonds issued by large, liquid global companies. Over the month, the portfolio remained mostly unchanged. NBI continued to experience no defaults in its portfolio.

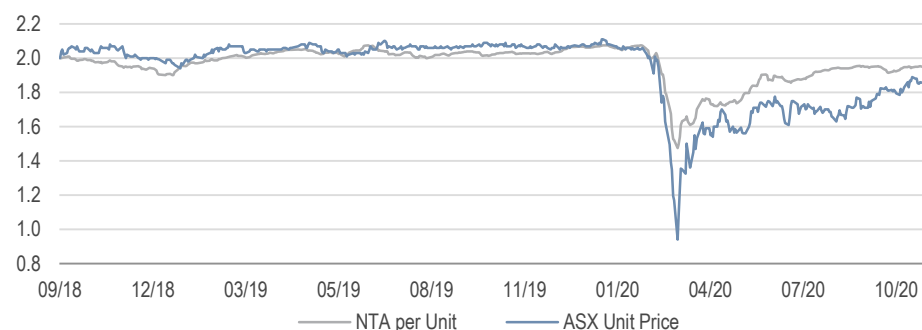
As of end of October, NBI returned 0.52% and announced a monthly distribution of 0.696 cents per Unit, which represents an annualised distribution of 4.50% (net of fees and expenses).

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

31 October 2020	1 Month	3 Months	6 Months	1 Year	2 Year	Since Inception <sup>3</sup>
<b>Total Return (%)<sup>4</sup></b>	0.52	1.15	13.99	0.51	4.75	3.95

Past Performance is not a reliable indicator of future performance. Periods less than one year are not annualized.

### 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>	\$829.26 million
<b>Net Tangible Assets (NTA)</b>	\$860.66 million
<b>ASX Unit Price</b>	\$1.86
<b>NTA per Unit</b>	\$1.93 (cum)
<b>Target Distribution<sup>1</sup></b>	4.50% (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\$374 billion in AUM as of September 30, 2020
- Located in 36 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

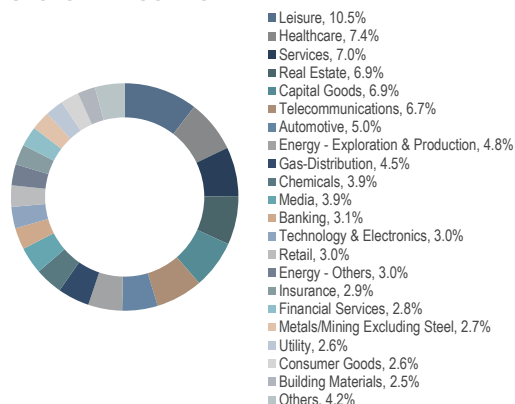
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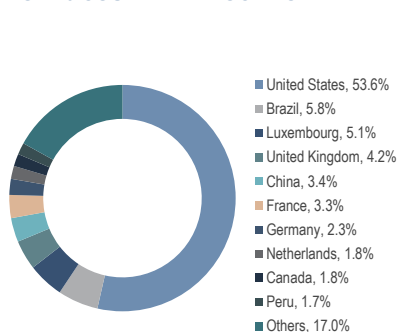
### PLATFORMS

<b>Asgard</b>	<b>IOOF</b>
<b>BT Panorama</b>	<b>Macquarie Wrap</b>
<b>BT Wrap</b>	<b>MLC Wrap</b>
<b>CFS First Wrap</b>	<b>MLC Navigator</b>
<b>Hub 24</b>	<b>Netwealth</b>

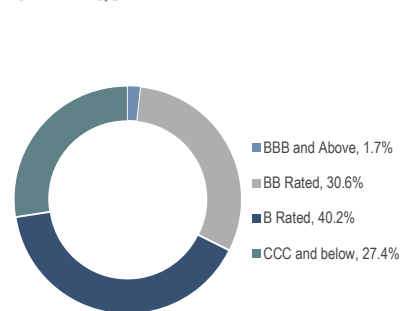
## SECTOR ALLOCATION



## 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	6.17	1.80	-4.22
FY2021	4.27	1.61	-0.96	0.52									

Past Performance is not a reliable indicator of future performance.

## DISTRIBUTIONS(¢/unit)<sup>7</sup>

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	Annualised Distribution Rate <sup>8</sup>
FY2019	—	—	—	0.875	0.875	0.875	0.875	0.875	0.875	0.875	0.875	2.469	9.47	6.24%
FY2020	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.899	0.971	10.86	5.28%
FY2021	0.696	0.696	0.696	0.696										4.50%

## TOP 10 ISSUERS

Issuer	Sector	%
Numericable Group	Telecommunications	2.40
Ford Motor Co	Automotive	2.13
Petrobras	Energy - Others	1.37
TransDigm Inc	Capital Goods	1.33
Tenet Healthcare	Healthcare	1.25
Aramark	Services	1.11
AssuredPartners Inc.	Insurance	1.05
Teva Pharmaceutical Industries Ltd.	Healthcare	1.02
Nielsen Finance LLC	Media	0.92
Merlin Entertainment PLC	Leisure	0.91

## BOND PORTFOLIO SUMMARY

Number of Holdings	469
Number of Issuers	306
Yield to Maturity (%) <sup>9</sup>	6.67
Yield to Worst (%) <sup>10</sup>	6.45
Weighted Average Duration (years)	3.97
Average Credit Quality	B+

- For FY2021, NBI has set the target distribution amount per Unit, which is paid monthly by NBI, at 4.50% p.a. (net of fees and expenses) on the NTA per Unit as at 1 July 2020 ("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.
- 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.
- FY2019 based on the Initial Public Offer Subscription Price of \$2.00; FY2020 based on the NTA per Unit as at 1 July 2019; FY2021 based on the NTA per Unit as at 1 July 2020.
- 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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