

# NB GLOBAL CORPORATE INCOME TRUST (ASX: NBI)

Global • Income • Diversification

N | B

## MONTHLY INVESTMENT REPORT – AS OF 31 DECEMBER 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 market recovery continued over December, driven largely by positive vaccine developments and diminished geopolitical uncertainty. In the U.S., FDA authorized the emergency use of the Pfizer-BioNTech and Moderna vaccines. So far, the rollout of the vaccines has been slow, but the development marks an important milestone in the path towards reopening. After months of negotiations, Congress finally reached consensus and passed an additional relief package at the end of December. Globally, British lawmakers voted to ratify the Brexit trade agreement with the EU, ending years of sluggish negotiations.

While spreads continued to tighten over the quarter, we believe current spread levels are compensating investors for any potential defaults remaining which are likely to come from areas such as Energy and the longer-term COVID impaired. An environment of low rates and conservative management of corporate balance sheets will be supportive of credit markets. We continue to monitor the developments of the pandemic, the economic recovery and changes in policy as a result of the elections, we are finding ample investment opportunities in high yield across the credit spectrum and believe credit selection will remain important drivers of portfolio positioning and performance.

Looking into 2021, our estimate for default rates over the next 12 months has declined meaningfully since the height of the crisis and we think inflation is likely to increase on the back of pent-up demand in consumer spending and loose monetary conditions. Under an environment of stable short rates, improving topline growth and modestly increasing inflation, we think that high yield corporate bond is an attractive proposition to earn attractive income and total return potential with minimal duration risk as the average duration of high yield bonds is well below other fixed income alternatives.

### NBI Review

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

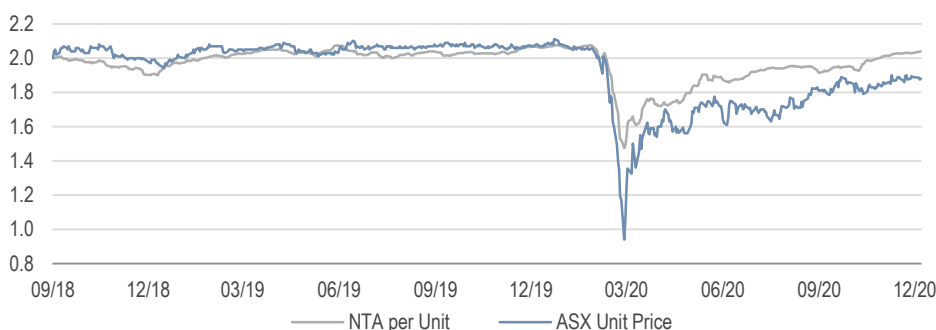
As of end of December, NBI returned 1.55% and announced a monthly distribution of 0.696 cents per Unit, which represents an annualised distribution of 4.50% (net of fees and expenses).

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

| 31 December 2020                    | 1 Month | 3 Months | 6 Months | 1 Year | 2 Year | Since Inception <sup>3</sup> |
|-------------------------------------|---------|----------|----------|--------|--------|------------------------------|
| <b>Total Return (%)<sup>4</sup></b> | 1.55    | 6.98     | 12.25    | 4.21   | 9.50   | 6.54                         |

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>                      | \$838.31 million                   |
| <b>Net Tangible Assets (NTA)</b>       | \$909.19 million                   |
| <b>ASX Unit Price</b>                  | \$1.88                             |
| <b>NTA per Unit</b>                    | \$2.04 (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\$405 billion in AUM as of December 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

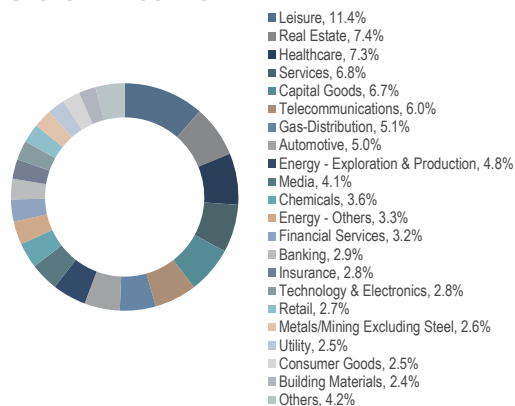
**General**  
Email [Info.nbi@nb.com](mailto:Info.nbi@nb.com)

**Boardroom (Unit Registry)**  
Phone 1300-032-754 (within Australia)  
Phone +612-8023-5419 (outside Australia)  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)  
Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

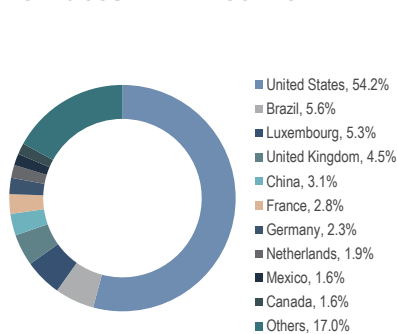
### PLATFORMS

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

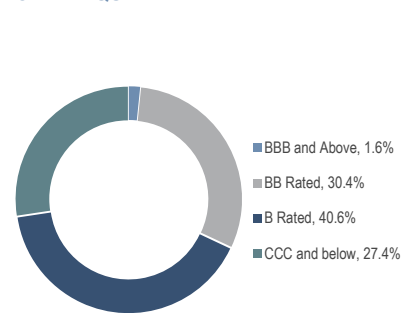
## SECTOR ALLOCATION



## 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 | 6.17  | 1.80 | -4.22 |
| FY2021 | 4.27  | 1.61 | -0.96 | 0.52               | 4.80  | 1.55  |       |       |        |      |       |      |       |

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 | 0.696 | 0.696 |       |       |       |       |       |       |       | 4.50%                                     |

## TOP 10 ISSUERS

| Issuer                              | Sector                   | %    |
|-------------------------------------|--------------------------|------|
| Numericable Group                   | Telecommunications       | 2.19 |
| Ford Motor Co                       | Automotive               | 1.99 |
| Petrobras                           | Energy - Others          | 1.28 |
| TransDigm Inc                       | Capital Goods            | 1.19 |
| Tenet Healthcare                    | Healthcare               | 1.14 |
| Commscope Holding CO Inc            | Technology & Electronics | 1.04 |
| AssuredPartners Inc.                | Insurance                | 1.04 |
| Aramark                             | Services                 | 1.00 |
| Teva Pharmaceutical Industries Ltd. | Healthcare               | 0.98 |
| Carnival Plc                        | Leisure                  | 0.94 |

## BOND PORTFOLIO SUMMARY

|                                    |      |
|------------------------------------|------|
| Number of Holdings                 | 497  |
| Number of Issuers                  | 314  |
| Yield to Maturity (%) <sup>9</sup> | 5.41 |
| Yield to Worst (%) <sup>10</sup>   | 4.72 |
| Weighted Average Duration (years)  | 3.14 |
| 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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