

# NB GLOBAL CORPORATE INCOME TRUST (ASX: NBI)

Global • Income • Diversification

N | B

## MONTHLY INVESTMENT REPORT – AS OF 28 FEBRUARY 2022

### 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

Fixed income markets were down over February. The declines and increased volatility were brought about by the Russian invasion of Ukraine and concerns that the U.S. Federal Reserve will face a tougher battle in their fight against higher inflation. As a result of the uncertainty around the military conflict, market implied Fed Funds rate expectations for 2022 ratcheted downward somewhat after U.S. Treasury yields peaked mid-month at 2.05% which added to the declines in bond and equity markets. We believe that the direct negative impacts from the Russia-Ukraine conflict in terms of company fundamentals for issuers within the U.S. High Yield market are likely to be limited. About 80% of the revenues for U.S. High Yield issuers are derived in the U.S., indicating a very domestic-centric market. The sectors most acutely impacted by the ongoing conflict would likely be in the Energy space, but generally, higher commodity prices are positive for the near-term cash flow profiles for issuers in these sub-sectors.

On the monetary side, U.S. Federal Reserve Chair Jerome Powell indicated the Federal Open Market Committee (FOMC) is likely to hike interest rates in March, even while geopolitical risks may potentially influence the outlook for growth and inflation. Given more economic linkages between the European Union and Russia, particularly the region's dependency on Russia for energy supplies, the European Central Bank (ECB) faces an even greater challenge to managing policy, needing to balance accelerating inflation while also possibly needing to support growth.

We believe current valuations are offering investors an attractive opportunity, especially given the benign default outlook. While the Russia-Ukraine conflict and the ramp up in inflation present heightened uncertainty, real U.S. GDP growth is estimated to be in the 3.5 – 4.0% range for 2022 and input costs for most issuers are being passed on to end markets and consumers. Our analysts have been keenly focused on the outlook for issuer margins given rising input cost pressures. Mitigating this, however, is strong consumer and business balance sheets, growing nominal wages, strong jobs growth and businesses working to clear supply bottlenecks, which should provide support for economic activity and issuer fundamentals.

### NBI Review

As of end of February, NBI returned -2.02% and announced a monthly distribution of 0.804 cents per Unit, which represents an annualised distribution of 4.75% (net of fees and expenses).

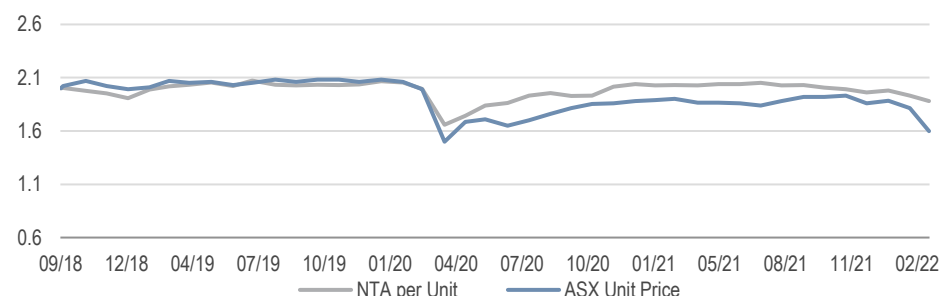
Even with the uncertainty created by the elevated geopolitical risk and spike in commodity prices, which is resulting in short-term volatility, we believe our bottom-up, fundamental credit research focused on security selection while seeking to avoid credit deterioration and putting only our "best ideas" into portfolios, position us well to take advantage of the increased volatility.

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

28 February 2022	1 Mth	3 Mth	6 Mth	1 Year	2 Year	3 Year	Since Inception <sup>3</sup>
<b>Total Return (%)<sup>4</sup></b>	-2.02	-2.52	-4.87	-1.97	2.35	3.36	3.76

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



### PLATFORMS

Asgard  
IOOF

BT Panorama  
Macquarie Wrap

BT Wrap  
MLC Wrap

CFS First Wrap  
MLC Navigator

Hub 24  
Netwealth

### TRUST FACTS

<b>Listing Date</b>	26 September 2018
<b>Market Cap</b>	\$714.44 million
<b>Net Tangible Assets (NTA)</b>	\$840.04 million
<b>ASX Unit Price</b>	\$1.60
<b>NTA per Unit</b>	\$1.88 (cum)
<b>Target Distribution<sup>1</sup></b>	4.75% (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

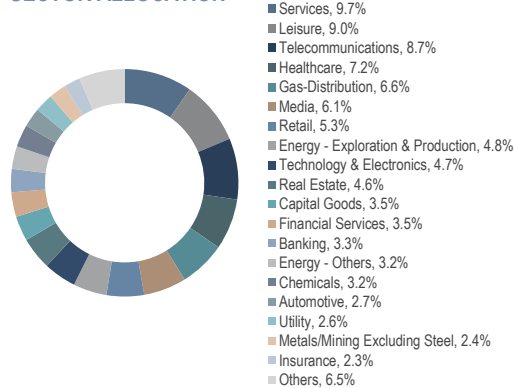
- Founded in 1939; a private, independent, employee-owned investment manager
- US\$460 billion in AUM as of December 31, 2021
- Located in 36 cities with 19 portfolio management centers across 25 countries
- The firm has considered ESG in investment processes as far back as the 1940s. For more information, please visit [www.nb.com/esg](http://www.nb.com/esg)

### FURTHER INFORMATION AND ENQUIRIES

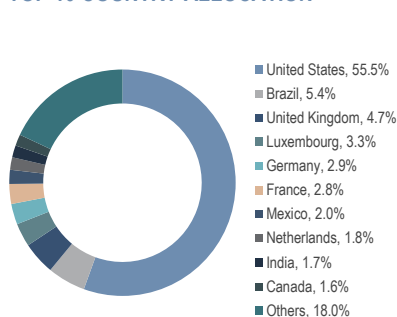
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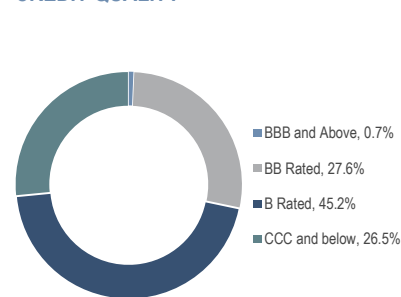
## SECTOR ALLOCATION



## 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	-0.15	0.43	0.29	0.88	0.49	0.96	15.54
FY2022	-0.20	0.60	-0.73	-0.55	-1.16	1.91	-2.37	-2.02					

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	0.696	0.696	0.696	0.696	0.696	1.985	9.64	5.20%
FY2022	0.804	0.804	0.804	0.804	0.804	0.804	0.804	0.804						4.75%

## TOP 10 ISSUERS

	SECTOR	%
Altice France	Telecommunications	1.76
Carvana Co	Retail	1.56
Carnival Corp	Leisure	1.47
CSC Holdings LLC	Media	1.26
Blackstone CQP Holdco LP	Gas-Distribution	1.25
Commscope Holding Co Inc	Technology & Electronics	1.23
Assuredpartners Inc	Insurance	1.12
Calpine Corp	Utility	1.09
MultiPlan Inc	Healthcare	1.08
Dish DBS Corporation	Media	1.05

## BOND PORTFOLIO SUMMARY

Number of Holdings	538
Number of Issuers	373
Yield to Maturity (%) <sup>9</sup>	6.77
Yield to Worst (%) <sup>10</sup>	6.68
Weighted Average Duration (years)	4.27
Average Credit Quality	B

- For FY2022, NBI has set the target distribution amount per Unit, which is paid monthly by NBI, at 4.75% p.a. (net of fees and expenses) on the NTA per Unit as at 1 July 2021 ("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; FY2022 based on the NTA per Unit as at 1 July 2021;
- 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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