

# NB GLOBAL CORPORATE INCOME TRUST (ASX: NBI)

Global • Income • Diversification

N | B

## MONTHLY INVESTMENT REPORT – AS OF 31 MAY 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 again in May as investors remained focused on the ongoing geopolitical risks, primarily over concerns arising from the Russia-Ukraine conflict impacting global growth and commodity prices. Higher inflation, slowing real demand and mixed issuer earnings reports also weighed on markets. Lockdowns in China created further uncertainty as Beijing continues to enforce its zero-tolerance policy on COVID-19 variants.

On the monetary side, the FOMC decided to raise interest rates at its May meeting, increasing the Fed Funds rate by 50 basis points to a range of 0.75 – 1.00%. Despite the mix of economic data, Fed officials continue to signal the need for additional interest rate hikes and have not taken the prospect of additional 50 basis point rate hikes in June and July off the table. Fed officials have acknowledged that financial conditions have tightened since it began its rate hiking cycle and communicated that they will keep a keen eye on inflation data in addition to signals from the labor market. Also, the winding down of its balance sheet—which starts in June—will tighten financial conditions further. These are all necessary steps to bring the economy back toward long-term real GDP growth trends with the aim of taming inflation.

The ECB continues to be under pressure after headline CPI inflation jumped to 8.1% in May (from 7.4% in April) as higher energy prices and ongoing supply issues continue to keep prices elevated. Given recent embargos that the EU placed on Russian energy exports, prices are expected to remain higher in the near term. Across G7 countries, the U.K. raised interest rates an additional 25 basis points in May to a target rate of 1.00%. Australia made similar moves earlier in the month by raising its policy rate by 25 basis points to 0.35%. Despite a volatile month for the Japanese yen, the Bank of Japan continues to reinforce its current policy rates.

### NBI Review

As of end of May, NBI returned -0.71% and announced a monthly distribution of 0.804 cents per Unit, which represents an annualised distribution of 4.75% (net of fees and expenses).

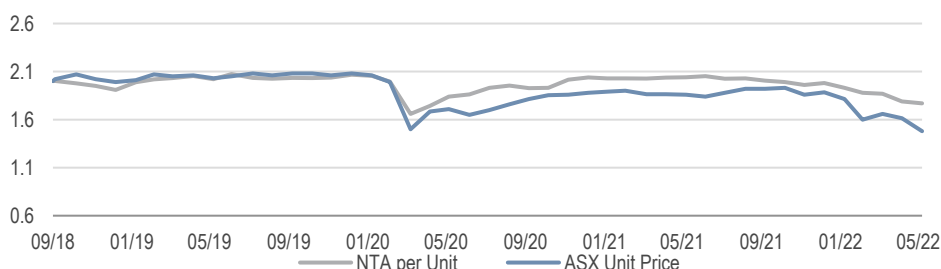
Even with the heightened uncertainty, commodity price swings and central bank tightening, which is resulting in short-term volatility, we believe our bottom-up, fundamental credit research focused on security selection while seeking to avoid credit deterioration and putting only our “best ideas” into portfolios, position us well to take advantage of the increased volatility.

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

31 May 2022	1 Mth	3 Mth	6 Mth	1 Year	2 Year	3 Year	Since Inception <sup>3</sup>
Total Return (%) <sup>4</sup>	-0.71	-4.34	-6.75	-7.76	3.66	1.38	2.26

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

Listing Date	26 September 2018
Market Cap	\$655.91 million
Net Tangible Assets (NTA)	\$785.77 million
ASX Unit Price	\$1.48
NTA per Unit	\$1.77 (cum)
Target Distribution <sup>1</sup>	4.75% (net)
Distributions	Monthly
Management costs	0.85% p.a.
Responsible Entity	Equity Trustees Limited
Manager	Neuberger Berman Australia Limited

### ABOUT NEUBERGER BERMAN

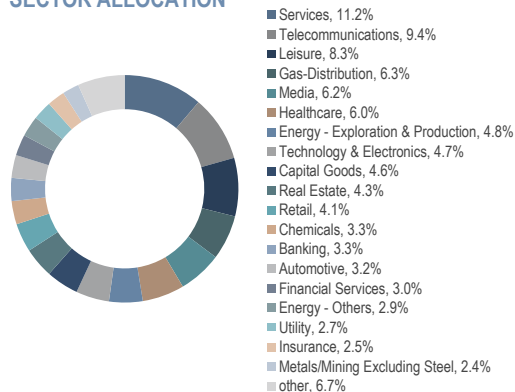
- Founded in 1939; a private, independent, employee-owned investment manager
- US\$447 billion in AUM as of March 31, 2022
- Located in 37 cities with 20 portfolio management centers across 25 countries
- The firm has considered ESG in investment processes as far back as the 1940s. For more information, please visit [www.nb.com/esg](http://www.nb.com/esg)

### FURTHER INFORMATION AND ENQUIRIES

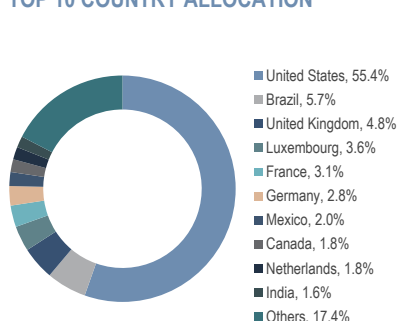
General  
Email [Info.nbi@nb.com](mailto:Info.nbi@nb.com)

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)

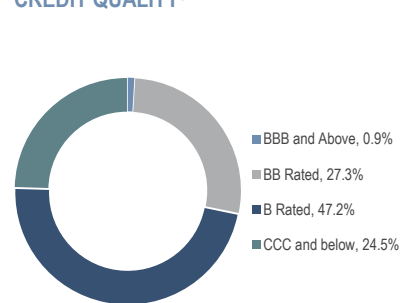
## SECTOR ALLOCATION



## 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	-0.13	-3.53	-0.71		

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	0.804	0.804	0.804			4.75%

## TOP 10 ISSUERS

	SECTOR	%
Altice France	Telecommunications	1.75
Blackstone CQP Holdco LP	Gas-Distribution	1.31
CSC Holdings LLC	Media	1.29
Frontier Communications Corp	Telecommunications	1.26
Carnival Corp	Leisure	1.24
Commscope Holding Co Inc	Technology & Electronics	1.22
Assuredpartners Inc	Insurance	1.17
Calpine Corp	Utility	1.14
APX Group/Vivant	Services	1.14
MultiPlan Inc	Healthcare	1.13

## BOND PORTFOLIO SUMMARY

Number of Holdings	516
Number of Issuers	364
Yield to Maturity (%) <sup>9</sup>	7.99
Yield to Worst (%) <sup>10</sup>	7.99
Weighted Average Duration (years)	4.41
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

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298, AFSL 240975), is the Responsible Entity for the NB Global Corporate Income Trust ("NBI"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

This publication has been prepared by Neuberger Berman Australia Ltd (ACN 146 033 801) ("NB Australia") to provide you with general information only. In preparing this publication, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this publication. Neither NB Australia, Equity Trustees nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of NBI's Product Disclosure Statement before making a decision about whether to invest in this product. The information contained in this publication is taken from publicly available sources that is subject to change without notice. EQT and NB Australia make no representation as to the reliability or accuracy of the publicly available information.