

NB GLOBAL CORPORATE INCOME TRUST (ASX: NBI)

Global • Income • Diversification



MONTHLY INVESTMENT REPORT – AS OF 31 January 2024

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 bond market finished the first month of 2024 with slightly positive returns. Investors digested better-than-expected fourth quarter U.S. real GDP growth of +3.3%, moderating global inflation and late-month news from the Fed which indicated they will be patient with rate cuts until they are convinced inflation is sustainably down to the 2% target. Spreads on the ICE BofA Global High Yield Constrained Index widened out in the month, largely driven by distressed CCCs and lower-rated issuers. The yield on U.S. 10-Year Treasuries ended January at 3.83%, declining -4 basis points since the end of last year but down -25 basis points from the late January peak of 4.18%. While high yield issuers' aggregate fundamentals of EBITDA growth, free cash flow, interest coverage and leverage remain in somewhat favorable ranges and fourth quarter earnings season overall came in better-than-feared, issuers that missed continued to see their bonds weaker while others with solid results were rewarded. Additionally, some lower-quality issuers have been experiencing earnings pressure. Credit and sector dispersion remained a theme which has typically provided a more favorable backdrop for credit selection. While default rates have been trending up from the lows, our latest bottom-up base case default estimate for U.S. high yield in 2024 of 3% - 4% is around the historical average of 3.4%. EM and European high yield default rates also remain relatively contained outside of the more distressed China property and Eastern European region.

We expect default rates across high yield in 2024 to remain in a range that are around the long-term averages. This outlook is based on our bottom-up assessment of issuers, and driven by the higher-quality ratings mix in global high yield (56% of issuers with credit ratings of BB), less aggressive new issuance, fewer near-term maturities, as well as an energy sector that is far healthier than in the past few cycles. As for EM high yield corporates, the overall default rate started 2023 in the mid-teens due to non-payment by Russian and Ukrainian issuers and due to the elevated defaults in the China property sector. Excluding those specific areas, the EM high yield corporate default rate was relatively benign at around 3.5% in 2023 with potentially slightly higher default rates expected in 2024, as EM corporates had entered this period of slower growth with reasonable liquidity on average.

In our view, global high yield valuations and yields are compensating investors for the around average default outlook. The lagged effects of monetary tightening and shifts in consumer behavior are likely to keep pushing inflation toward central banks' target ranges. As credit dispersion has been on the rise, our analysts remain keenly focused on the specific fundamentals of individual issuers in their coverage, assessing the base and downside cases in the event of a soft-landing or recession. Relatively healthy consumer and business balance sheets and nominal GDP growth should continue to provide support for most issuers' fundamentals, in our view.

TRUST FACTS

Listing Date	26 September 2018
Market Cap	\$651.57 million
Net Tangible Assets (NTA)	\$711.06 million
ASX Unit Price	\$1.51
NTA per Unit	\$1.65 (cum)
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\$463.4 billion in AUM as of Dec 31, 2023
- Located in 39 cities with 21 portfolio management centers across 26 countries
- The firm has considered ESG in investment processes as far back as the 1940s. For more information, please visit www.nb.com/esg

FURTHER INFORMATION AND ENQUIRIES

General
Email Info.nbi@nb.com

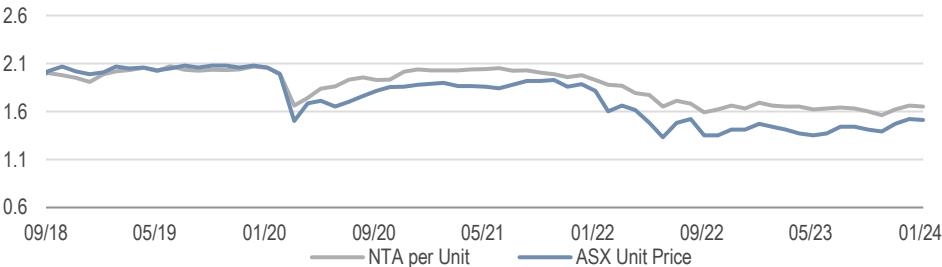
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PERFORMANCE BASED ON NTA (NET)²

31 January 2024	1 Mth	3 Mth	6 Mth	1 Year	2 Year	3 Year	5 Year	Since Inception ³
Total Return (%) ⁴	0.35	7.93	5.67	7.15	0.00	0.16	2.81	2.78

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

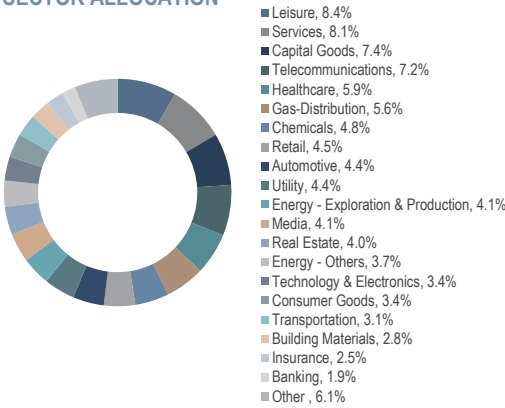
NTA PER UNIT / ASX UNIT PRICE PERFORMANCE



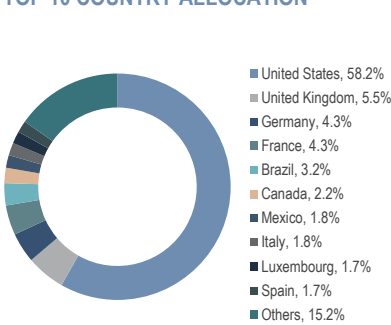
PLATFORMS

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

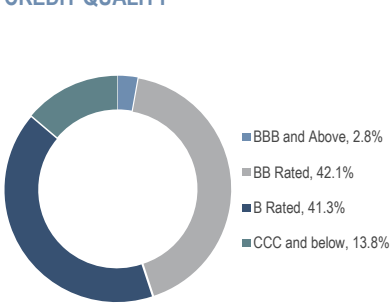
SECTOR ALLOCATION



TOP 10 COUNTRY ALLOCATION



CREDIT QUALITY⁵



TOTAL RETURNS BASED ON NTA (NET) (%) ^{2, 4}

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
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	-7.33	-15.34
FY2023	5.46	-1.33	-4.82	2.63	2.48	-0.87	4.05	-1.46	0.18	0.49	-0.77	1.65	7.51
FY2024	1.33	0.25	-0.84	-1.50	4.13	3.28	0.35						

Past Performance is not a reliable indicator of future performance.

DISTRIBUTIONS (¢/unit)⁶

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
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
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
FY2022	0.805	0.805	0.805	0.805	0.805	0.805	0.805	0.805	0.805	0.805	0.805	1.012	9.87
FY2023	0.711	0.711	0.711	0.711	0.711	0.711	0.711	0.711	1.218	1.218	1.218	1.218	10.56
FY2024	1.218	1.218	1.218	1.218	1.218	1.218	1.218						

TOP 10 ISSUERS

	SECTOR	%
TransDigm Inc	Capital Goods	1.10%
Charter Communications	Media	1.05%
CSC Holdings LLC	Media	0.88%
Teva Pharmaceutical Industries Ltd	Healthcare	0.88%
Medline Industries Inc	Healthcare	0.85%
Blackstone CQP Holdco LP	Gas – distribution	0.84%
Carnival Corp	Leisure	0.82%
Alliant Holdings Intermediate LLC	Insurance	0.77%
Frontier Communications Corp	Telecommunications	0.73%
New Fortress Energy Inc	Energy	0.71%

BOND PORTFOLIO SUMMARY

Number of Holdings	793
Number of Issuers	481
Yield to Maturity (%) ⁷	7.59
Yield to Worst (%) ⁸	7.53
Weighted Average Duration (years)	3.61
Average Credit Quality	B+
Current Yield (%)	6.47

- 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 the interest rate environment and impact on 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.
- The most recent distribution amount has been announced, and will be paid in the following month. For summary purposes monthly distribution figures have been rounded to 3 decimal places and total financial year distribution figures have been rounded to 2 decimal places. Actual distribution figures can be found on the ASX website. Certain monthly distributions include a return of capital. Please refer to your monthly distribution statement and AMMA statement for further detail.
- 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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