

# NB GLOBAL CORPORATE INCOME TRUST (ASX: NBI)

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Global • Income • Diversification

## MONTHLY INVESTMENT REPORT – AS OF 30 April 2024

Please note the fund was delisted from the ASX on 15 May 2024 and has been renamed the Neuberger Berman Global High Yield Fund. This fact sheet is as of 30 April 2024, when the fund was still listed.

### 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 month of April in slightly negative territory despite a generally solid earnings season and resilient economic data. However, there were some concerns over higher-for-longer rates and heightened geopolitical risk. Spreads on the ICE BofA Global High Yield Constrained Index tightened by 4 basis points in the month, largely driven by higher rated issuers. While spreads were slightly tighter in the month, yields on the global high yield market—as measured by the ICE BofA Global High Yield Index—remained attractive closing the month at 8.00%. The yield on U.S. 10-Year Treasuries ended April at 4.59%, up 39 basis points since the end of the first quarter. Overall, high yield issuers' aggregate fundamentals of EBITDA growth, free cash flow, interest coverage and leverage remained in somewhat favorable ranges. While most issuers reported in line or better than expected earnings in the recent quarter, some lower rated issuers continued to see some idiosyncratic or industry-specific earnings pressure. While default rates are up from the all-time lows reached in 2022, our latest bottom-up base case 2-year cumulative default estimate for U.S. high yield over 2024 and 2025 of 5.5% - 6.5% is around the historical 2-year cumulative average. EM and European high yield default rates also remain relatively contained outside of the more distressed China property and Eastern European region.

While the default rate is up from the very low levels reached in 2022, we expect default rates in 2024 and 2025 to remain in a range that is around the long-term historical averages. This outlook is based on our bottom-up assessment of issuers driven by the higher-quality ratings mix in high yield (57% 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 last year 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, we expect the core EM high yield corporate default rate in 2024 and 2025 to be relatively benign as EM corporates entered the period with reasonable liquidity on average.

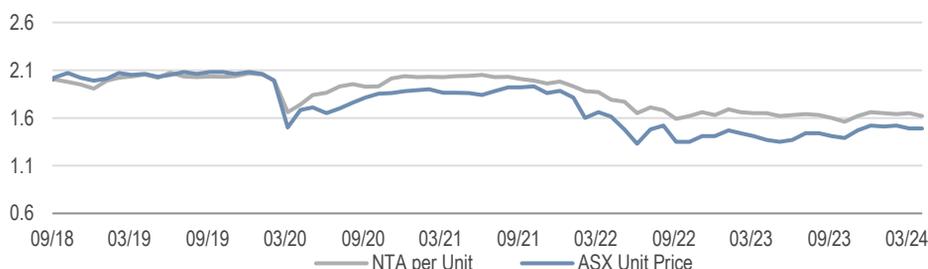
We remain constructive on global high yield at current spread levels. In our view, valuations and yields are compensating investors for the relatively benign default outlook. Despite solid global economic growth, higher-than-desired inflation and tight labor markets in the U.S., most market participants see rate normalization coming at some point later in the year. However, the lagged effects of monetary tightening and shifts in consumer behavior are likely to keep pushing inflation toward central banks' target ranges. Our analysts remain keenly focused on the specific fundamentals of individual issuers in their coverage, assessing the base and downside cases. Relatively healthy consumer and business balance sheets and nominal GDP growth should continue to provide support for most issuers' fundamentals, in our view.

### PERFORMANCE BASED ON NTA (NET)<sup>2</sup>

30 April 2024	1 Mth	3 Mth	6 Mth	1 Year	2 Year	3 Year	5 Year	Since Inception <sup>3</sup>
<b>Total Return (%)<sup>4</sup></b>	-0.69	0.82	8.81	8.90	3.35	-0.10	2.06	2.81
<b>Benchmark (%)<sup>5</sup></b>	-0.80	0.60	8.25	8.27	3.40	-0.48	1.87	2.46

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



### TRUST FACTS

<b>Listing Date</b>	26 September 2018
<b>Market Cap</b>	\$642.94 million
<b>Net Tangible Assets (NTA)</b>	\$699.76 million
<b>ASX Unit Price</b>	\$1.49
<b>NTA per Unit</b>	\$1.62 (cum)
<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
<b>Benchmark</b>	ICE BofA Global High Yield Index (AUD)

### ABOUT NEUBERGER BERMAN

- Founded in 1939; a private, independent, employee-owned investment manager
- US\$474.2 billion in AUM as of March 31, 2024
- 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/esp](http://www.nb.com/esp)

### FURTHER INFORMATION AND ENQUIRIES

#### General

Email: [NeubergerBermanAustralia@nb.com](mailto:NeubergerBermanAustralia@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: [NB@boardroomlimited.com.au](mailto:NB@boardroomlimited.com.au)

### PLATFORMS

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

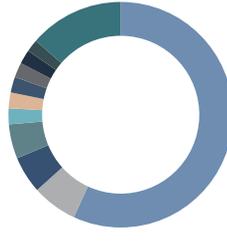
For further information and subscription details, please visit [www.nb.com/en/au/products/trusts/global-high-yield-fund](http://www.nb.com/en/au/products/trusts/global-high-yield-fund)

## SECTOR ALLOCATION



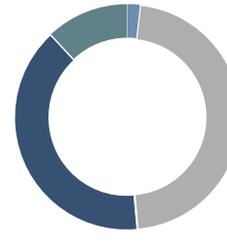
- Leisure, 8.9%
- Services, 8.1%
- Capital Goods, 7.5%
- Telecommunications, 7.0%
- Healthcare, 6.9%
- Automotive, 5.5%
- Chemicals, 5.1%
- Retail, 4.9%
- Utility, 4.5%
- Gas-Distribution, 4.3%
- Media, 4.3%
- Real Estate, 4.1%
- Technology & Electronics, 3.7%
- Energy - Exploration & Production, 3.7%
- Energy - Others, 3.3%
- Consumer Goods, 2.9%
- Transportation, 2.4%
- Insurance, 2.3%
- Building Materials, 2.3%
- Metals/Mining Excluding Steel, 2.0%
- Other, 6.3%

## TOP 10 COUNTRY ALLOCATION



- United States, 56.9%
- United Kingdom, 6.5%
- France, 5.3%
- Germany, 4.9%
- Canada, 2.3%
- Spain, 2.3%
- Italy, 2.3%
- Brazil, 2.1%
- Netherlands, 2.0%
- Luxembourg, 1.8%
- Others, 13.6%

## CREDIT QUALITY<sup>6</sup>



- BBB and Above, 1.8%
- BB Rated, 46.8%
- B Rated, 39.5%
- CCC and below, 12.0%

## TOTAL RETURNS BASED ON NTA (NET) (%)<sup>2, 4</sup>

	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	0.47	1.05	-0.69			

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
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	1.218	1.218	1.218			

## TOP 10 ISSUERS

	SECTOR	%
TransDigm Inc	Capital Goods	1.35%
Charter Communications	Media	1.08%
Electricite De France SA	Utility	1.04%
Medline Industries Inc	Healthcare	1.02%
Teva Pharmaceutical Industries Ltd	Healthcare	0.92%
Vistra Energy Corp.	Utility	0.92%
Frontier Communications Corp	Telecommunications	0.88%
Carnival Corp	Leisure	0.86%
ZF North America Capital Inc	Automotive	0.82%
Vertical Topco III GmbH	Capital Goods	0.67%

## BOND PORTFOLIO SUMMARY

Number of Holdings	803
Number of Issuers	469
Yield to Maturity (%) <sup>8</sup>	7.61
Yield to Worst (%) <sup>9</sup>	7.52
Weighted Average Duration (years)	3.62
Average Credit Quality	B+
Current Yield (%)	6.55

- 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 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.
- The Benchmark has been included for performance comparison purposes only and its inclusion is not intended to convey that the Fund is intended to track the Benchmark.
- 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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