

NB Distressed Debt Investment Fund Limited – Global Shares (“NBDG”)

NBDG FUND OBJECTIVE

NB Distressed Debt Investment Fund Limited’s (“NBDDIF”) primary objective is to provide investors with attractive risk-adjusted returns through long-biased, opportunistic stressed, distressed and special situation credit-related investments while seeking to limit downside risk.

NBDDIF’s holdings are diversified across distressed, stressed and special situations investments, with a focus on senior debt backed by hard assets. The portfolio is managed by the Distressed Debt team at Neuberger Berman, which sits within what we believe is one of the largest and most experienced non-investment grade credit teams in the industry.

The New Global Share Class (“NBDG”) was created in March 2014 in order to capture the growing opportunity in distressed debt globally. NBDG’s investment period ended on 31 March 2017, following which the harvest period commenced. No shares were repurchased during the quarter. Inception to date, distributions stand at £67.4 million or 61% of original capital (income by way of dividend, capital by way of redemption and share buybacks).

The New Global Share Class is one of three classes of shares in NBDDIF. The others are the Ordinary Share Class and the Extended Life Share Class. The Ordinary Share Class was subject to an investment period which ended on 10 June 2013 and the Extended Life Share Class was subject to an investment period which ended on 31 March 2015. Separate factsheets are produced for those share classes.

FUND FACTS¹

NAV Per Share:	65.00p
Share Price:	33.50p
Share Price Discount to NAV	-48.49%
Market Cap.	£9.3m
Total NAV	£18.1m
No. of issuers	5
Launch Date:	4 March 2014
Base Currency:	GBP
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	nil
Bloomberg Ticker:	NBDG:LN
ISIN:	GG00BNTXRB08
Website:	www.nbddif.com
Fund Type:	Closed-ended Investment Company

NAV BRIDGE: 30 JUNE – 30 SEPTEMBER 2023



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDG and not on a per share basis.

Realised and Unrealised gain/loss includes intra-quarter adjustments that have no effect on YTD NAV.

FX Changes due to share class’s exposure to foreign currencies. As detailed in its prospectus, the share class generally does not intend to hedge the currency exposure between Sterling (the currency in which shares are denominated) and the currency of the investments made by the share class.

Return of Capital includes distributions and share buybacks.

Figures presented are based on quarter-end published financial information and financial information provided by U.S. Bank Global Fund Services (Guernsey) Limited / U.S. Bank Global Fund Services (Ireland) Limited, as administrator to NBDDIF (the “Administrator”). This NAV bridge has not been audited and figures are subject to change.

MANAGER COMMENTARY

Public markets continue to be volatile as investors monitor multiple themes that could impact global growth. Dominant themes include tightening fiscal and monetary conditions, persistently higher inflation, supply chain disruptions, a tight labour market, and geopolitical events. All could lead to elevated volatility over the next 12 months and beyond. Given these circumstances, the timing and quantum of any financial impact on the portfolio remains difficult to predict. Despite the uncertainty, the investment manager remains committed to realising the investments in an orderly manner and winding down the share class as soon as practicable.

For regulatory reasons, the final 10% of the total return (NAV plus cumulative distributions) in respect of any class of participating shares in NBDDIF will be returned to shareholders with a final compulsory redemption of all the outstanding shares of that class.

While uncertainty in markets remains, we have reviewed the remaining investments to provide guidance on their realisable values. The investment manager uses economic, industry and issuer specific data to estimate the gross realisable value in downside, base case and upside scenarios for each investment in the portfolio. It currently estimates that the range of the aggregated realisable value for the investments in the portfolio is between 88% and 125% of the 30 September 2023 market values of these investments, with a base case of 110%. The range remained relatively unchanged compared to last quarter. Shareholders should, however, note that: (i) the realisable values of the investments are calculated on a gross basis and, in particular, do not reflect any applicable third-party expenses; and (ii) this range of aggregate realisable values is an estimate only, with no guarantee that the value actually realised will be within this range. Further details on the risks relating to “forward looking information” are set out at the end of this announcement.

Portfolio Update

NBDG ended the quarter with a NAV per share of 65.0p compared with 65.2p at the end of June 2023. The NAV decreased 0.3% during the quarter, with a decrease in value of a lodging & casino investment offset by the increase in value of a surface transport investment. At quarter-end, 99% of NBDG’s NAV was invested in distressed assets (including net cash held in subsidiaries), with 1% held in cash and US Treasury securities.

The remaining portfolio consists of 5 issuers across 5 sectors, including lodging & casino, commercial mortgage, and surface transport. There were no exits during the quarter. As of 30 September 2023, the ratio of distributions, both income and capital, to original capital, is 61%. Including the current NAV, the figure rises to 77%.

Notable Events²

There were no notable events during the quarter.

(continues)

Data as at 30 September 2023. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

1. Source: Bloomberg, except where otherwise stated

2. Notable corporate events may or may not result in an increase or decrease in the value of an NBDG investment or a change in NBDG’s NAV per share. An investment may experience a change in value (positive or negative) during the quarter whether or not it was subject to a notable corporate event. Not all events involving existing investments are disclosed. In addition, certain corporate events may not have been disclosed due to confidentiality obligations.

NB Distressed Debt Investment Fund Limited – Global Shares (“NBDG”)

FUND MANAGERS

Michael Holmberg
32 years' investment experience

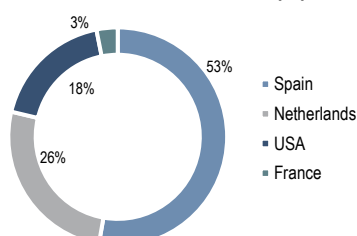
Brendan McDermott
15 years' investment experience

Ravi Soni
14 years' investment experience

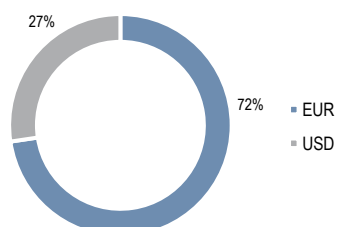
Directors:

John Hallam (Chairman)
Michael Holmberg
Christopher Legge
Stephen Vakil

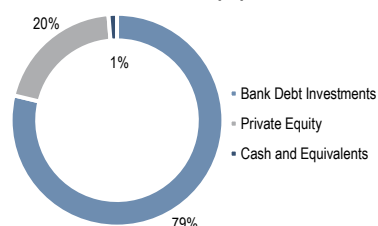
COUNTRY BREAKDOWN^{4,5} (%)



CURRENCY BREAKDOWN^{4,5} (%)



INVESTMENT TYPE⁵ (%)



SECTOR BREAKDOWN⁴ (%)

Lodging & Casinos	35%
Commercial Mortgage	26%
Surface Transport	20%
Oil & Gas	14%
Auto Components	3%
Net Cash and cash equivalents, U.S. Treasury securities and FX	1%

Portfolio Update (continued)

Significant Value Change (+/- £180,000)³

INDUSTRY	INSTRUMENT	3Q23 TOTAL RETURN (£ in millions)	MARKET VALUE (£ in millions)	QUARTERLY PRICE CHANGE	COMMENT
Lodging & Casinos	Secured Loan/Private Equity	-0.2	6.4	-3.5%	Lower expected value
Surface Transport	Secured Loan	0.2	3.6	+5.4%	Interest accrual

Exits

There were no exits during the quarter. Inception to date, there have been 32 exits with a total return of (£2.2 million), weighted average IRR of (4%) and weighted average ROR of (2%).

Distributions

Inception to date, a total of £67.4 million or 61% of original capital, has been distributed, via dividends, redemptions and share buybacks.

The investment manager has undertaken a review of all the investments in the light of a changed market. The table below provides an overview of for the status of each of the remaining holdings in the portfolio.

We will continue to update shareholders as we gain further clarity on investment realisations.

HOLDING	INDUSTRY	% NAV	INVESTMENT STATUS
1	Lodging & Casinos	35%	Target a sale in the next 6 months
2	Commercial Mortgage	26%	Continue to lease space as we prepare for exit; we target a sale in 2024
3	Surface Transport	20%	Awaiting mediation needed to unlock escrowed proceeds to pay claim
4	Oil & Gas	14%	Sales process being run, closing expected in 1H24
5	Auto Components	3%	Seeking secondary market buyer, requires healthy capital markets for reasonable value
		99%	

As explained above, due to regulatory reasons, the final 10% of total return in respect of any class of participating shares in NBDDIF will be returned to shareholders with the final compulsory redemption of all of the outstanding shares of that class. In the harvest period, we continue to focus on restructuring and monetising our investments, balancing timely realisations with maximising proceeds to our shareholders. Changes to timing are expected based on current market conditions and investment developments and will continue to be updated in the quarterly factsheets.

Share Buybacks

The share buyback programme was intended to narrow the discount during the investment period. At this point of the harvest period, our priority, taking into account shareholder feedback, is the return of capital. The Board intends to make distributions from investment realisations and not hold back cash for future share buyback programmes.

NBDDIF did not repurchase any shares in NBDG during the quarter. Since inception, a total of 16,203,033 NBDG shares, or 15% of the original NBDG shares at a cost of £10.9 million, have been repurchased and cancelled.

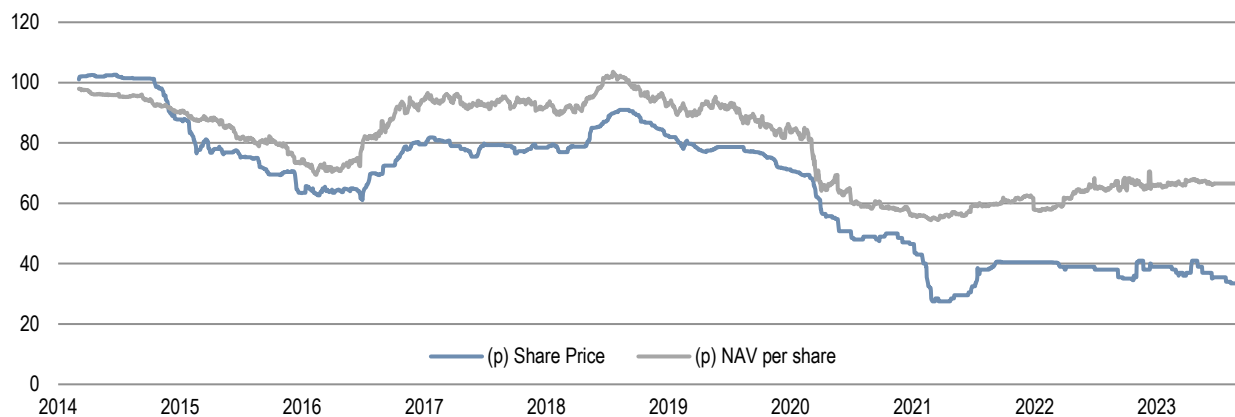
3. Industry categorisations determined by Neuberger Berman. Total Return determined by the Administrator and includes realised and unrealised gains and losses, expenses, FX gains and losses, and all income on investments according to US GAAP accounting. References in this factsheet to the market value of specific fund investments refers to the value determined in accordance with NBDG's valuation policy, which may include fair valued investments where third party prices are not available or are not considered accurate

4. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 September 2023.

5. Includes cash and accruals.

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FUND PERFORMANCE⁶



PORTFOLIO COMPOSITION – REMAINING HOLDINGS⁷

Holding	Industry	Current Instrument	Status	Country	% NAV	Primary Assets
1	Lodging & Casinos	Secured Loan/Private Equity	Current	Spain	35%	Hotel/Casino
2	Commercial Mortgage	Secured Loan	Defaulted	Netherlands	26%	Commercial Real Estate
3	Surface Transport	Secured Loan	Defaulted	Spain	20%	Legal Claim
4	Oil & Gas	Private Equity	Post-Reorg	US	14%	Ethanol Plant
5	Auto Components	Secured Loan	Post-Reorg	France	3%	Manufacturing Plant
					99%	

6. Source: Bloomberg

7. Categorisations determined by Neuberger Berman; percentages determined by Neuberger Berman and the Administrator. Please note that irrespective of the “sector” in which an investment is made, the underlying assets constituting the collateral for the investment comprise real estate assets in a majority of cases. As a result, NBDG’s overall exposure to the real estate sector may be more than its actual direct exposure to that sector.

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Full product details, including Key Information Documents, are available on our website at www.nbddif.com

Due to the inherent risk of investment in the debt market particularly related to alternative credit, it is expected that a qualified investor would be able to understand the risks in such security types and the potential impact of investing in the product. This product is designed to form part of a portfolio of investments.

The Company is a closed-ended investment company incorporated and registered in Guernsey and is governed under the provisions of the Companies (Guernsey) Law, 2008 (as amended), and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (“GFSC”). It is a non-cellular company limited by shares and has been declared by the GFSC to be a registered closed-ended collective investment scheme. The Company’s shares are admitted to trading on the Specialist Fund Segment of the London Stock Exchange’s Main Market for listed securities.

Neuberger Berman Europe Limited is authorised and regulated by the Financial Conduct Authority and is registered in England and Wales, at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

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An investment in the Company involves risks, with the potential for above average risk, and is only suitable for people who are in a position to take such risks. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of any investment, and should consult its own legal counsel and financial, actuarial, accounting, regulatory and tax advisers to evaluate any such investment. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Investment in the Company should not constitute a substantial proportion of an investor’s portfolio and may not be appropriate for all investors. Diversification and asset class allocation do not guarantee profit or protect against loss.

Past performance is not a reliable indicator of current or future results. The value of investments may go down as well as up and investors may not get back any of the amount invested. The performance data does not take account of the commissions and costs incurred on the issue and redemption of shares.

The value of investments designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital.

Tax treatment depends on the individual circumstances of each investor and may be subject to change, investors are therefore recommended to seek independent tax advice.

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