

# NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

## NBDD 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.

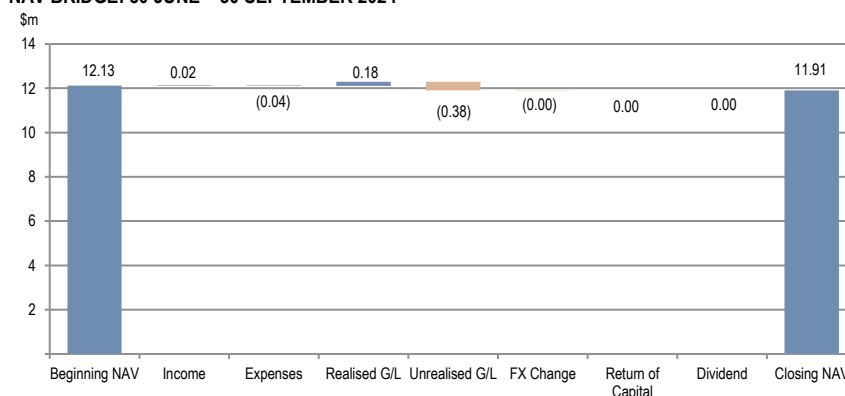
On 10 June 2013, the investment period of the NBDD Share Class (“NBDD”) expired and the assets of NBDDIF attributable to the Ordinary Shares were placed into the harvest period. \$132.8 million (equivalent to 107% of original capital) has been distributed (income by way of dividend and capital by way of redemption) to shareholders since the realisation phase for this share class began.

The Ordinary Share Class is one of three classes of shares in NBDDIF. The others are the Extended Life Share Class and the New Global Share Class, which both offered exposure to new opportunities in this asset class beyond 10 June 2013. The Extended Life Share Class was subject to an investment period which ended on 31 March 2015 and the New Global Share Class was subject to an investment period which ended on 31 March 2017. Separate factsheets are produced for those share classes.

## FUND FACTS<sup>1</sup>

NAV Per Share:	\$0.7741
Share Price:	\$0.6200
Share Price Discount to NAV	-19.9%
Market Cap.	\$9.5m
Total NAV	\$11.9m
No. of issuers	3
Launch Date:	10 June 2010
Base Currency:	USD
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	nil
Bloomberg Ticker:	NBDD:LN
ISIN:	GG00BDFZ6F78
Website:	<a href="http://www.nbddif.com">www.nbddif.com</a>
Fund Type:	Closed-ended Investment Company

## NAV BRIDGE: 30 JUNE – 30 SEPTEMBER 2024



Source: Neuberger Berman

Beginning NAV and Closing NAV are based on published NAVs for NBDD 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 may, but is not required to, engage in currency hedging in connection with investments in assets not denominated in US dollars (the currency in which shares are denominated).

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

In the third quarter of 2024, investors continued to focus on moderating inflation trends, slightly weaker employment figures and the elections in the United States. Looking ahead, investors will continue to monitor multiple trends including economic growth dynamics, the ultimate destination of rates, 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 remain 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. We have two investments which we believe may have material upside. However, the timing of any upside remains uncertain and, as we continue to seek liquidity, we will weigh the benefit of the timing of returning cash to investors relative to realising any additional upside.

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. As such, there will be no further distribution for NBDD until the final distribution to investors and the wind-down of the share class. The investment manager is evaluating options to wind down NBDD and will keep investors informed as there is more clarity.

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 78% and 125% of the quarter-end market values of these investments, with a base case of 113%. 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

NBDD ended the quarter with a NAV per share of \$0.77 compared with \$0.77 at the end of last quarter. The NAV was unchanged during the quarter. At quarter-end, 51% of NBDD's NAV was invested in distressed assets (including net cash held in subsidiaries and an exited investment that will settle post quarter end), with 49% held in cash including U.S. Treasury securities. Cash will build as assets are realised.

The portfolio consists of 3 issuers across 2 sectors, which are containers & packaging and surface transport. The ratio of distributions, both income and capital, to original capital, is 107%. Including the current NAV, the figure rises to 116%.

# NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

## FUND MANAGERS

### Michael Holmberg

32 years' investment experience

### Brendan McDermott

15 years' investment experience

### Ravi Soni

15 years' investment experience

## Directors:

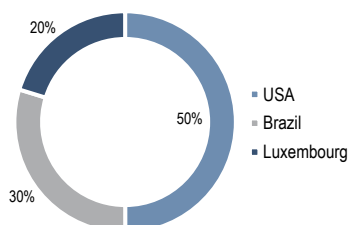
John Hallam (Chairman)

Michael Holmberg

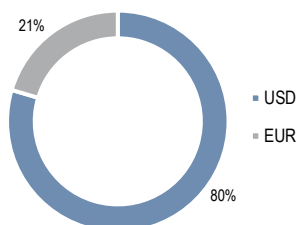
Christopher Legge

Stephen Vakili

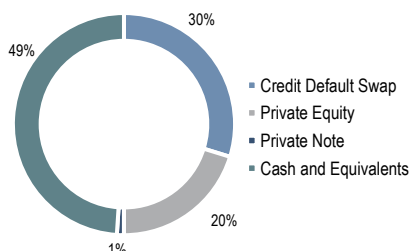
## COUNTRY BREAKDOWN<sup>4,5</sup> (%)



## CURRENCY BREAKDOWN<sup>4,5</sup> (%)



## INVESTMENT TYPE<sup>5</sup> (%)



## SECTOR BREAKDOWN<sup>4</sup> (%)

Surface Transport	30%
Containers and Packaging	20%
Financial Intermediaries	1%
Net Cash and cash equivalents, U.S. Treasury securities and FX	49%

## Notable Events<sup>2</sup>:

There were no notable events during the quarter.

## Significant Value Change (+/- \$120,000)<sup>3</sup>

INDUSTRY	INSTRUMENT	3Q24 TOTAL RETURN (\$ in millions)	MARKET VALUE (\$ in millions)	QUARTERLY PRICE CHANGE
Sovereign	Credit Default Swap	(0.28)	3.54	-35.2%

## Exits

There were no exits during the quarter.

## Distributions

As explained above, due to 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 of the outstanding shares of that class. It is intended that the next distribution for NBDD will be the final distribution to shareholders and will wind down the share class. 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 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 <sup>6</sup>	INVESTMENT STATUS
1	Surface Transport	30%	Awaiting results of litigation needed to unlock escrowed proceeds to pay claim
2	Containers and Packaging	18%	Profitability impacted by lower volumes; capital markets exit postponed until results regain momentum
3	Containers and Packaging	2%	Profitability impacted by lower volumes; capital markets exit postponed until results regain momentum
		50%	

2. Notable corporate events may or may not result in an increase or decrease in the value of an NBDD investment or a change in NBDD'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.

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 NBDD's valuation policy, which may include fair valued investments where third party prices are not available or are not considered accurate.

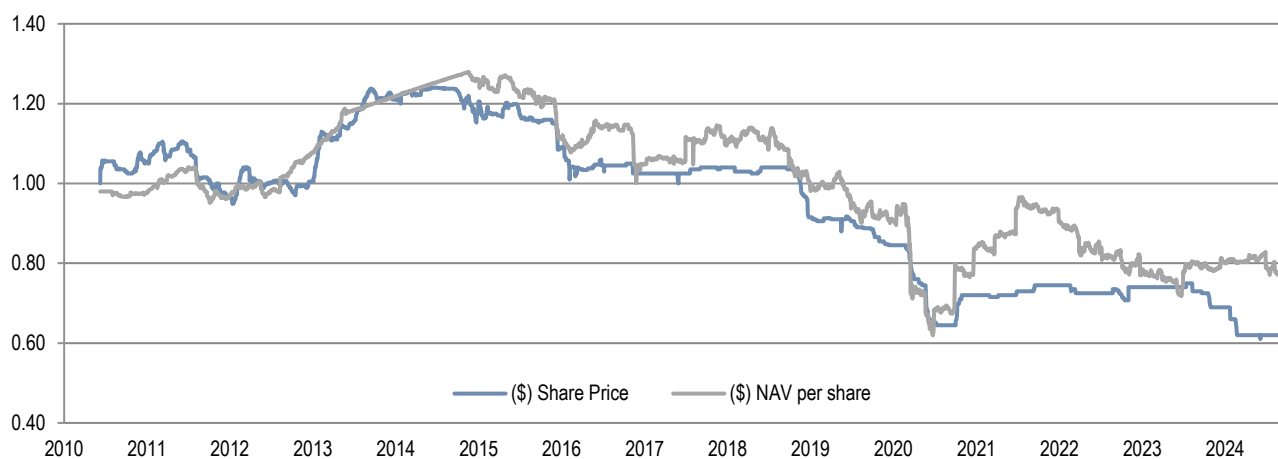
4. Categorisations determined by Neuberger Berman and percentages determined by the Administrator, based on market value as of 30 September 2024.

5. Includes cash and accruals.

6. Percentages do not include net cash and equivalents, which are detailed in the Sector Breakdown table.

# NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

## FUND PERFORMANCE<sup>7</sup>



## PORTFOLIO COMPOSITION – REMAINING HOLDINGS<sup>8</sup>

Holding	Industry	Current Instrument	Status	Country	% NAV <sup>9</sup>	Primary Assets
1	Surface Transport	Trade Claim	Defaulted	Brazil	30%	Municipal Claim
2	Containers and Packaging	Secured Notes	Post-Reorg	Germany	18%	Manufacturing Plant and Equipment
3	Containers and Packaging	Private Equity	Post-Reorg	Germany	2%	Manufacturing Plant and Equipment
4	Financial Intermediaries	Private Notes	Post-Reorg	US	1%	Cash & Securities
					<b>51%</b>	

7. Source: Bloomberg

8. 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, NBDD’s overall exposure to the real estate sector may be more than its actual direct exposure to that sector.

9. Percentages do not include net cash and equivalents, which are detailed in the Sector Breakdown table

# NB Distressed Debt Investment Fund Limited – Ordinary Shares (“NBDD”)

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Full product details, including Key Information Documents, are available on our website at [www.nbddif.com](http://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 2021 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.

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**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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