

NB DISTRESSED DEBT INVESTMENT FUND LIMITED
2023 ANNUAL REPORT

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023



KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Independent Auditors' Report

The Members
NB Distressed Debt Investment Fund Limited:

Opinion

We have audited the consolidated financial statements of NB Distressed Debt Investment Fund Limited (the Company), which comprise the consolidated statement of assets and liabilities, including the consolidated condensed schedule of investments, as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a



substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Dallas, Texas
April 25, 2024

Consolidated Statement of Assets and Liabilities

AS AT 31 DECEMBER 2023 AND 31 DECEMBER 2022

(EXPRESSED IN US DOLLARS EXCEPT WHERE STATED OTHERWISE)

	31 DECEMBER 2023	31 DECEMBER 2022
Assets		
Investments, at fair value (2023: cost of \$90,284,529; 2022: cost of \$103,009,846)	60,883,590	73,743,616
Forward currency contracts, at fair value	18,235	12,018
Total Return Swaps, at fair value (2023: cost of \$Nil, 2022: cost of \$Nil)	3,648,201	1,558,420
Cash and cash equivalents	4,809,578	8,733,589
Restricted Cash:		
Forward currency contracts Collateral	790,000	90,000
Total return swap Collateral	10,970,000	10,970,000
	81,119,604	95,107,643
Other assets		
Interest receivables	691,898	596,024
Withholding tax receivable	251,051	445,762
Other receivables and prepayments	57,691	72,304
Receivables for investments sold	-	498,514
Total assets	82,120,244	96,720,247
Liabilities		
Forward currency contracts, at fair value	1,545,570	1,269,365
Accrued expenses and other liabilities	395,627	282,649
Credit default swap, at fair value (2023: cost of \$19,860; 2022: cost of \$16,821)	21,309	21,494
Total liabilities	1,962,506	1,573,508
Net assets	80,157,738	95,146,739
Net assets attributable to Ordinary Shares (shares 2023: 15,382,770; 2022: 15,382,770)	12,415,231	11,890,321
Net asset value per Ordinary Share	0.8071	0.7730
Net assets attributable to Extended Life Shares (shares 2023: 44,234,790; 2022: 60,116,016)	45,614,485	58,477,990
Net asset value per Extended Life Share	1.0312	0.9728
Net assets attributable to New Global Shares (shares 2023: 27,821,698; 2022: 31,023,609)	£17,358,035	£20,598,909
Net asset value per New Global Share	£0.6239	£0.6640
Net assets attributable to New Global Shares (USD equivalent)	22,128,022	24,778,428
Net asset value per New Global Share (USD equivalent)	0.7954	0.7987

The Financial Statements were approved and authorised for issue by the Board of Directors on 25 April 2024 and signed on its behalf by:



John Hallam
Chairman



Christopher Legge
Director

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Operations

FOR THE YEAR ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

(EXPRESSED IN US DOLLARS)

	31 DECEMBER 2023	31 DECEMBER 2022
Income		
Interest income	2,899,273	8,496,913
	2,899,273	8,496,913
Expenses		
Professional and other expenses	531,886	462,603
Audit Fee	316,352	276,891
Directors' fees and expenses	193,450	188,088
Company Secretary Fee	116,888	109,316
D&O Insurance Fee	105,471	116,889
Administration fee	87,547	97,879
Loan administration and custody fees	30,743	24,726
	1,382,337	1,276,392
Net investment income	1,516,936	7,220,521
Realised and unrealised (loss)/gain from investments and foreign exchange		
Net realised (loss)/gain on investments, credit default swap, total return swap and forward currency transactions	(92,697)	1,585,726
Net change in unrealised gain on investments, credit default swap, total return swap and forward currency transactions	1,542,286	1,419,108
Realised and unrealised gain from investments and foreign exchange	1,449,589	3,004,834
Net increase in net assets resulting from operations	2,966,525	10,225,355

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 DECEMBER 2023

(EXPRESSED IN US DOLLARS)	31 DECEMBER 2023 ORDINARY SHARES	31 DECEMBER 2023 EXTENDED LIFE SHARES	31 DECEMBER 2023 NEW GLOBAL SHARES	31 DECEMBER 2023 AGGREGATED
Net assets at the beginning of the year	11,890,321	58,477,990	24,778,428	95,146,739
Net investment income	21,599	711,561	783,776	1,516,936
Net realised (loss)/gain on investments, credit default swap and forward currency transactions	(229,535)	726,939	(590,101)	(92,697)
Net change in unrealised gain/(loss) on investments, credit default swap and forward currency transactions	732,846	955,658	(146,218)	1,542,286
Shares redeemed during the year	-	(15,257,663)	(2,697,863)	(17,955,526)
Net assets at the end of the year	12,415,231	45,614,485	22,128,022	80,157,738

FOR THE YEAR ENDED 31 DECEMBER 2022

(EXPRESSED IN US DOLLARS)	31 DECEMBER 2022 ORDINARY SHARES	31 DECEMBER 2022 EXTENDED LIFE SHARES	31 DECEMBER 2022 NEW GLOBAL SHARES	31 DECEMBER 2022 AGGREGATED
Net assets at the beginning of the year	13,887,833	74,450,993	32,215,319	120,554,145
Net investment income	22,330	4,750,004	2,448,187	7,220,521
Net realised loss on investments, credit default swap and forward currency transactions	(117,445)	2,424,254	(721,083)	1,585,726
Net change in unrealised (loss)/gain on investments, credit default swap and forward currency transactions	(1,902,397)	1,620,364	1,701,141	1,419,108
Dividends	-	(5,799,245)	(2,828,797)	(8,628,042)
Shares redeemed during the year	-	(18,968,380)	(8,036,339)	(27,004,719)
Net assets at the end of the year	11,890,321	58,477,990	24,778,428	95,146,739

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

(EXPRESSED IN US DOLLARS)	31 DECEMBER 2023	31 DECEMBER 2022
Cash flows from operating activities:		
Net increase in net assets resulting from operations	2,966,525	10,225,355
<i>Adjustment to reconcile net increase/(decrease) in net assets resulting from operations to net cash flow provided by operations:</i>		
Net realised loss/(gain) on investments, credit default swap, total return swap and forward currency transactions	92,697	(1,585,726)
Net change in unrealised gain on investments, credit default swap, total return swap and forward currency transactions	(1,542,286)	(1,419,108)
Accretion of discount on loans and bonds	91,550	145,689
Changes in interest receivable	(95,874)	75,835
Changes in receivables for investments sold	498,514	(157,540)
Changes in other receivables and prepayments	14,613	3,514
Changes in withholding tax receivable	194,711	-
Changes in accrued expenses and other liabilities	112,978	36,040
Cash received on settled forward currency contracts and spot currency contracts	(1,975,089)	1,962,633
Payment in kind interest	(1,965,980)	(2,736,347)
Purchase of investments ²	(317,725)	(205,537)
Sale of investments ²	16,634,461	32,240,146
Sale of short term investments ¹	-	1,606,375
Net cash provided by operating activities	14,709,095	40,191,329
Cash flows from financing activities:		
Shares redeemed during the year	(17,955,526)	(27,004,719)
Dividend paid	-	(8,628,042)
Net cash used in from financing activities	(17,955,526)	(35,632,761)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(3,246,431)	4,558,568
Cash and cash equivalents at the beginning of the year	8,733,589	4,370,854
Restricted cash at the beginning of the year	11,060,000	10,970,000
Effect of exchange rate changes on cash and cash equivalents	22,420	(105,833)
Cash and cash equivalents at the end of the year	4,809,578	8,733,589
Restricted cash at the end of the year	11,760,000	11,060,000

Supplemental cash flow information

There were no reorganisations requiring disclosure in the year to 31 December 2023 (31 December 2022: None).

¹ Short term investments are typically sold or converted to cash within 3 to 12 months.

² Included in these figures is \$Nil (2022: \$2,678) of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year.

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

Consolidated Condensed Schedule of Investments (by financial instrument)

AS AT 31 DECEMBER 2023 (EXPRESSED IN US DOLLARS)	COST	FAIR VALUE	ORDINARY SHARES (%) ¹	EXTENDED LIFE SHARES (%) ¹	NEW GLOBAL SHARES (%) ¹	TOTAL COMPANY (%) ¹
Portfolio of Distressed Investments						
Bank Debt Investments	45,428,216	27,125,693	-	20.66	79.99	33.83
Private Equity	17,788,091	23,948,613	24.40	37.62	17.00	29.88
Private Note	19,741,373	3,724,142	2.22	7.56	-	4.65
Short term Investments						
US Treasury Bills	7,326,847	6,085,142	33.20	4.30	-	7.59
Total Investments	90,284,527	60,883,590	59.82	70.14	96.99	75.95
Portfolio per share class						
Ordinary Shares	6,993,271	7,426,240	59.82	-	-	9.26
Extended Life Shares	48,959,822	31,996,330	-	70.14	-	39.92
New Global Shares	34,331,434	21,461,020	-	-	96.99	26.77
	90,284,527	60,883,590	59.82	70.14	96.99	75.95
Credit Default Swap						
Ordinary Shares	(5,567)	(5,973)	(0.05)	-	-	(0.01)
Extended Life Shares	(14,293)	(15,336)	-	(0.03)	-	(0.01)
	(19,860)	(21,309)	(0.05)	(0.03)	-	(0.02)
Forward Currency Contracts						
Assets						
Ordinary Shares	-	3,808	0.03	-	-	-
Extended Life Shares	-	14,427	-	0.03	-	0.02
	-	18,235	0.03	0.03	-	0.02
Liabilities						
Ordinary Shares	-	(348,550)	(2.81)	-	-	(0.44)
Extended Life Shares	-	(1,197,020)	-	(2.63)	-	(1.49)
	-	(1,545,570)	(2.81)	(2.63)	-	(1.93)
Total Return Swap²						
Ordinary Shares	-	1,018,720	8.21	-	-	1.27
Extended Life Shares	-	2,629,481	-	5.76	-	3.28
	-	3,648,201	8.21	5.76	-	4.55

¹ This is the Fair Value expressed as a percentage of total Ordinary Share NAV, Extended Life Share NAV, New Global Share NAV and Company NAV.

² The trade claim was structured through a fully funded total return swap with a major US financial institution. See Note 3.

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

Consolidated Condensed Schedule of Investments (by financial instrument) (continued)

AS AT 31 DECEMBER 2022 (EXPRESSED IN US DOLLARS)	COST	FAIR VALUE	ORDINARY SHARES (%) ¹	EXTENDED LIFE SHARES (%) ¹	NEW GLOBAL SHARES (%) ¹	TOTAL COMPANY (%) ¹
Portfolio of Distressed Investments						
Bank Debt Investments	45,738,879	27,358,457	-	18.82	65.99	28.75
Private Equity	17,788,092	24,502,057	21.86	28.64	20.81	25.76
Private Note	32,100,083	15,923,291	5.21	21.86	10.17	16.74
Short term Investments						
US Treasury Bills	7,382,792	5,959,811	33.95	3.29	-	6.26
Total Investments	103,009,846	73,743,616	61.02	72.61	96.97	77.51
Portfolio per share class						
Ordinary Shares	7,085,668	7,255,206	61.02	-	-	7.63
Extended Life Shares	59,089,019	42,461,578	-	72.61	-	44.63
New Global Shares	36,835,159	24,026,832	-	-	96.97	25.25
	103,009,846	73,743,616	61.02	72.61	96.97	77.51
Credit Default Swap						
Ordinary Shares	(4,715)	(6,025)	(0.05)	-	-	(0.01)
Extended Life Shares	(12,106)	(15,469)	-	(0.03)	-	(0.02)
	(16,821)	(21,494)	(0.05)	(0.03)	-	(0.03)
Forward Currency Contracts						
Assets						
Ordinary Shares	-	3,953	0.03	-	-	-
Extended Life Shares	-	8,065	-	0.01	-	0.01
	-	12,018	0.03	0.01	-	0.01
Liabilities						
Ordinary Shares	-	(231,261)	(1.94)	-	-	(0.24)
Extended Life Shares	-	(1,038,104)	-	(1.78)	-	(1.09)
	-	(1,269,365)	(1.94)	(1.78)	-	(1.33)
Total Return Swap²						
Ordinary Shares	-	435,022	3.66	-	-	0.46
Extended Life Shares	-	1,123,398	-	1.91	-	1.18
	-	1,558,420	3.66	1.91	-	1.64

¹ This is the Fair Value expressed as a percentage of total Ordinary Share NAV, Extended Life Share NAV, New Global Share NAV and Company NAV.

² The trade claim was structured through a fully funded total return swap with a major US financial institution. See Note 3.

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

Consolidated Condensed Schedule of Investments

Investments with the following issuers comprised greater than 5% of Total Company NAV

AS AT 31 DECEMBER 2023 (EXPRESSED IN US DOLLARS)	COUNTRY	INDUSTRY	NOMINAL	COST	FAIR VALUE	ORDINARY SHARES (%) ¹	EXTENDED LIFE SHARES (%) ¹	NEW GLOBAL SHARES (%) ¹	TOTAL COMPANY (%) ¹
Investments at fair value									
White Energy Holding Company LLC (Private Equity)	United States	Oil & Gas	367	9,174,989	11,010,000	-	17.23	14.24	13.74
AB Zwolle T/L EUR 01/06/2020 (Bank Debt Investments)	Netherlands	Commercial Mortgage	20,223,504	14,595,720	10,879,528	-	10.57	27.37	13.57
Package Holdings 1 (Private Note)	Luxembourg	Containers and Packaging	11,108,610	-	9,473,309	21.32	14.96	-	11.82
Package Holdings 6 (Private Note)	Luxembourg	Containers and Packaging	2,948,481	1,893,980	1,313,564	2.97	6.38	-	1.64
TP Ferro Concesionaria T/L 1L 31/03/2016 (Bank Debt Investments)	Spain	Surface Transport	18,787,735	18,531,522	4,150,774	-	4.57	9.35	5.18
TP Ferro Concesionaria TP Ferro T/L-A (First-Lien) (Bank Debt Investments)	Spain	Surface Transport	2,945,545	2,945,545	2,945,545	-	3.23	6.66	3.67
TP Ferro Concesionaria TP Ferro 1L T/L-B EUR (First-Lien) EUR (Bank Debt Investments)	Spain	Surface Transport	593,063	666,784	655,127	-	0.72	1.48	0.82
TP Ferro PIK 5A 4/20 (Bank Debt Investments)	Spain	Surface Transport	522,319	522,319	522,319	-	0.57	1.18	0.65
TP Ferro PIK 5C 7/23 (Bank Debt Investments)	Spain	Surface Transport	361,262	361,262	361,262	1.00	0.40	0.82	0.45
TP Ferro PIK 5B 7/22 (Bank Debt Investments)	Spain	Surface Transport	298,046	298,046	298,046	-	0.33	0.67	0.37
TP Ferro Concesionaria TP Ferro 1L T/L-C (First-Lien) (Bank Debt Investments)	Spain	Surface Transport	256,553	256,553	256,553	-	0.28	0.58	0.32
Hotel Puerta America PIK T/L EUR (Bank Debt Investments)	Spain	Lodging & Casinos	3,901,657	4,293,218	4,215,146	-	-	19.05	5.26
Hotel Puerta America PIK Addon EUR (Bank Debt Investments)	Spain	Lodging & Casinos	1,540,070	1,675,349	1,663,811	-	-	7.52	2.08
Hotel Puerta America PIK PPL EUR (Bank Debt Investments)	Spain	Lodging & Casinos	1,090,003	1,281,898	1,177,582	-	-	5.32	1.47
US Treasury N/B 1.500% 02/15/30 (US Treasury Bills)	United States ¹	United States	6,975,000	7,326,847	6,085,143	33.20	4.30	-	7.59
				63,824,032	55,007,709	58.49	63.54	94.24	68.63

¹ This is the Fair Value expressed as a percentage of total Ordinary Share NAV, Extended Life Share NAV, New Global Share NAV and Company NAV.

² Floating Rate Note (FRN) – variable coupon rate during the year as per contract notice.

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

FINANCIAL STATEMENTS | Consolidated Condensed Schedule of Investments

Consolidated Condensed Schedule of Investments (continued)

Investments with the following issuers comprised greater than 5% of Total Company NAV

31 DECEMBER 2022 (EXPRESSED IN US DOLLARS)	COUNTRY	INDUSTRY	NOMINAL	COST	FAIR VALUE	ORDINARY SHARES (%) ¹	EXTENDED LIFE SHARES (%) ¹	NEW GLOBAL SHARES (%) ¹	TOTAL COMPANY (%) ¹
Investments at fair value									
White Energy Holding Company LLC (Private Equity)	United States	Oil & Gas	367	9,174,989	11,010,000	-	13.44	12.71	11.57
AB Zwolle T/L EUR 05/31/2023 (Bank Debt Investments)	Netherlands	Commercial Mortgage	19,200,256	14,043,835	10,671,960	-	8.09	23.98	11.22
Package Holdings 1 (Private Note)	Luxembourg	Containers and Packaging	11,108,610	-	8,103,345	19.04	9.99	-	8.52
Package Holdings 6 (Private Note)	Luxembourg	Containers and Packaging	2,948,481	1,893,980	1,123,710	2.64	1.38	-	1.18
TP Ferro Concesionaria T/L 1L 31/03/2016 (Bank Debt Investments)	Spain	Surface Transport	18,787,735	18,531,522	4,010,242	-	3.44	8.06	4.21
TP Ferro Concesionaria TP Ferro T/L-A (First-Lien) (Bank Debt Investments)	Spain	Surface Transport	2,309,778	2,309,778	2,309,778	-	1.97	4.66	2.43
TP Ferro PIK 5B 7/22 (Bank Debt Investments)	Spain	Surface Transport	234,516	234,516	234,516	-	0.20	0.47	0.25
TP Ferro Concesionaria TP Ferro 1L T/L-B EUR (First-Lien) EUR (Bank Debt Investments)	Spain	Surface Transport	465,056	527,661	496,331	-	0.42	1.00	0.52
TP Ferro PIK 5A 4/20 (Bank Debt Investments)	Spain	Surface Transport	409,581	409,581	409,581	-	0.35	0.83	0.43
TP Ferro Concesionaria TP Ferro 1L T/L-C (First-Lien) (Bank Debt Investments)	Spain	Surface Transport	201,179	201,179	201,179	-	0.17	0.41	0.21
ACA Fin Guaranty Corp 12- 12/31/2025 Fm (Private Note)	United States	Financial Intermediaries	66,659,722	10,617,941	4,332,882	5.21	6.35	-	4.55
ACA Fin Gur Sur Non Vt 12- 12/31/2025 Fm (Private Note)	United States	Financial Intermediaries	61,989,978	9,840,909	4,029,349	-	6.89	-	4.23
Hotel Puerta America PIK T/L EUR (Bank Debt Investments)	Spain	Lodging & Casinos	3,643,760	4,017,977	3,888,803	-	-	15.69	4.09
Hotel Puerta America (Private Equity)	Spain	Lodging & Casinos	934	3,013,332	1,110,956	-	-	4.48	1.18
Hotel Puerta America PIK PPL EUR (Bank Debt Investments)	Spain	Lodging & Casinos	1,090,003	1,281,898	1,163,306	-	-	4.69	1.22
Hotel Puerta America PIK Addon EUR (Bank Debt Investments)	Spain	Lodging & Casinos	1,438,272	1,566,706	1,534,996	-	-	6.19	1.61
Buffalo Thunder Dev Auth 11.00% 12/09/29 SR: Regs (Private Note)	United States	Lodging & Casinos	14,001,965	11,641,233	7,561,061	-	8.62	10.17	7.95
US Treasury N/B 1.500% 02/15/30 (US Treasury Bills)	United States	United States	6,975,000	7,382,792	5,959,811	33.95	3.29	-	6.26
			96,689,829	68,151,806	68,151,806	60.84	64.60	93.34	71.63

¹ This is the Fair Value expressed as a percentage of total Ordinary Share NAV, Extended Life Share NAV, New Global Share NAV and Company NAV.

² Floating Rate Note (FRN) – variable coupon rate during the year as per contract notice.

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

Consolidated Condensed Schedule of Investments (by geography)

AS AT 31 DECEMBER 2023 (EXPRESSED IN US DOLLARS)	COST	FAIR VALUE	ORDINARY SHARES (%) ¹	EXTENDED LIFE SHARES (%) ¹	NEW GLOBAL SHARES (%) ¹	TOTAL COMPANY (%) ¹
Geographic diversity of Portfolios						
Portfolio of Distressed Investments						
Luxembourg	1,893,980	10,786,873	24.28	17.04	-	13.46
Netherlands	14,595,720	10,879,528	-	10.57	27.37	13.57
Spain	33,845,829	16,246,165	-	10.09	52.62	20.27
United States	32,622,153	16,885,882	2.34	28.14	17.00	21.06
Short term Investments (US Treasury Bills)						
United States	7,326,847	6,085,142	33.20	4.30	-	7.59
	90,284,529	60,883,590	59.82	70.14	96.99	75.95

¹ This is the Fair Value expressed as a percentage of total Ordinary Share NAV, Extended Life Share NAV, New Global Share NAV and Company NAV.

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

Consolidated Condensed Schedule of Investments (by geography) (continued)

AS AT 31 DECEMBER 2022 (EXPRESSED IN US DOLLARS)	COST	FAIR VALUE	ORDINARY SHARES (%) ¹	EXTENDED LIFE SHARES (%) ¹	NEW GLOBAL SHARES (%) ¹	TOTAL COMPANY (%) ¹
Geographic diversity of Portfolios						
Portfolio of Distressed Investments						
Luxembourg	1,893,980	9,227,056	21.69	11.37	-	9.70
Netherlands	14,043,835	10,671,960	-	8.09	23.98	11.22
Spain	32,094,148	15,359,687	-	6.56	46.50	16.14
United States	47,595,091	32,525,102	5.38	43.30	26.49	34.19
Short term Investments (US Treasury Bills)						
United States	7,382,792	5,959,811	33.95	3.29	-	6.26
	103,009,846	73,743,616	61.02	72.61	96.97	77.51

¹ This is the Fair Value expressed as a percentage of total Ordinary Share NAV, Extended Life Share NAV, New Global Share NAV and Company NAV.

The accompanying notes on pages 15 to 32 are an integral part of the Consolidated Financial Statements.

Consolidated Condensed Schedule of Investments (by sector)

AS AT 31 DECEMBER 2023 (EXPRESSED IN US DOLLARS)	COST	FAIR VALUE	ORDINARY SHARES (%) ¹	EXTENDED LIFE SHARES (%) ¹	NEW GLOBAL SHARES (%) ¹	TOTAL COMPANY (%) ¹
Industry diversity of Portfolios						
Portfolio of Distressed Investments						
Auto Components	3,705,793	2,151,740	0.11	3.35	2.76	2.68
Commercial Mortgage	14,595,720	10,879,528	-	10.57	27.37	13.57
Containers and Packaging	1,893,980	10,786,873	24.28	17.04	-	13.46
Financial Intermediaries	19,741,371	3,724,142	2.23	7.56	-	4.65
Lodging & Casinos	10,263,797	7,056,540	-	-	31.89	8.80
Oil & Gas	9,174,989	11,010,000	-	17.23	14.24	13.74
Surface Transport	23,582,032	9,189,625	-	10.09	20.73	11.46
Short term Investments						
US Treasury Bills	7,326,847	6,085,142	33.20	4.30	-	7.59
	90,284,529	60,883,590	59.82	70.14	96.99	75.95

¹ This is the Fair Value expressed as a percentage of total Ordinary Share NAV, Extended Life Share NAV, New Global Share NAV and Company NAV.

Consolidated Condensed Schedule of Investments (by sector) (continued)

AS AT 31 DECEMBER 2022 (EXPRESSED IN US DOLLARS)	COST	FAIR VALUE	ORDINARY SHARES (%) ¹	EXTENDED LIFE SHARES (%) ¹	NEW GLOBAL SHARES (%) ¹	TOTAL COMPANY (%) ¹
Industry diversity of Portfolios						
Portfolio of Distressed Investments						
Auto Components	3,705,793	3,154,044	0.17	3.83	3.61	3.31
Commercial Mortgage	14,043,835	10,671,960	-	8.09	23.98	11.22
Containers and Packaging	1,893,980	9,227,056	21.69	11.37	-	9.70
Financial Intermediaries	20,458,849	8,362,230	5.21	13.24	-	8.79
Lodging & Casinos	24,135,372	17,696,890	-	12.79	41.24	18.60
Oil & Gas	9,174,989	11,010,000	-	13.44	12.71	11.58
Surface Transport	22,214,236	7,661,625	-	6.56	15.43	8.05
Short term Investments						
US Treasury Bills	7,382,792	5,959,811	33.95	3.29	-	6.26
	103,009,846	73,743,616	61.02	72.61	96.97	77.51

¹ This is the Fair Value expressed as a percentage of total Ordinary Share NAV, Extended Life Share NAV, New Global Share NAV and Company NAV.

NOTE 1 – ORGANISATION AND DESCRIPTION OF BUSINESS

NB Distressed Debt Investment Fund Limited (the “Company”) is a closed-ended investment company registered and incorporated in Guernsey under the provisions of the Companies (Guernsey) Law, 2008 (as amended) (the “Companies Law”) with registration number 51774. The Company’s shares are traded on the Specialist Fund Segment (“SFS”) of the London Stock Exchange (“LSE”). All share classes are in the harvest period.

The Company’s 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 by, amongst other things, focusing on senior and senior secured debt with both collateral and structural protection.

The Company’s share capital is denominated in US Dollars for Ordinary Shares and Extended Life Shares and Pounds Sterling for New Global Shares.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

(a) Basis of Preparation

The accompanying Consolidated Financial Statements (“Financial Statements”) give a true and fair view of the assets, liabilities, financial position and return and have been prepared in conformity with U.S. generally accepted principles (“US GAAP”) and Companies Law and are expressed in US Dollars. All adjustments considered necessary for the fair presentation of the financial statements, for the year presented, have been included.

The Company is regarded as an Investment Company and follows the accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) and Financial Services — Investment Companies Topic 946: Amendments to the Scope, Measurement, and Disclosure Requirements. (Topic 946). Accordingly, the Company reflects its investments on the Consolidated Statement of Assets and Liabilities at their estimated fair values, with unrealised gains and losses resulting from changes in fair value reflected in net change in unrealised gain/(loss) on investments, credit default swap, total return swap and forward currency transactions in the Consolidated Statement of Operations.

The Board recognises that the Portfolios (the Ordinary Share Class; the Extended Life Share Class; and the New Global Share Class) are now in their harvest periods. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the twelve months from the date these accounts are signed and the foreseeable future. Thus, they continue to prepare the Financial Statements on a going concern basis, as liquidation is not imminent.

(b) Principles of Consolidation

The Financial Statements include the results of the Company and its wholly-owned subsidiaries, whose accounting policies are consistent with those of the Company. The Financial Statements include full consolidation of any owned subsidiaries, except where the effect on the Company’s financial position and results of operations are immaterial. Transactions between the Company and the subsidiaries have been eliminated on consolidation.

Wholly-owned subsidiaries, London Lux Masterco 1 S.a.r.l., London Lux Debtco 1 S.a.r.l. and London Lux Propco 1 S.a.r.l. are incorporated in Luxembourg.

(c) Use of Estimates

The preparation of these Financial Statements in conformity with US GAAP requires that the Directors make estimates and assumptions (as mentioned in detail in note 2 (f) below) that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting year.

Actual results could differ significantly from these estimates.

(d) Cash and Cash Equivalents and Restricted Cash

The Company holds cash and cash equivalents in US Dollar and non-US Dollar denominated currencies with original maturities of less than 90 days that are both readily convertible to known amounts of cash. As at 31 December 2023, the Company has cash balances in various currencies equating to \$16,569,578 (Cost: \$16,566,075) (31 December 2022: \$19,793,589 (Cost: \$19,641,661) including cash and cash equivalents of \$4,809,578 (31 December 2022: \$8,733,589) as well as restricted cash of \$11,760,000 (31 December 2022: \$11,060,000). Restricted cash of \$10,970,000 (31 December 2022: \$10,970,000) is collateral for the total return swap positions and restricted cash of \$790,000 (31 December 2022: \$90,000) is collateral for forward currency contracts.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(e) Foreign Currency Translation

Assets and liabilities denominated in foreign currency are translated into US Dollars at the currency exchange rates on the date of valuation. On initial recognition, foreign currency sales and purchases transactions are recorded and translated at the spot exchange rate at the transaction date and for all other transactions, the average rate is applied. Non-monetary assets and liabilities are translated at the historic exchange rate.

The Company does not separate the changes relating to currency exchange rates from those relating to changes in fair value of the investments. These fluctuations are included in the net realised gain and net change in unrealised gain/(loss) on investments, credit default swap, total return swap and forward currency transactions in the Consolidated Statements of Operations.

(f) Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities that qualify as financial instruments under FASB ASC 825, Financial Instruments, approximate the carrying amounts presented in the Consolidated Statement of Assets and Liabilities.

Fair value prices are estimates made at a discrete point in time, based on relevant market data, information about the financial instruments, and other factors.

The Company follows guidance in ASC 820, Fair Value Measurement ("ASC 820"), where fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is determined using available market information and appropriate valuation methodologies. Estimates of fair value of financial instruments without quoted market prices are subjective in nature and involve various assumptions and estimates that are matters of judgement. Accordingly, fair values are not necessarily indicative of the amounts that will be ultimately realised on disposal of financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value amounts.

The following estimates and assumptions were used as at 31 December 2023 and 31 December 2022 to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents - The carrying value reasonably approximates fair value due to the short-term nature of these instruments.
- Quoted investments are valued according to their bid price at the close of the relevant reporting date. Investments in private securities are priced at the bid price using a pricing service for private loans. If a price cannot be ascertained from the above sources, the Company will seek bid prices from third party broker/dealer quotes for the investments.
- In cases where no third-party price is available, or where the Investment Manager determines that the provided price is not an accurate representation of the fair value of the investment (e.g. level 3 investments included overleaf), the Investment Manager determines the valuation based on its fair valuation policy. Further information on valuations is provided in Note 2 (g), "Investment transactions, investment income/expenses and valuation", on page 77.
- Forward currency contracts are revalued using the forward exchange rate prevailing at the Consolidated Statement of Assets and Liabilities date.
- Total Return Swaps are priced using Mark to market prices provided by a third party broker.
- Credit Return Swaps are priced using a pricing service provided by Markit Partners.

Fair value measurements are determined within a framework that establishes a three-tier hierarchy which maximises the use of observable market data and minimises the use of unobservable inputs to establish a classification of fair value measurements for disclosure purposes.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(f) Fair Value of Financial Instruments (continued)

ASC 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of the fair value require significant management judgement or estimation.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement and considers factors specific to each investment.

The following is a summary of the levels within the fair value hierarchy in which the Company invests:

FAIR VALUE OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2023

(EXPRESSED IN US DOLLARS)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Bank Debt Investments	-	-	27,125,693	27,125,693
Private Equity	-	-	23,948,613	23,948,613
Private Note	-	-	3,724,142	3,724,142
US Treasury Bills	6,085,142	-	-	6,085,142
Investments at fair value	6,085,142	-	54,798,448	60,883,590
Credit Default Swap	-	(21,309)	-	(21,309)
Total Return Swap	-	-	3,648,201	3,648,201
Forward Currency Contracts - Assets	-	18,235	-	18,235
Forward Currency Contracts - Liabilities	-	(1,545,570)	-	(1,545,570)
Total investments that are accounted for at fair value	6,085,142	(1,548,644)	58,446,649	62,983,147

FAIR VALUE OF FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2022

(EXPRESSED IN US DOLLARS)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Bank Debt Investments	-	-	27,358,457	27,358,457
Private Equity	-	11,010,000	13,492,057	24,502,057
Private Note	-	7,561,061	8,362,230	15,923,291
US Treasury Bills	5,959,811	-	-	5,959,811
Investments at fair value	5,959,811	18,571,061	49,212,744	73,743,616
Credit Default Swap	-	(21,494)	-	(21,494)
Total Return Swap	-	-	1,558,420	1,558,420
Forward Currency Contracts - Assets	-	12,018	-	12,018
Forward Currency Contracts - Liabilities	-	(1,269,365)	-	(1,269,365)
Total investments that are accounted for at fair value	5,959,811	17,292,220	50,771,164	74,023,195

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(f) Fair Value of Financial Instruments (continued)

The following table summarises the significant unobservable inputs the Company used to value its investments categorised within Level 3 as at 31 December 2023. The table is not intended to be all-inclusive but instead captures the significant unobservable inputs relevant to our determination of fair values.

TYPE	SECTOR	FAIR VALUE (\$)	PRIMARY VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE INPUT
Bank Debt Investments	Commercial Mortgage	10,879,528	Market Comparatives	Discount Rate	10%
Bank Debt Investments	Lodging & Casinos	7,056,540	Market Comparatives	Discount Rate	15%
Bank Debt Investments	Surface Transport	9,189,625	Market Information	Unadjusted Broker Quote	N/A
Private Equity	Auto Components	2,151,740	Market Information	EBITDA Multiple	4.5X
Private Equity	Containers and Packaging	10,786,873	Market Comparatives	EBITDA Multiple	10.75X
Private Equity	Oil and Gas	11,010,000	Market Information	Unadjusted Broker Quote	N/A
Private Note	Financial Intermediaries	3,724,142	Market Information	Unadjusted Broker Quote	N/A
Total Return Swap	Surface Transport	3,648,201	Market Information	Unadjusted Broker Quote	N/A
Total		58,446,649			

The following table summarises the significant unobservable inputs the Company used to value its investments categorised within Level 3 as at 31 December 2022. The table is not intended to be all-inclusive but instead captures the significant unobservable inputs relevant to our determination of fair values.

TYPE	SECTOR	FAIR VALUE (\$)	PRIMARY VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE INPUT
Bank Debt Investments	Commercial Mortgage	10,671,960	Market Comparatives	Discount Rate	10%
Bank Debt Investments	Lodging & Casinos	6,587,107	Market Comparatives	Discount Rate	15%
Bank Debt Investments	Lodging & Casinos	2,437,766	Market Information	Unadjusted Broker Quote	N/A
Bank Debt Investments	Surface Transport	7,661,625	Market Information	Unadjusted Broker Quote	N/A
Private Equity	Auto Components	3,154,044	Market Information	EBITDA Multiple	4.5X
Private Equity	Containers and Packaging	9,227,056	Market Comparatives	EBITDA Multiple	11X
Private Equity	Lodging & Casinos	1,110,956	Market Comparatives	Discount Rate	15%
Private Note	Financial Intermediaries	8,362,230	Market Comparatives	Discount Rate	25%
Total Return Swap	Surface Transport	1,558,420	Market Information	Unadjusted Broker Quote	N/A
Total		50,771,164			

Changes in any of the above inputs may positively or adversely impact the fair value of the relevant investments.

Level 3 assets are valued using single bid-side broker quotes or by good faith methods of the Investment Manager. For single broker quotes the Investment Manager uses unobservable inputs to assess the reasonableness of the broker quote. For good faith valuations, the Investment Manager directly uses unobservable inputs to produce valuations. The significant unobservable inputs used in Level 3 assets as at 31 December 2023 and 31 December 2022 are outlined in the tables above.

These inputs vary by asset class. For example, real estate asset valuations may utilise discounted cash flow models using an average value per square foot and appropriate discount rate. Other assets may be valued based on analysis of the liquidation of the underlying assets. In general, increases/(decreases) to per unit valuation inputs such as value per square foot, will result in increases/(decreases) to investment value.

Similarly, increases/(decreases) of asset realisation inputs (liquidation estimate, letter of intent, etc.) will also result in increases/(decreases) in value. In situations where discounted cash flow models are used, increasing/(decreasing) discount rates or increasing/(decreasing) weighted average life, in isolation, will generally result in (decreased)/increased valuations.

FINANCIAL STATEMENTS | Notes to the Consolidated Financial Statements

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(f) Fair Value of Financial Instruments (continued)

The following is a reconciliation of opening and closing balances of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs:

FOR THE YEAR ENDED 31 DECEMBER 2023 (EXPRESSED IN US DOLLARS)

	BANK DEBT INVESTMENTS	PRIVATE EQUITY	TRADE CLAIM	PRIVATE NOTE	TOTAL
Balance, 31 December 2022	27,358,457	13,492,057	1,558,420	8,362,230	50,771,164
Purchases (includes purchases-in-kind)	2,303,563	-	-	-	2,303,563
Sales and distributions	(2,508,112)	-	-	(4,511,654)	(7,019,766)
Realised gain on sale of investments	(70,506)	-	-	3,794,178	3,723,672
Unrealised gain/(loss) on investments	42,291	(553,444)	2,089,781	(3,920,612)	(2,341,984)
Transfers from Level 2 into Level 3	-	11,010,000	-	-	11,010,000
Balance, 31 December 2023	27,125,693	23,948,613	3,648,201	3,724,142	58,446,649
Change in unrealised gain/(loss) on investments included in Audited Consolidated Statement of Operation for Level 3 investments held as at 31 December 2023	(98,561)	(553,444)	2,089,781	(3,920,612)	(2,482,836)

The Company's policy is to recognise transfers into and out of Level 3 as of the actual date of the event or change in circumstances that caused the transfer. During the year the Company had no transfers out of Level 3 into Level 2 of fair value amounting to \$Nil. The Company had one transfer out of Level 2 into Level 3 of fair value amounting to \$11,010,000 as only a single broker quote was observable.

The following is a reconciliation of opening and closing balances of assets and liabilities measured at fair value on a recurring basis using Level 3 inputs:

FOR THE YEAR ENDED 31 DECEMBER 2022 (EXPRESSED IN US DOLLARS)

	BANK DEBT INVESTMENTS	PRIVATE EQUITY	TRADE CLAIM	PRIVATE NOTE	TOTAL
Balance, 31 December 2021	47,181,981	21,836,374	(875,121)	6,641,858	74,785,092
Purchases (includes purchases-in-kind)	4,240,602	-	-	-	4,240,602
Sales and distributions	(28,047,566)	-	-	(4,187,464)	(32,235,030)
Realised (loss)/gain on sale of investments	(2,239,259)	(1,003,803)	-	3,521,541	278,479
Unrealised gain/(loss) on investments	3,766,473	(7,340,514)	2,433,541	2,386,295	1,245,795
Transfers from Level 2 into Level 3	2,456,226	-	-	-	2,456,226
Balance, 31 December 2022	27,358,457	13,492,057	1,558,420	8,362,230	50,771,164
Change in unrealised (loss)/gain on investments included in Audited Consolidated Statement of Operation for Level 3 investments held as at 31 December 2022	(867,184)	(8,344,317)	2,433,541	2,386,295	(4,391,665)

The Company's policy is to recognise transfers into and out of Level 3 as of the actual date of the event or change in circumstances that caused the transfer. During the year the Company had no transfers out of Level 3 into Level 2 of fair value amounting to \$Nil. The Company had one transfer out of Level 2 into Level 3 of fair value amounting to \$2,456,226 on 28 December 2022, due to a lack of observable inputs into the valuation.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(g) Investment transactions, investment income/expenses and valuation

Investment transactions are accounted for on a trade-date basis. Upon sale or maturity, the difference between the consideration received and the cost of the investment is recognised as a realised gain or loss under Net realised gain on investments, credit default swap, warrants and forward currency transactions in the Consolidated Statement of Operations. The cost is determined based on the average cost method. All transactions relating to the restructuring of current investments are recorded at the date of such restructuring. The difference between the fair value of the new consideration received and the cost of the original investment is recognised as a realised gain or loss. Unrealised gains and losses on an investment are the difference between the cost if purchased during the year or fair value at the previous year end and the fair value at the current year end. Unrealised gains and losses are included under Net change in unrealised (loss)/gain on investments, credit default swap, warrants and forward currency transactions in the Consolidated Statement of Operations.

For the year ended 31 December 2023, \$91,550 (31 December 2022: \$145,689) was recorded to reflect accretion of discount on loans and bonds during the year and is included as Interest Income in the Consolidated Statement of Operations.

Interest earned on debt instruments is accounted for, net of applicable withholding taxes and it is recognised as income over the terms of the loans and bonds. Discounts received or premiums paid in connection with the acquisition of loans and bonds are amortised into interest income using the effective daily interest method over the contractual life of the related loan and bond. If a loan is repaid prior to maturity, the recognition of the fees and costs is accelerated as appropriate. The Company raises a provision when the collection of interest is deemed doubtful. Dividend income is recognised on the ex-dividend date net of withholding tax.

Payment-in-kind ("PIK") interest is computed at the contractual rate specified in the loan agreement for any portion of the interest which may be added to the principal balance of a loan rather than paid in cash by the obligator on the scheduled interest payment date. PIK interest is periodically added to the principal balance of the loan and recorded as interest income. The Investment Manager places a receivable on non-accrual status when the collection of principal or interest is deemed doubtful. The amount of interest income recorded, plus initial costs of underlying PIK interest is reviewed periodically to ensure that these do not exceed fair value of those assets.

The Company carries investments on its Consolidated Statement of Assets and Liabilities at fair value in accordance with US GAAP, with changes in fair value recognised in the Consolidated Statement of Operations in each reporting period. Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

Quoted investments are valued according to their bid price at the close of the relevant reporting date. Investments in private securities are priced at the bid price using a pricing service for private loans.

If a price cannot be ascertained from the above sources the Company will seek bid prices from third party broker/dealer quotes for the investments. The Investment Manager believes that bid price is the best estimate of fair value and is in line with the valuation policy adopted by the Company.

In cases where no third party price is available, or where the Investment Manager determines that the provided price is not an accurate representation of the fair value of the investment, the Administrator will value such investments with the input of the Investment Manager who will determine the valuation based on its fair valuation policy. As part of the investment fair valuation policy, the Investment Manager prepares a fair valuation memorandum for each such investment presenting the methodology and assumptions used to derive the price. This analysis is presented to the Investment Manager's Valuation Committee for approval.

The following criteria are considered when applicable:

- The valuation of other securities by the same issuer for which market quotations are available;
- The reasons for absence of market quotations;
- The soundness of the security, its interest yield, the date of maturity, the credit standing of the issue and the current general interest rates;
- Any recent sales prices and/or bid and ask quotations for the security;
- The value of similar securities of issuers in the same or similar industries for which market quotations are available;
- The economic outlook of the industry;
- The issuer's position in the industry;
- The financial statements of the issuer; and
- The nature and duration of any restriction on disposition of the security.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(h) Derivative Contracts

The Company may, from time to time, hold derivative financial instruments for the purposes of managing foreign currency exposure and to provide a measure of protection against defaults of corporate or sovereign issuers. These derivatives are measured at fair value in conformity with US GAAP with changes in fair value recognised under Realised and unrealised (loss)/gain from investments and foreign exchange in the Consolidated Statement of Operations in each reporting period.

As part of the Company's investment strategy, the Company enters into over-the-counter ("OTC") derivative contracts which may include forward currency contracts, credit default swaps and total return swaps.

Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies on the reporting date and the value recorded in the financial statements represents net unrealised gain and loss on forwards as at 31 December. Forward contracts are generally categorised in Level 2 of the fair value hierarchy.

The credit default swap has been entered into on the OTC market. The fair value of the credit default swap contract is derived using a pricing service provided by Markit Partners. Markit Partners use a pricing model that is widely accepted by marketplace participants. Their pricing model takes into account multiple inputs including specific contract terms, interest rate yield curves, interest rates, credit curves, recovery rates, and current credit spreads obtained from swap counterparties and other market participants. Many inputs into the model do not require material subjectivity as they are observable in the marketplace or set per the contract. Other than the contract terms, valuation is mainly determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. If the underlying debt is liquid and the OTC market for the current spread is active, credit default swaps are categorised in Level 2 of the fair value hierarchy. If the underlying debt is illiquid and the OTC market for the current spread is not active, credit default swaps are categorised in Level 3 of the fair value hierarchy.

The total return swap is valued using a mark to market prices provided by a third-party broker.

(i) Taxation

The Company is not subject to income taxes in Guernsey; however, it may be subject to taxes imposed by other countries on income it derives from investments.

Such taxes are reflected in the Consolidated Statement of Operations. In accordance with US GAAP, management is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognised is measured as the largest amount of benefit that is greater than fifty percent likely of being realised upon ultimate settlement. De-recognition of a tax benefit previously recognised could result in the Company recording a tax liability that would reduce net assets. US GAAP also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities.

There were no uncertain tax positions as at 31 December 2023 or 31 December 2022. The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and certain state, local, and other foreign tax regulators. State, local and foreign tax returns, if applicable, are generally subject to audit according to varying limitations dependent upon the jurisdiction. As of 31 December 2023, the Company's U.S. federal income tax returns are subject to examination under the three-year statute of limitations.

During the year ended 31 December 2023, the Company recorded current income tax expense \$Nil (31 December 2022 income tax expense: \$Nil). Deferred taxes are recorded to reflect the tax consequences of future years' differences between the tax basis of assets and their financial reporting basis. The deferred tax benefit recorded for the year ended 31 December 2023 was \$Nil (31 December 2022 deferred tax benefit: \$Nil). The net total income tax benefit/expense from realised/unrealised gains/(losses) on investments for the year ended 31 December 2023 was \$Nil (31 December 2022 income tax expense: \$Nil).

(j) Operating Expenses

Operating expenses are recognised on an accruals basis. Operating expenses include amounts directly or indirectly incurred by the Company as part of its operations. Each share class will bear its respective pro-rata share based on its respective Net Asset Value ("NAV") of the ongoing costs and expenses of the Company. Each share class will also bear all costs and expenses of the Company determined by the Directors to be attributable solely to it. Any costs incurred by a share buyback are charged to that share class.

(k) Payables/Receivables on Investments Purchased/Sold

At 31 December 2023, the amount receivable on investments purchased/sold represents amounts due for investments purchased/sold that have been contracted for but not settled on the Consolidated Statement of Assets and Liabilities date.

NOTE 3 – DERIVATIVES

In the normal course of business, the Company uses derivative contracts in connection with its proprietary trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of the derivative investment. The Company's derivative activities and exposure to derivative contracts are classified by the following primary underlying risks: foreign currency exchange rate, credit, and equity price. In addition to its primary underlying risks, the Company is also subject to additional counterparty risk due to inability of its counterparties to meet the terms of their contracts.

Forward Currency Contracts

The Company enters into forwards for the purposes of managing foreign currency exposure.

Credit Default Swap

The Company uses credit default swap agreements on corporate or sovereign issues to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where a Company owns or has exposure to the referenced obligation) from time to time.

There was one credit default swap position (Brazilian Government) held as at 31 December 2023 (31 December 2022: one).

Total Return Swap

The Company entered into two fully funded total return swaps on 2 May 2011 and 18 April 2012. These swaps matured on 25 February 2020 and rolled over into a new swap agreement. New ISDA regulations enacted in 2019 require booking the total return swaps with cash collateral maintained vs fully funded swaps.

The new swap rolls on an annual basis. The swap was booked on 02 March 2022 and matured on 01 February 2023. A realised event occurred on the value of the swap as at 01 February 2023 \$2,075,537. The next maturity will occur on 01 February 2024. The value of the swap, exclusive of related cash collateral, as at 31 December 2023 is \$3,648,201 (31 December 2022: \$1,558,420) representing a change in market value of \$1,572,664 in the period since the 01 February 2023 maturity.

As at 31 December 2023 the net value of the swap and related cash collateral was \$14,618,201 (31 December 2022: \$12,528,420) (comprised of restricted cash collateral of \$10,970,000 (31 December 2022: \$10,970,000) and total return swap asset of \$ 3,648,201 (31 December 2022: swap asset of \$1,558,420), as reflected in the Consolidated Statement of Assets and Liabilities. The underlying asset of the swaps is denominated in Brazilian Real and the foreign exchange exposure is hedged to offset any change in value in underlying asset due to the FX movements.

Derivative activity

For the year ended 31 December 2023 and 31 December 2022 the volume of the Company's derivative activities based on their notional amounts and number of contracts, categorised by primary underlying risk, are as follows:

31 DECEMBER 2023		LONG EXPOSURE		SHORT EXPOSURE	
PRIMARY UNDERLYING RISK	NOTIONAL AMOUNTS	NUMBER OF CONTRACTS	NOTIONAL AMOUNTS	NUMBER OF CONTRACTS	
Foreign exchange risk					
Forward currency contracts	\$127,841,170	61	\$125,731,102		77
Credit risk					
Credit default swap	\$9,971,000	1	-		-
Total return swap	-	-	\$10,960,348		2

31 DECEMBER 2022		LONG EXPOSURE		SHORT EXPOSURE	
PRIMARY UNDERLYING RISK	NOTIONAL AMOUNTS	NUMBER OF CONTRACTS	NOTIONAL AMOUNTS	NUMBER OF CONTRACTS	
Foreign exchange risk					
Forward currency contracts	\$131,688,489	61	\$107,370,134		64
Credit risk					
Credit default swap	\$9,971,000	1	-		-
Total return swap	-	-	\$10,960,348		2

NOTE 3 – DERIVATIVES (CONTINUED)
Derivative activity (continued)

The following tables show, as at 31 December 2023 and 31 December 2022, the fair value amounts of derivative contracts included in the Consolidated Statement of Assets and Liabilities, categorised by primary underlying risk. Balances are presented on a gross basis prior to application of the impact of counterparty and collateral netting. Total derivative assets and liabilities are adjusted on an aggregate basis to take into account the effects of master netting arrangements and, where applicable, have been adjusted by the application of cash collateral receivables and payables with its counterparties. The tables also identify, as at 31 December 2023 and 31 December 2022, the realised and unrealised gain and loss amounts included in the Consolidated Statement of Operations, categorised by primary underlying risk:

31 DECEMBER 2023 PRIMARY UNDERLYING RISK	DERIVATIVE ASSETS (\$)	DERIVATIVE LIABILITIES (\$)	REALISED GAIN (LOSS) (\$)	NET CHANGE IN UNREALISED GAIN (LOSS) (\$)
Foreign currency exchange rate				
Forward currency contracts	18,235	(1,545,570)	(1,975,088)	(269,987)
Credit				
Purchased protection				
Credit default swap	-	(21,309)	(84,550)	3,223
Total return swap	3,648,201	-	-	2,078,684
31 DECEMBER 2022 PRIMARY UNDERLYING RISK				
Foreign currency exchange rate				
Forward currency contracts	12,018	(1,269,365)	1,963,445	(1,667,174)
Credit				
Purchased protection				
Credit default swap	-	(21,494)	37,783	(8,853)
Total return swap	1,558,420	-	-	2,433,541

Offsetting assets and liabilities

Amounts due from and to brokers are presented on a net basis, by counterparty, to the extent the Company has the legal right to offset the recognised amounts and intends to settle on a net basis.

The Company presents on a net basis the fair value amounts recognised for OTC derivatives executed with the same counterparty under the same master netting agreement.

The Company is required to disclose the impact of offsetting assets and liabilities presented in the Consolidated Statement of Assets and Liabilities to enable users of the Financial Statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognised assets and liabilities.

These recognised assets and liabilities include financial instruments and derivative contracts that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of set off criteria:

- each of the two parties owes the other determinable amounts;
- the Company has the right to set off the amounts owed with the amounts owed by the other party;
- the Company intends to set off; and
- the Company's right of set off is enforceable at law.

NOTE 3 – DERIVATIVES (CONTINUED)

Offsetting assets and liabilities (continued)

The Company is subject to enforceable master netting agreements with its counterparties of credit default swap, the total return swaps and foreign currency exchange contracts. These agreements govern the terms of certain transactions and reduce the counterparty risk associated with relevant transactions by specifying offsetting mechanisms and collateral posting arrangements at pre-arranged exposure levels.

Derivative activity

The following tables, as at 31 December 2023 and 31 December 2022, show the gross and net derivatives assets and liabilities by contract type and amount for those derivatives contracts for which netting is permissible.

31 DECEMBER 2023
(EXPRESSED IN US DOLLARS)

DESCRIPTION	GROSS AMOUNTS OF RECOGNISED ASSETS	GROSS AMOUNTS OFFSET IN THE CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES	NET AMOUNTS OF RECOGNISED ASSETS PRESENTED IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES	AMOUNTS NOT OFFSET IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		NET AMOUNT
				FINANCIAL INSTRUMENTS (POLICY ELECTION)	FINANCIAL COLLATERAL RECEIVED ¹	
Forward currency contracts	18,235	-	18,235	(18,235)	-	-
Total return swaps	3,648,201	-	3,648,201	-	-	3,648,201
Total	3,666,436	-	3,666,436	(18,235)	-	3,648,201

DESCRIPTION	GROSS AMOUNTS OF RECOGNISED LIABILITIES	GROSS AMOUNTS OFFSET IN THE CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES	NET AMOUNTS OF RECOGNISED ASSETS PRESENTED IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES	AMOUNTS NOT OFFSET IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		NET AMOUNT
				FINANCIAL INSTRUMENTS (POLICY ELECTION)	FINANCIAL COLLATERAL RECEIVED ¹	
Forward currency contracts	(1,545,570)	-	(1,545,570)	18,235	790,000	(737,335)
Credit default swap	(21,309)	-	(21,309)	-	-	(21,309)
Total	(1,566,879)	-	(1,566,879)	18,235	790,000	(758,644)

¹ The amount netted off is a portion of the total collateral as per the Consolidated Statement of Assets and Liabilities.

NOTE 3 – DERIVATIVES (CONTINUED)

Offsetting assets and liabilities (continued)

Derivative activity (continued)

The following table, as at 31 December 2022, show the gross and net derivatives assets and liabilities by contract type and amount for those derivatives contracts for which netting is permissible.

31 DECEMBER 2022
(EXPRESSED IN US DOLLARS)

DESCRIPTION	GROSS AMOUNTS OF RECOGNISED ASSETS	GROSS AMOUNTS OFFSET IN THE CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES	NET AMOUNTS OF RECOGNISED ASSETS PRESENTED IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES	AMOUNTS NOT OFFSET IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		NET AMOUNT
				FINANCIAL INSTRUMENTS (POLICY ELECTION)	FINANCIAL COLLATERAL RECEIVED ¹	
Forward currency contracts	12,018	-	12,018	(12,018)	-	-
Total return swaps	1,558,420	-	1,558,420	-	-	1,558,420
Total	1,570,438	-	1,570,438	(12,018)	-	1,558,420

DESCRIPTION	GROSS AMOUNTS OF RECOGNISED LIABILITIES	GROSS AMOUNTS OFFSET IN THE CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES	NET AMOUNTS OF RECOGNISED ASSETS PRESENTED IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES	AMOUNTS NOT OFFSET IN THE CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		NET AMOUNT
				FINANCIAL INSTRUMENTS (POLICY ELECTION)	FINANCIAL COLLATERAL RECEIVED ¹	
Forward currency contracts	(1,269,365)	-	(1,269,365)	12,018	-	(1,257,347)
Credit default swap	(21,494)	-	(21,494)	-	-	(21,494)
Total	(1,290,859)	-	(1,290,859)	12,018	-	(1,278,841)

¹ The amount netted off is a portion of the total collateral as per the Consolidated Statement of Assets and Liabilities.

NOTE 4 – RISK FACTORS

The Company's investments are subject to various risk factors including market and credit risk, interest rate and foreign exchange risk, and the risks associated with investing in private securities. Investments in private securities and partnerships are illiquid, and there can be no assurances that the Company will be able to realise the value of such investments in a timely manner. Additionally, the Company's investments may be highly concentrated in certain industries. Non-US dollar denominated investments may result in foreign exchange losses caused by devaluations and exchange rate fluctuations. In addition, consequences of political, social, economic, diplomatic changes or public health condition may have disruptive effects on market prices or fair valuations of foreign investments.

Market Risk

Market risk is the potential for changes in the value of investments. Categories of market risk include, but are not limited to, interest rates. Interest rate risks primarily result from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Details of the Company's investment Portfolio as at 31 December 2023 and 31 December 2022 are disclosed in the Consolidated Condensed Schedule of Investments. Each separate investment exceeding 5% of net assets is disclosed separately.

Credit Risk

The Company may invest in a range of corporate and other bonds and other credit sensitive securities. Until such investments are sold or are paid in full at maturity, the Company is exposed to credit risk relating to whether the issuer will meet its obligations when the securities fall due. Distressed debt securities by nature are securities in companies which are in default or are heading into default and will expose the Company to a higher than normal amount of credit risk.

The Company may invest a relatively large percentage of its assets in issuers located in a single country, a small number of countries, or a particular geographic region. As a result, the Company's performance may be closely aligned with the market, currency or economic, political or regulatory conditions and developments in those countries or that region, and could be more volatile than the performance of more geographically diversified investments. Refer to the Consolidated Condensed Schedules of Investments on pages 64 to 71 for concentration of credit risk.

The Company maintains positions in a variety of securities, derivative financial instruments and cash and cash equivalents in accordance with its investment strategy and guidelines. The Company's trading activities expose the Company to counterparty credit risk from brokers, dealers and other financial institutions (collectively, "counterparties") with which it transacts business. "Counterparty credit risk" is the risk that a counterparty to a trade will fail to meet an obligation that it has entered into with the Company, resulting in a financial loss to the Company. The Company's policy with respect to counterparty credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out by the Investment Manager.

All the Company's cash and investment assets other than derivative financial instruments are held by the Custodian. The Custodian segregates the assets of the Company from the Custodian's assets and other Custodian clients. Management believes the risk is low with respect to any losses as a result of this concentration. The Company conducts its trading activities with respect to non-derivative positions with a number of counterparties. Counterparty credit risk borne by these transactions is mitigated by trading with multiple counterparties.

In addition, the Company may trade in OTC derivative instruments and in derivative instruments which trade on exchanges with generally a limited number of counterparties and as a consequence the Company is subject to counterparty credit risk related to the potential inability of counterparties to these derivative transactions to perform their obligations to the Company. The Company's exposure to counterparty credit risk associated with counterparty non-performance is generally limited to the fair value (derivative assets and liabilities) of OTC derivatives reported as net assets, net of collateral received or paid, pursuant to agreements with each counterparty. The Investment Manager attempts to reduce the counterparty credit risk of the Company by establishing certain credit terms in its International Swaps and Derivatives Association (ISDA) Master Agreements (with netting terms) with counterparties, and through credit policies and monitoring procedures. Under ISDA Master Agreements in certain circumstances (e.g. when a credit event such as a default occurs) all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions. The Company receives and gives collateral in the form of cash and marketable securities and it is subject to the ISDA Master Agreement Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction. The terms also give each party the right to terminate the related transactions on the other party's failure to post collateral. Exchange-traded derivatives generally involve less counterparty exposure because of the margin requirements of the individual exchanges.

Generally, these contracts can be closed out at the discretion of the Investment Manager and are governed by the futures and options clearing agreements signed with the future commission merchants ("FCMs"). FCMs have capital requirements intended to assure that they have sufficient capital to protect their customers in the event of any inadequacy in customer funds arising from the default of one or more customers, adverse market conditions, or for any other reason. The credit risk relating to derivatives is detailed further in Note 3.

NOTE 4 – RISK FACTORS (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as and when these fall due.

Liquidity risk is managed by the Investment Manager so as to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's ongoing requirements as these are budgeted for.

Other Risks

The invasion of Ukraine is of concern and the Company has considered its potential impact on asset values, and while no direct impact has been identified, values are affected by its impact on the global economy.

Legal, tax and regulatory changes could occur during the term of the Company that may adversely affect the Company. The regulatory environment for alternative investment vehicles is evolving, and changes in the regulation of alternative investment vehicles may adversely affect the value of investments held by the Company or the ability of the Company to pursue its trading strategies.

The impact of these risks can have a substantial impact on the valuation and ultimately the realisation of assets.

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can potentially adversely affect the assets, and thus the performance, of the Company. The Board continues to monitor this situation.

NOTE 5 – SHARE CAPITAL

The Company's authorised share capital consists of:

10,000 Class A Shares authorised, of par value \$1 each (which carry no voting rights); and, an unlimited number of shares of no par value which may, upon issue, be designated as Ordinary Shares, Extended Life Shares or New Global Shares and Subscription Shares (each of which carry voting rights) or Capital Distribution Shares.

The issued share capital of the Company consists of Ordinary Shares, Class A Shares and Extended Life Shares, all denominated in US dollars, and New Global Shares denominated in Pounds Sterling. Shareholders of Ordinary Shares, Extended Life Shares and New Global Shares have the right to attend and vote at any general meeting of the Company. Class A shareholders do not have the right to attend and vote at a general meeting of the Company save where there are no other shares of the Company in issue.

The Class A Shares are held by Suntera Trustees (Guernsey) Limited (formerly named Carey Trustees Limited) (the "Trustee"), pursuant to a Purpose Trust established under Guernsey law. Under the terms of the NBDDIF Purpose Trust Deed, the Trustee holds the Class A Shares for the purpose of exercising the right to receive notice of general meetings of the Company but the Trustee shall only have the right to attend and vote at general meetings of the Company when there are no other shares of the Company in issue.

The original investment period expired on 10 June 2013 and a proposal was made to Ordinary Shareholders to extend the investment period by 21 months to 31 March 2015. A vote was held at a class meeting of shareholders on 8 April 2013 where the majority of shareholders voted in favour of the proposed extension.

Following this meeting and with the Ordinary Shareholders approval of the extension, a new class, the Extended Life Shares, was created and the Extended Life Shares were issued to 72% of initial Investors who elected to convert their Ordinary Shares to Extended Life Shares. The rest of investors remain invested on the basis of the existing investment period.

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NOTE 5 – Share Capital

The New Global Share Class was created in March 2014 and its investment period ended on 31 March 2017.

As at 31 December 2023, the Company had the following number of shares in issue:

	31 DECEMBER 2023	31 DECEMBER 2022
Issued and fully paid up		
Class A Shares	2	2
Ordinary Share Class of no par value (Nil in treasury; 2022: Nil)	15,382,770	15,382,770
Extended Life Share Class of no par value (Nil in treasury; 2022: Nil)	44,234,790	60,116,016
New Global Share Class of no par value (Nil in treasury; 2022: Nil)	27,821,698	31,023,609

Reconciliation of the number of shares in issue in each class (excluding Class A) as at 31 December 2023:

	ORDINARY SHARES	EXTENDED LIFE SHARES	NEW GLOBAL SHARES	TOTAL
Balance as at 31 December 2022	15,382,770	60,116,016	31,023,609	106,522,395
Shares redeemed during the year	-	(15,881,226)	(3,201,911)	(19,083,137)
Buybacks (Shares repurchased)	-	-	-	-
Balance as at 31 December 2023 ¹	15,382,770	44,234,790	27,821,698	87,439,258

¹ Balance of issued shares used to calculate NAV

Reconciliation of the number of shares in issue in each class (excluding Class A) as at 31 December 2022:

	ORDINARY SHARES	EXTENDED LIFE SHARES	NEW GLOBAL SHARES	TOTAL
Balance as at 31 December 2021	15,382,770	80,545,074	41,116,617	137,044,461
Shares redeemed during the year	-	(20,429,058)	(10,093,008)	(30,522,066)
Buybacks (Shares repurchased)	-	-	-	-
Balance as at 31 December 2022 ¹	15,382,770	60,116,016	31,023,609	106,522,395

¹ Balance of issued shares used to calculate NAV

Distributions

Set out below are details of the capital returns by way of compulsory partial redemptions approved during the year ended 31 December 2023 and 31 December 2022.

31 DECEMBER 2023	ORDINARY SHARE CLASS			EXTENDED LIFE SHARE CLASS			NEW GLOBAL SHARE CLASS		
	DISTRIBUTION AMOUNT	NUMBER OF SHARES	PER SHARE AMOUNT	DISTRIBUTION AMOUNT	NUMBER OF SHARES	PER SHARE AMOUNT	DISTRIBUTION AMOUNT	NUMBER OF SHARES	PER SHARE AMOUNT
02 May 2023	-	-	-	\$8,149,711	8,487,514	\$0.9602	\$2,697,863	3,201,911	\$0.8426
29 June 2023	-	-	-	\$3,352,980	3,753,056	\$0.8934	-	-	-
11 September 2023	-	-	-	\$3,754,972	3,640,656	\$1.0314	-	-	-
	-	-	-	\$15,257,663	15,881,226			3,201,911	
31 DECEMBER 2022	ORDINARY SHARE CLASS			EXTENDED LIFE SHARE CLASS			NEW GLOBAL SHARE CLASS		
	DISTRIBUTION AMOUNT	NUMBER OF SHARES	PER SHARE AMOUNT	DISTRIBUTION AMOUNT	NUMBER OF SHARES	PER SHARE AMOUNT	DISTRIBUTION AMOUNT	NUMBER OF SHARES	PER SHARE AMOUNT
21 November 2022	-	-	-	\$18,968,380	20,429,058	\$0.9285	\$8,036,339	10,093,008	\$0.7962
	-	-	-	\$18,968,380	20,429,058		\$8,036,339	10,093,008	

NOTE 5 – SHARE CAPITAL (CONTINUED)

Buybacks

No shares were repurchased by the Company during either the year ended 31 December 2023 and 31 December 2022.

NOTE 6 – MATERIAL AGREEMENTS AND RELATED PARTY TRANSACTIONS

Investment Management Agreement (“IMA”)

The Board is responsible for managing the business affairs of the Company but delegates certain functions to the Investment Manager under an IMA dated 9 June 2010 (as amended).

On 17 July 2014, the Company, the Manager and the AIFM made certain classificatory amendments to their contractual arrangements for the purposes of the AIFM Directive. The Sub-Investment Management Agreement was terminated on 17 July 2014 and Neuberger Berman Investment Advisers LLC (formerly Neuberger Berman Fixed Income LLC), which was the Sub-Investment Manager, was appointed as the AIFM per the amended and restated IMA dated 17 July 2014. Under this agreement, the AIFM is responsible for risk management and day-to-day discretionary management of the Company’s Portfolios (including uninvested cash). The risk management and discretionary portfolio management functions are performed independently of each other within the AIFM structure. The AIFM is not required to, and generally will not, submit individual investment decisions for approval by the Board. The Manager, Neuberger Berman Europe Limited, was appointed under the same IMA to provide, amongst other things, certain administrative services to the Company. On 31 December 2017 the Company entered into an Amendment Agreement amending the IMA. On the 30 January 2023 the Company entered into an Amendment Agreement amending the IMA for data protection purposes to note the obligation on the recipient UK investment manager to comply with the new SCCs in transferring personal data to the US AIFM.

Per the IMA and in relation to the Ordinary Shares and Extended Life Shares, the Manager was entitled to a management fee, which shall be accrued daily, and was payable monthly in arrears, at a rate of 0.125% per month of the respective NAVs of the Ordinary Share and Extended Life Share classes. Soft commissions were not used.

Per the IMA and in relation to the New Global Shares, the Manager was entitled to a management fee, which accrued daily, and was payable monthly in arrears, at a rate of 0.125% per month of the NAV of the New Global Share Class (excluding, until such time as the New Global Share Class had become 85% invested, any cash balances (or cash equivalents)). The 85% threshold was crossed on 16 June 2015 and from such date the Company was charged 0.125% per month on the NAV of the New Global Share Class.

Effective 18 March 2021, the Investment Manager had waived its entitlement to all fees from the Company. Accordingly, there was no management fees expensed in the year or the preceding financial year nor were any fees outstanding at either 31 December 2023 or 31 December 2022.

Administration, Company Secretarial and Custody Agreements

Effective 1 March 2015, the Company entered into an Administration and Sub-Administration Agreement with U.S. Bank Global Fund Services (Guernsey) Limited and U.S. Bank Global Fund Services (Ireland) Limited, a wholly-owned subsidiary of U.S. Bancorp (the “Administration Agreement”). Under the terms of the Administration Agreement, Sub-Administration services are delegated to U.S. Bank Global Fund Services (Ireland) Limited (the “Sub-Administrator”). The Sub-Administration Service Level Agreement was amended and approved on 21 February 2018.

The Sub-Administrator is responsible for the day-to-day administration of the Company (including but not limited to the calculation and publication of the estimated daily NAV).

Under the terms of the Administration Agreement, the Sub-Administrator is entitled to a fee of 0.09% for the first \$500m of net asset value, 0.08% for the next \$500m and 0.07% for any remaining balance, accrued daily and paid monthly in arrears and subject to an annual minimum of \$100,000.

Effective 28 February 2015, the Company entered into a Custody Agreement with U.S. Bank National Association (the “Custodian”) to provide loan administration and custody services to the Company. Under the terms of the Custody Agreement the Custodian is entitled to an annual fee of 0.025% of net asset value with a minimum annual fee of \$25,000.

NOTE 6 – MATERIAL AGREEMENTS AND RELATED PARTY TRANSACTIONS (CONTINUED)

Administration, Company Secretarial and Custody Agreements (continued)

Effective 20 June 2017, Suntera (Guernsey) Limited (formerly named Carey Commercial Limited) was appointed the Company Secretary. The Company Secretary is entitled to an annual fee of £73,000 plus fees for ad-hoc board meetings and additional services.

For the year ended 31 December 2023, the administration fee expense was \$87,547 (31 December 2022: \$97,879), the secretarial fee was \$116,888 of which \$Nil¹ was in relation to the administration of the ongoing buyback programme, (31 December 2022: \$109,316¹) and the loan administration and custody fee expense was \$30,743¹ (31 December 2022: \$24,726¹). At 31 December 2023, the administration fee payable is \$5,852² (31 December 2022: \$5,955²), the secretarial fee payable is \$25,450² (31 December 2022: \$24,559²) and the loan administration and custody fee payable is \$9,088² (31 December 2022: \$3,344²).

¹ Amount is included under Professional and other expenses in the Consolidated Statement of Operations

² Amounts are included under Accrued expenses and other liabilities in the Consolidated Statement of Assets and Liabilities and Consolidated Statement of Operations

Directors' Remuneration and Other Interests

The Directors are related parties and are remunerated for their services at a fee of \$45,000 plus £10,000 each per annum (\$60,000 plus £10,000 for the Chairman, \$50,000 plus £10,000 for the Chairman of the Audit Committee). For the year ended 31 December 2023, the Directors' fees and travel expenses amounted to \$193,450 (31 December 2022: \$188,088). Michael J. Holmberg, the non-independent Director, has waived the fees for his services as a Director. There were no other related interests for the year ended 31 December 2023.

The Company has not set any requirements or guidelines for Directors to own shares in the Company. The beneficial interests of the Directors and their connected persons in the Company's shares as at 31 December 2023 are shown in the table below:

DIRECTOR	NO. OF ORDINARY SHARES	NO. OF EXTENDED LIFE SHARES	NO. OF NEW GLOBAL SHARES	TOTAL NO. OF SHARES
John Hallam	-	40,507	33,462	73,969
Michael Holmberg	-	17,885	34,982	52,867
Christopher Legge	-	-	-	-
Stephen Vakil	-	-	18,253	18,253

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NOTE 7 – FINANCIAL HIGHLIGHTS

	ORDINARY SHARES (\$) YEAR ENDED 31 DECEMBER 2023	EXTENDED LIFE SHARES (\$) YEAR ENDED 31 DECEMBER 2023	NEW GLOBAL SHARES (£) YEAR ENDED 31 DECEMBER 2023	ORDINARY SHARES (\$) YEAR ENDED 31 DECEMBER 2022	EXTENDED LIFE SHARES (\$) YEAR ENDED 31 DECEMBER 2022	NEW GLOBAL SHARES (£) YEAR ENDED 31 DECEMBER 2022
PER SHARE OPERATING PERFORMANCE						
Net asset value per share at beginning of the year	0.7730	0.9728	0.6640	0.9028	0.9243	0.5785
Impact of capital distribution	-	0.0069	0.0001	-	-	-
Impact of dividend distribution	-	-	-	-	0.0025	(0.0052)
Income from investment operations¹						
Net investment income	0.0014	0.0139	0.0214	0.0015	0.0605	0.0531
Net realised and unrealised gain/(loss) from investments and foreign exchange	0.0327	0.0376	(0.0616)	(0.1313)	(0.0145)	0.0376
Gain/(loss) from investment operations	0.0341	0.0515	(0.0402)	(0.1298)	0.0460	0.0907
Net asset value per share at end of the year²	0.8071	1.0312	0.6239	0.7730	0.9728	0.6640

¹Weighted average number of shares outstanding was used for calculation.

²Each share classes net assets includes the underlying assets and liabilities directly attributable to the respective share class.

	ORDINARY SHARES (\$) YEAR ENDED 31 DECEMBER 2023	EXTENDED LIFE SHARES (\$) YEAR ENDED 31 DECEMBER 2023	NEW GLOBAL SHARES (£) YEAR ENDED 31 DECEMBER 2023	ORDINARY SHARES (\$) YEAR ENDED 31 DECEMBER 2022	EXTENDED LIFE SHARES (\$) YEAR ENDED 31 DECEMBER 2022	NEW GLOBAL SHARES (£) YEAR ENDED 31 DECEMBER 2022
NAV TOTAL RETURN^{2,3}						
NAV Total Return before performance fee	4.41%	6.00%	(6.04%)	(14.38%)	5.25%	14.78%
NAV Total Return after performance fee including an income distribution by way of dividend	4.41%	6.00%	(6.04%)	(14.38%)	5.25%	14.78%

² NAV Total Return is calculated for the Ordinary Shares, Extended Life Shares and New Global Shares only and is calculated based on movement in the NAV and does not reflect any movement in the market value of the shares. A shareholder's return may vary from these returns based on participation in new issues, the timing of capital transactions etc. It assumes that all income distributions of the Company, paid by way of dividend, were reinvested, without transaction costs. Class A shares are not presented as they are not profit participating shares.

³ An individual shareholder's return may vary from these returns based on the timing of the shareholder's subscriptions.

	ORDINARY SHARES (\$) YEAR ENDED 31 DECEMBER 2023	EXTENDED LIFE SHARES (\$) YEAR ENDED 31 DECEMBER 2023	NEW GLOBAL SHARES (£) YEAR ENDED 31 DECEMBER 2023	ORDINARY SHARES (\$) YEAR ENDED 31 DECEMBER 2022	EXTENDED LIFE SHARES (\$) YEAR ENDED 31 DECEMBER 2022	NEW GLOBAL SHARES (£) YEAR ENDED 31 DECEMBER 2022
RATIO TO AVERAGE NET ASSETS						
Net investment income before and after performance fees	0.18%	1.40%	3.24%	0.17%	6.46%	8.36%
Total expenses and performance fee	(1.28%)	(1.38%)	(2.21%)	(0.97%)	(0.99%)	(1.33%)

FINANCIAL STATEMENTS | Notes to the Consolidated Financial Statements

NOTE 8 – RECONCILIATION OF NET ASSET VALUE TO PUBLISHED NAV

In preparing the Financial Statements, there were adjustments relating to investment valuations. The impact of these adjustments on the NAV per Ordinary Share, Extended Life Share and New Global Share is detailed below:

	ORDINARY SHARE CLASS NET ASSETS (\$)	ORDINARY SHARE CLASS NAV PER SHARE (\$)	EXTENDED LIFE SHARE CLASS NET ASSETS (\$)	EXTENDED LIFE SHARE CLASS NAV PER SHARE (\$)	NEW GLOBAL SHARE CLASS NET ASSETS (£)	NEW GLOBAL SHARE CLASS NAV PER SHARE (£)
Published net assets as at 31 December 2023	12,323,608	0.8011	45,378,194	1.0258	17,358,035	0.6239
Valuation adjustments	91,623	0.0060	236,291	0.0054	-	-
Net assets per Consolidated Financial Statements	12,415,231	0.8071	45,614,485	1.0312	17,358,035	0.6239

	ORDINARY SHARE CLASS NET ASSETS (\$)	ORDINARY SHARE CLASS NAV PER SHARE (\$)	EXTENDED LIFE SHARE CLASS NET ASSETS (\$)	EXTENDED LIFE SHARE CLASS NAV PER SHARE (\$)	NEW GLOBAL SHARE CLASS NET ASSETS (£)	NEW GLOBAL SHARE CLASS NAV PER SHARE (£)
Published net assets as at 31 December 2022	11,930,152	0.7756	58,517,599	0.9734	20,524,544	0.6616
Valuation adjustments	(39,831)	(0.0026)	(39,609)	(0.0006)	74,365	0.0024
Net assets per Consolidated Financial Statements	11,890,321	0.7730	58,477,990	0.9728	20,598,909	0.6640

NOTE 9 – SUBSEQUENT EVENTS

The Directors have evaluated subsequent events up to 25 April 2024, which is the date that the financial statements were available to be issued.

There are no further items that require disclosure or adjustment to Financial Statements.

ADDITIONAL INFORMATION | Contact Details

Contact Details

Directors

John Hallam (*Chairman*)
Michael Holmberg
Christopher Legge
Stephen Vakil

All c/o the Company's registered office.

Registered Office

1st & 2nd Floors, Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 1EW

Company Secretary

Suntera (Guernsey) Limited (formerly named
Carey Commercial Limited)

Alternative Investment Fund Manager

Neuberger Berman Investment Advisers LLC

Manager

Neuberger Berman Europe Limited

Custodian and Principal Bankers

US Bank National Association

Designated Administrator

U.S. Bank Global Fund Services (Guernsey)
Limited

Independent Auditor

KPMG Channel Islands Limited

Sub-Administrator

U.S. Bank Global Fund Services (Ireland)
Limited

Financial Adviser and Corporate Broker

Jefferies International Limited

Solicitors to the Company (as to English law and U.S. securities law)

Herbert Smith Freehills LLP

Advocates to the Company (as to Guernsey law)

Carey Olsen

Registrar

Link Market Services (Guernsey) Limited

UK Transfer Agent

Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL
United Kingdom

Shareholders holding shares directly and not through a broker, saving scheme or ISA and have queries in relation to their shareholdings should contact the Registrar on +44 (0)371 664 0445. (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9 a.m. to 5:30 p.m. (excluding bank holidays)). Shareholders can also access their details via the Registrar's website:

www.signalshares.com.

Full contact details of the Company's advisers and Manager can be found on the Company's website.