



**NB GLOBAL FLOATING RATE INCOME FUND LIMITED**  
**2018 INTERIM REPORT**

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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## Features

### NB Global Floating Rate Income Fund Limited (the "Company")

The Company is a closed-ended investment company incorporated and registered in Guernsey on 10 March 2011 with registered number 53155. The Company is governed under the provisions of the Companies (Guernsey) Law, 2008 as amended (the "Law"), and the Registered Collective Investment Scheme Rules 2015 issued by the Guernsey Financial Services Commission. It is a non-cellular Company limited by shares and has been declared by the Guernsey Financial Services Commission to be a registered closed-ended collective investment scheme. On 20 April 2011, the Company was admitted to the Official List of the U.K. Listing Authority with a premium listing trading on the Main Market of the London Stock Exchange ("LSE"). The Company was admitted to the FTSE 250 in March 2012.

### Alternative Investment Fund Manager ("AIFM") and Manager

Investment management services are provided to the Company by Neuberger Berman Investment Advisers LLC (the "AIFM") and Neuberger Berman Europe Limited (the "Manager"), collectively the "Investment Manager". The AIFM is responsible for risk management and discretionary management of the Company's portfolio and the Manager provides certain administrative services to the Company.

### Investment Objective

The Company's investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst preserving the capital value of its investment portfolio, utilising the investment skills of the Investment Manager.

### Investment Policy

To pursue its investment objective, the Company invests mainly in floating rate senior secured loans issued in U.S. Dollars, Pound Sterling and Euros by primarily North American and European Union corporations, partnerships and other business issuers. These loans are at the time of investment often non-investment grade if, at the time of investment, they are rated below the four highest categories (Aaa, Aa, A and Baa) by at least two independent credit ratings agencies or, if unrated, are deemed by the Investment Manager to be of comparable quality.

The Company will generally seek to focus on loans of issuers that the Investment Manager believes have the ability to generate cash flow through a full business cycle, maintain adequate liquidity, possess an enterprise value in excess of senior debt and have access to both debt and equity capital.

The Company may also make investments in senior bonds on an opportunistic basis if the Investment Manager believes that such investments are attractively valued up to a maximum in aggregate of 20% of the Net Asset Value ("NAV") at the time of investment, provided that no more than 10% of NAV may be invested in unsecured bonds at the time of investment.

### Capital Structure

As at 30 June 2018 the Company's share capital comprised 944,820,831 Sterling Ordinary Shares ("NBLS") of no par value (of which 75,000,000 were held in treasury) and 44,954,622 U.S. Dollar Ordinary Shares ("NBLU") of no par value (of which 1,342,627 were held in treasury).

For the purposes of efficient portfolio management, the Company has established a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. Part of the portfolio of the Company is held through NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. All references to the Company in this document refer to the Company together with its wholly-owned Luxembourg subsidiaries.

### Non-Mainstream Pooled Investments

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products.

### Dividends

Paid quarterly in respect of each calendar quarter.

Rolling 12 month dividend yield (based on the previous four quarterly dividends paid and share price as at 30 June 2018):

- Sterling Ordinary Shares: 3.70%
- U.S. Dollar Ordinary Shares: 3.72%

# Financial Highlights

## Key Figures

(U.S. Dollars in millions, except per share data)	AS AT 30 JUNE 2018	AS AT 31 DECEMBER 2017
<b>Net Asset Value</b>		
- Sterling Ordinary Shares <sup>1</sup>	\$1,104.4	\$1,265.3
- U.S. Dollar Ordinary Shares <sup>1</sup>	\$43.0	\$42.8
<b>Net Asset Value per share</b>		
- Sterling Ordinary Shares	£0.9617	£0.9702
- U.S. Dollar Ordinary Shares	\$0.9853	\$0.9896
<b>Investments</b>	\$1,221.1	\$1,260.70
<b>Cash and Cash Equivalents</b>	\$83.8	\$118.6
<b>12 month rolling dividend yield</b>		
- Sterling Ordinary Shares <sup>2</sup>	3.70%	3.54%
- U.S. Dollar Ordinary Shares <sup>2</sup>	3.72%	3.55%
<b>Share price</b>		
- Sterling Ordinary Shares	£0.9400	£0.9470
- U.S. Dollar Ordinary Shares	\$0.9575	\$0.9600
<b>Discount to Net Asset Value</b>		
- Sterling Ordinary Shares	(2.26%)	(2.39%)
- U.S. Dollar Ordinary Shares	(2.82%)	(2.99%)
<b>Total Return<sup>3</sup></b>		
- Sterling Ordinary Shares <sup>4</sup>	1.05%	2.55%
- U.S. Dollar Ordinary Shares <sup>4</sup>	1.51%	3.60%
<b>Share Price Return</b>		
- Sterling Ordinary Shares <sup>4</sup>	(0.74%)	(2.27%)
- U.S. Dollar Ordinary Shares <sup>4</sup>	(0.26%)	(2.78%)
<b>Total Expense Ratio<sup>5</sup></b>		
- Sterling Ordinary Shares <sup>4</sup>	0.49%	0.92%
- U.S. Dollar Ordinary Shares <sup>4</sup>	0.47%	0.95%

1 In the period ended 30 June 2018, the Company re-purchased 93.5m Sterling Ordinary Shares at a total U.S. Dollar equivalent cost of \$119.7m and 0.58m U.S. Dollar Ordinary Shares at a total cost of \$0.56m.

2 Rolling 12 month dividend yield based on the four quarterly dividends paid and share price as at 30 June 2018.

3 The total return is the NAV return per share plus dividends paid during the period.

4 2018 figures relate to the period 1 January 2018 to 30 June 2018 while 2017 comparative data relates to the year 1 January 2017 to 31 December 2017.

5 Management fees and all other operating expenses expressed as a percent of average net assets during the period.

## Chairman's Statement

Dear Shareholder,

It is my pleasure to present to you the Interim Report for the six months ended 30 June 2018.

### First Half 2018 Performance

The Board remains satisfied with the performance of the Company and the progress made by the Investment Manager during the first six months of 2018. Including dividends declared during the period, the Company's Net Asset Value ("NAV") total return per share was 1.05% for the Sterling share class and 1.51% for the U.S. Dollar shares. During the same period the Company's share price return was (0.74%) per Sterling share and (0.26%) per U.S. Dollar share compared to the equivalent period in 2017, which produced total share price returns of (2.06%) per Sterling share and (1.39%) per U.S. Dollar share.

As at 30 June 2018, the Company's dividend yield was 3.70% and 3.72% per Sterling Share and U.S. Dollar Share respectively (calculated as the last four quarterly dividends expressed as a percentage of the share price). As a Board, we believe this represents attractive value on both an absolute and a risk-adjusted basis given the current low interest rate environment and taking account of the prudent investment approach taken by the Investment Manager. As at 30 June 2018, 93.40% of the Company's portfolio was invested in issuers with a credit rating of BBB (7.69%), BB (40.62%) and B (45.09%), reflecting the Investment Manager's preference for higher quality issuers, with the balance in unrated issuers and cash.

The portfolio remains fully invested, with a strong U.S. bias. As at 30 June 2018, 84.69% of the Company was invested in U.S. Dollar denominated assets, with 12.82% invested in Euro denominated assets and 2.49% in Sterling denominated assets (all excluding cash). The Company's Sterling share class hedges all U.S. Dollar and Euro exposure back to Sterling. The Board does not currently expect volatility in the foreign exchange markets to impact materially on the Company's NAV.

### Discount/Premium Management

During the six months to 30 June 2018 the Company's discount ranged between (5.76%) and (1.57%) per Sterling Ordinary Share and (6.28%) and (1.68%) per U.S. Dollar Share. Throughout this period, the Board continued to address imbalances between supply and demand in the Company's shares as necessary by buying back shares. During the first half of 2018, the Company repurchased 93,470,522 Sterling Ordinary Shares at a cost of \$119,650,041 and 582,876 U.S. Dollar Shares at a cost of \$555,486 with a respective accretion to NAV of 0.371% and 0.048%.

The Board will remain vigilant in its approach to both discount and premium control on behalf of shareholders and reaffirms its belief that it is undesirable for the Company's shares to trade at a wider than 3% discount or premium in normal market conditions.

### Outlook for the remainder of the financial year

Your Board believes the Company continues to offer a risk-adjusted return which compares favourably to other corporate credit investment vehicles. Central to that belief is the combination of the Company's investment in an established, liquid asset class with a track record of capital preservation, supplemented by the Investment Manager's experienced, broad team and active portfolio management, operating a defensively positioned portfolio which is diversified by issuer and sector.

We believe that the outlook for the remainder of 2018 is favourable for short-duration asset classes such as senior secured floating rate loans. The Directors consider that the portfolio is in a strong position to benefit from the broadly expected rising interest rate outlook in major economies. That scenario over the coming years is of a measured continuation in Federal Reserve interest rate increases in the United States, a gradual lifting of the Bank of England base rate in the U.K., noting the rate rise by the Bank of England in August 2018, and the signalled imminent but gradual start of quantitative tightening by the European Central Bank in the Eurozone. While specific timing is impossible to predict, we expect to see further rate rises in 2018 in the U.S. towards the end of the year.

### Outlook for the remainder of the financial year (continued)

Commensurate with policymakers' stated gradual and measured approach to interest rate increases, the Investment Manager believes that default rates will remain below historical levels and that credit quality is expected to remain favourable with the exception of some identifiable areas, such as within the commodity sector. Furthermore, the constraints put on lending banks by regulators through the Interagency Guidance on Leveraged Lending should continue to limit excess leverage in new issuance. These positive tailwinds come with the caveat of significant political uncertainty in several key markets. Such factors, which include potential disruption in global trade relations and the outcome of the U.K.'s Brexit negotiations, have the potential to derail positive momentum and could lead to increased volatility across global markets. However, at a portfolio level, your Board expects the continued impact of Brexit negotiations to be limited given the robust investment process the Investment Manager has always adopted and its positioning in better-rated, better performing issuers.

In terms of income outlook, the Board is encouraged by the recent signs of an uplift in investment performance, as demonstrated by the dividend increase for the second quarter, as well as with the resilience of the asset class during the interest rate-induced volatility in the first quarter. However, we would wish to see several further quarters of increased portfolio income before committing to a cyclical upturn in the Company's dividend profile.

The Investment Manager's defensive positioning, combined with good liquidity in the shares and your Board's continuing support to maintain a tight discount or premium to NAV continue to reinforce the Company's sound investment proposition. The Investment Manager will continue to update you on the Company's progress by way of the monthly fact sheets and updates.

### Continuation Vote

In accordance with the Company's Articles of Incorporation (the "Articles"), at the AGM held on 13 June 2018, the Company proposed a resolution to shareholders to consider the Company's continuation as a closed-ended investment company which was passed comfortably. This resolution will be proposed again at the 2019 AGM.

### Board Composition

This is my last address to you as Chairman. I will step down from the Board effective 30 September 2018, having served as Chairman since inception. My departure reflects the Board's belief in the value of diversity and its recognition of the importance of rotation and balance of Directors' tenure. To that end, the Board some time ago commenced a programme of Director succession and rotation.

While I am sad to be leaving the Board, my move reflects the ongoing execution of this programme. I am delighted to announce that I will be handing the reins over to Rupert Dorey, who has served on the Board since March 2014. Further, David Staples was appointed as a Director on 14 June 2018 as part of our programme of rotation following a robust interview process, and brings a wealth of experience. David has also joined the Audit and Risk Committee, Remuneration and Nomination Committee and Management Engagement Committee.

### Conclusion

Considering the seven-year period since the Company's initial public offering in April 2011, I have been constantly assured by the Investment Manager's ability to execute, to navigate benign or challenging market conditions, and to deal with specific sector or issuer challenges. I would like to thank my fellow shareholders for your commitment and support, and place on record my appreciation of my fellow Board members' outstanding guidance and contribution during my tenure. It has been a great pleasure to lead the Board since inception and I look forward to the Company's future performance with confidence.

### William Frewen

Chairman

15 August 2018

## Investment Manager's Report

For the six months ended 30 June 2018, the NAV total return of the Company was 1.59% gross of fees.

One trend that we have witnessed in the year-to-date period is increasing aggressiveness of the new issue market. This aggressiveness takes various forms including increased total leverage, increased secured leverage, EBITDA adjustments and looser baskets within credit agreements (including restricted payments and incremental debt). As a result, our approval rate on new deals is substantially below our long term average, especially on lower rated deals.

Demand for loans was robust, with over \$68 billion of new collateralized loan obligation ("CLO") creation and \$12 billion of inflows from retail funds. These figures do not take into account demand from pensions, endowments and other institutional investors in separate account format. For comparison, the first half of 2017 saw \$50 billion of CLO creation and \$20 billion of inflows from retail funds. Although down 8% from the first half of 2017, institutional loan issuance was strong at \$274 billion. The mix of issuance was materially different in the most recent period as Mergers & Acquisitions ("M&A")/Leveraged Buyout ("LBO") activity increased while refinancing activity decreased. The increase in M&A/LBO activity led to growth in the loan market, which ended the period at \$1.05 trillion versus \$943 billion one year ago. The average bid ended the period at a healthy 98.05 while the trailing 12 month U.S. default rate was 1.95%, well below its long term average of approximately 3%.

In Europe, the S&P European Leveraged Loan Index ("ELLI") returned 0.90% through 30 June 2018 (all numbers excluding currency) and the average bid finished at 98.52. Demand was strong and CLO creation issuance totalled €13 billion through 30 June 2018, up significantly from the €9 billion posted in the first half of 2017. The par amount outstanding of the ELLI ended the quarter at €160 billion, an increase on the €118 billion one year ago. By principal amount the trailing 12 month default rate for the ELLI was negligible at 0.10%, down from 2.20% one year ago.

The portfolio has remained very much weighted towards U.S. Dollar investments, which accounted for approximately 85% of the portfolio at the end of June. The bond allocation remained well below the 20% of NAV permitted, at 8.5%, as we remained focused on keeping duration low and limiting potential areas of volatility. We continued to allocate to better-rated assets, and the BBB/BB weighting ended June at 48% versus 45% for B.

### Outlook

Against a backdrop of continued strong GDP growth in the U.S. and 3 or 4 expected rate hikes over the next 12 months, our outlook for the loan market remains positive. Companies continue to report strong cash flow growth, which has allowed them to generate strong free cash flow and keep leverage at reasonable levels. We continue to believe that loans remain compelling given the combination of attractive income, short duration and low volatility.

**Neuberger Berman Investment Advisers LLC**

15 August 2018

**Neuberger Berman Europe Limited**

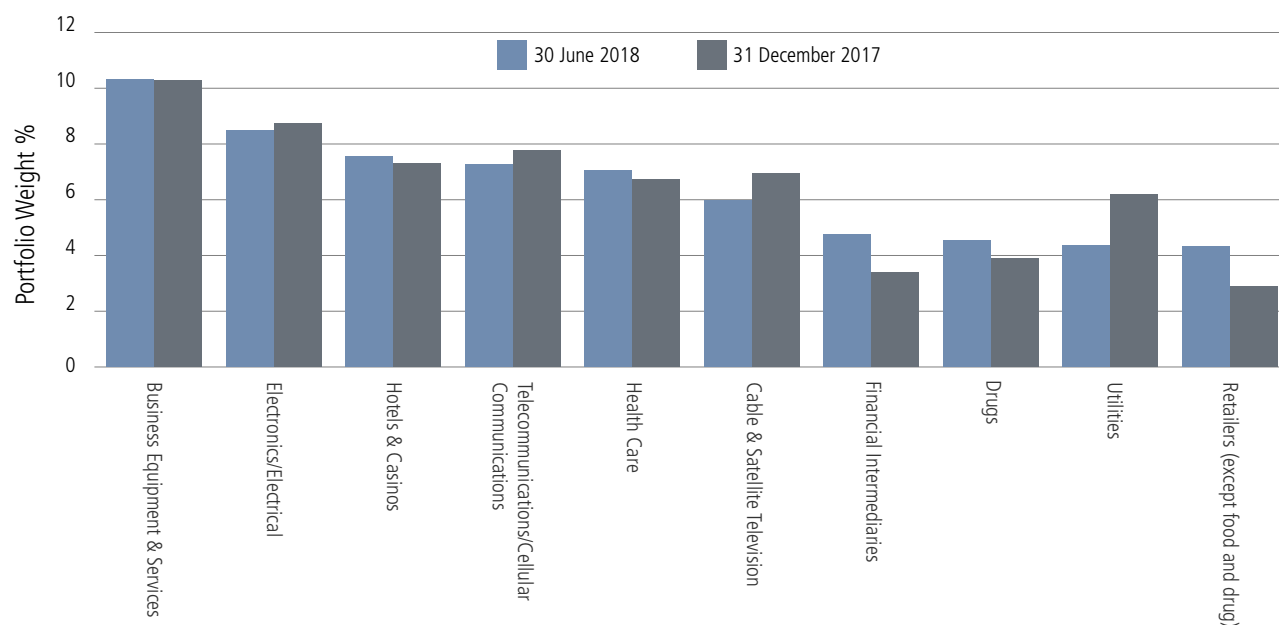
15 August 2018

## Portfolio Information

### Top 10 Issuers as at 30 June 2018 (excluding cash)

ISSUER	SECTOR	FAIR VALUE (\$)	PORTFOLIO WEIGHT
Vistra Energy	Utilities	19,165,090	1.57%
Valeant Pharmaceuticals	Drugs	16,458,965	1.36%
Albertsons	Food & Drug Retailers	15,768,645	1.29%
Scientific Games International	Hotels & Casinos	15,413,896	1.26%
Century Link	Telecommunication	14,456,896	1.19%
Univision	Broadcast Radio & Television	12,985,843	1.07%
Endo Pharmaceuticals	Drugs	12,844,847	1.05%
Pharmaceutical Product Development	Drugs	11,492,543	0.94%
BMC	Electronics	11,086,062	0.91%
Rackspace	Electronics	10,950,632	0.90%
<b>Total</b>		<b>140,623,419</b>	<b>11.54%</b>

### Top 10 S&P Sector Breakdown



### Key Statistics as at 30 June 2018

Current Gross Portfolio Yield <sup>6</sup>	4.97%
Number of Investments	387
Number of Issuers	293

<sup>6</sup> The Company's Current Gross Portfolio Yield is a market-value weighted average of the current yields of the holdings in the portfolio, calculated as the coupon (base rate plus spread) divided by current price. The calculation does not take into account any fees, fund expenses or sales charges paid, which would reduce the results. The Current Gross Portfolio Yield for the Company will fluctuate from month to month. The Current Gross Portfolio Yield should be regarded as an estimate of the Company's rate of investment income and it will not equal the realised distribution rate for each share class.



## Interim Management Report and Directors' Responsibility Statement

### Principal Risks and Uncertainties

The principal risks of the Company are in the following areas:

- macroeconomic conditions;
- credit risk;
- liquidity risk;
- fund performance;
- level of discount or premium; and
- operational risk.

The Board reported on each of these principal risks and uncertainties in the Strategic Report on pages 13 to 15 of the Company's latest annual report and audited financial statement for the year ended 31 December 2017, which can be found on the Company's website. The Board's view is that these risks remain appropriate for the remainder of 2018. A brief description of each of the Principal Risks is detailed below:

### Macroeconomic Conditions

Macroeconomic conditions can change significantly and to the detriment of the portfolio or the Company causing a credit or liquidity risk to crystallise.

### Credit Risk

The key risk for the Company remains credit risk i.e. that the Investment Manager buys a loan or bond of a particular Issuer and it does not perform as expected and either defaults on a payment or experiences a significant drop in the secondary market value.

### Liquidity Risk

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

### Fund Performance

The Company's Investment performance could fall below its stated objective or peer group for a variety of reasons including market conditions.

### Level of Discount or Premium

A discount or premium to NAV can occur for a variety of reasons, including market conditions or to the extent investors undervalue the management activities of the Investment Manager or discount their valuation methodology and judgment.

### Operational Risk

Disruption to, or the failure of either the Investment Manager's, Administrator's or Sub- Administrator's accounting, dealings or payment systems, or the Custodian's records could prevent the accurate reporting or monitoring of the Company's financial position and the receipt or transmission of payments.

### Going Concern

Having reassessed the principal risks, the Directors considered it appropriate to prepare the Unaudited Consolidated Interim Financial Statements (the "Financial Statements") on a going concern basis.

### Related Party Transactions

Other than fees payable in the ordinary course of business, there have been no material transactions with related parties, which have affected the financial position or performance of the Company in the six month period to 30 June 2018. Additional related party disclosures are given in Note 3 on pages 29 to 31.

### Directors' Responsibilities Statement

The Board of Directors confirms that, to the best of its knowledge:

The Financial Statements, which have been prepared in conformity with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, give a true and fair view of the assets, liabilities, financial position and profits/(losses) of the Company, as required by DTR 4.2.4R of the Disclosure Guidance and Transparency Rules ("DTR") of the U.K.'s FCA.

The combination of the Chairman's Statement, the Investment Manager's Report and this Interim Management Report meet the requirements of an Interim Management Report, and include a fair review of the information required by:

1. DTR 4.2.7R of the DTR, of the U.K.'s FCA, being an indication of important events that have occurred during the first six months of the year and their impact on the set of Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
2. DTR 4.2.8R of the DTR, of the U.K.'s FCA, being related party transactions that have taken place in the first six months of the current year and that have materially affected the financial position or performance of the Company during that period and any material changes in the related party transactions described in the last annual report that could have such a material effect.

By order of the board

**William Frewen**

Chairman

15 August 2018

**Richard Battey**

Director

15 August 2018

## Independent Review Report to NB Global Floating Rate Income Fund Limited

### Our conclusion

We have reviewed the accompanying consolidated interim financial information of NB Global Floating Rate Income Fund Limited (the "Company") and its subsidiaries (together the "Group") as of 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with the Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### What we have reviewed

The accompanying consolidated interim financial information comprise:

- the Unaudited Consolidated Statement of Assets and Liabilities as of 30 June 2018;
- the Unaudited Consolidated Condensed Schedule of Investments as of 30 June 2018;
- the Unaudited Consolidated Statement of Operations for the six-month period then ended;
- the Unaudited Consolidated Statement of Changes in Net Assets for the six-month period then ended;
- the Unaudited Consolidated Statement of Cash Flows for the six-month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The consolidated interim financial information has been prepared in accordance with the Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

### Our responsibilities and those of the directors

The Directors are responsible for the preparation and presentation of this consolidated interim financial information in accordance with the Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on this consolidated interim financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Scope of review (continued)**

We have read the other information contained in the Interim Report and Unaudited Consolidated Interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the consolidated interim financial statements.

**PricewaterhouseCoopers CI LLP**

Chartered Accountants

Guernsey, Channel Islands

15 August 2018

- (a) The maintenance and integrity of the NB Global Floating Rate Income Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Unaudited Consolidated Statement of Assets and Liabilities

AS AT 30 JUNE 2018 AND 31 DECEMBER 2017 (EXPRESSED IN U.S. DOLLARS)	NOTES	30 JUNE 2018 (UNAUDITED)	31 DECEMBER 2017 (AUDITED)
<b>Assets</b>			
Investments, at fair value (2018: cost of \$1,231,975,879, 2017: cost of \$1,254,926,416)	2	1,221,051,904	1,260,659,210
Cash and cash equivalents, at cost:			
- Sterling		5,198,490	17,933,041
- Euro		5,682,535	35,339,955
- U.S. Dollar		72,947,170	65,322,593
<b>Total cash and cash equivalents</b>		<b>83,828,195</b>	<b>118,595,589</b>
		<b>1,304,880,099</b>	<b>1,379,254,799</b>
<b>Other assets</b>			
Receivables for investments sold		29,848,386	14,202,567
Interest receivable		3,939,150	3,969,819
Other receivables and prepayments		168,466	82,017
Derivative assets, at fair value	2	10,189,762	17,126,844
<b>Total other assets</b>		<b>44,145,764</b>	<b>35,381,247</b>
<b>Total assets</b>		<b>1,349,025,863</b>	<b>1,414,636,046</b>
<b>Liabilities</b>			
Payables for investments purchased		99,451,874	103,761,885
Payables to Investment Manager and affiliates	3	2,314,956	2,425,237
Derivative liabilities, at fair value	2	99,419,267	–
Accrued expenses and other liabilities	3	450,584	377,996
<b>Total liabilities</b>		<b>201,636,681</b>	<b>106,565,118</b>
<b>Total assets less liabilities</b>		<b>1,147,389,182</b>	<b>1,308,070,928</b>
Share capital	6	1,510,987,398	1,631,170,504
Accumulated reserves		(363,598,216)	(323,099,576)
<b>Total net assets</b>		<b>1,147,389,182</b>	<b>1,308,070,928</b>

The Financial Statements on pages 12 to 37 were approved and authorised for issue by the Board of Directors on 15 August 2018, and signed on its behalf by:

**William Frewen**  
Chairman

**Richard Battey**  
Director

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

## Unaudited Consolidated Condensed Schedule of Investments

**AS AT 30 JUNE 2018**  
(EXPRESSED IN U.S. DOLLARS)

	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
<b>Portfolio of investments</b>			
Financial investments			
- Floating rate senior secured loans	1,126,079,408	1,115,052,869	97.18%
- Fixed rate bonds	60,831,856	59,170,593	5.16%
- Floating rate bonds	41,411,721	42,655,625	3.72%
- Equity	3,368,177	3,801,447	0.33%
- Warrants	284,717	371,370	0.03%
<b>Total financial investments</b>	<b>1,231,975,879</b>	<b>1,221,051,904</b>	<b>106.42%</b>
<b>Total portfolio of investments</b>			
	<b>1,231,975,879</b>	<b>1,221,051,904</b>	<b>106.42%</b>
Forwards			
- Euro to Sterling	-	32,724	0.00%
- Sterling to U.S. Dollar	-	(104,731,278)	(9.13%)
- U.S. Dollar to Euro	-	9,212,437	0.80%
- U.S. Dollar to Sterling	-	6,256,612	0.55%
		<b>(89,229,505)</b>	<b>(7.78%)</b>

	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
<b>Geographic diversity of investment portfolio</b>			
Middle East and Asia	5,045,317	4,979,687	0.43%
Australia/Oceania	2,249,363	2,243,725	0.20%
Caribbean	36,363,737	37,375,527	3.26%
North America	980,653,645	972,126,555	84.72%
Europe	207,663,817	204,326,410	17.81%
	<b>1,231,975,879</b>	<b>1,221,051,904</b>	<b>106.42%</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

## Unaudited Consolidated Condensed Schedule of Investments

AS AT 31 DECEMBER 2017

(EXPRESSED IN U.S. DOLLARS)

	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
<b>Portfolio of investments</b>			
Financial investments			
- Floating rate senior secured loans	1,150,941,811	1,153,605,182	88.19%
- Fixed rate bonds	75,778,511	76,383,520	5.84%
- Floating rate bonds	25,466,082	27,703,528	2.12%
- Equity	2,740,012	2,966,980	0.23%
<b>Total financial investments</b>	<b>1,254,926,416</b>	<b>1,260,659,210</b>	<b>96.38%</b>
<b>Total portfolio of investments</b>	<b>1,254,926,416</b>	<b>1,260,659,210</b>	<b>96.38%</b>
Forwards			
- Euro to Sterling	-	(8,488)	0.00%
- Euro to U.S. Dollar	-	38,718	0.00%
- Sterling to U.S. Dollar	-	21,103,377	1.62%
- U.S. Dollar to Euro	-	(1,665,036)	(0.13%)
- U.S. Dollar to Sterling	-	(2,341,727)	(0.18%)
		<b>17,126,844</b>	<b>1.31%</b>

	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
<b>Geographic diversity of investment portfolio</b>			
Middle East and Asia	4,581,350	4,646,248	0.36%
Australia/Oceania	2,491,774	2,490,583	0.19%
Caribbean	17,258,332	18,957,522	1.45%
North America	1,056,534,586	1,055,656,555	80.70%
Europe	174,060,374	178,908,302	13.68%
	<b>1,254,926,416</b>	<b>1,260,659,210</b>	<b>96.38%</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

## Unaudited Consolidated Condensed Schedule of Investments

INDUSTRY DIVERSITY OF INVESTMENT PORTFOLIO (EXPRESSED IN U.S. DOLLARS)	30 JUNE 2018 (UNAUDITED)		31 DECEMBER 2017 (AUDITED)	
	COST	FAIR VALUE	COST	FAIR VALUE
Aerospace & Defence	7,418,344	7,387,251	7,000,031	7,016,572
Air Transport	–	–	12,813,827	12,802,450
Automotive	12,677,999	12,663,063	15,975,793	16,104,745
Broadcast Radio & Television	38,739,809	37,500,486	36,591,985	34,339,674
Business Equipment & Services	128,514,664	126,186,102	129,512,207	129,472,705
Building & Development	41,034,015	40,919,222	45,151,072	45,308,707
Cable & Satellite Television	73,339,456	73,182,003	86,518,053	87,734,803
Chemicals & Plastics	27,057,251	26,936,921	33,454,899	33,924,501
Clothing & Textiles	1,763,625	1,749,679	1,763,625	1,805,703
Conglomerates	2,430,862	2,415,971	2,443,160	2,442,507
Containers & Glass Products	51,461,331	51,137,166	54,942,556	55,781,506
Cosmetics/Toiletries	5,684,125	5,617,086	6,331,452	6,337,574
Drugs	55,499,601	55,519,934	47,960,635	48,958,391
Ecological Services & Equipment	13,798,220	13,751,953	13,187,726	13,406,097
Electronics/Electrical	105,507,511	103,373,031	111,105,196	110,356,833
Equipment Leasing	8,524,481	8,432,057	10,574,399	10,547,065
Financial Intermediaries	57,194,820	58,129,200	40,964,150	42,867,629
Food Products	20,661,072	19,500,590	8,131,866	7,641,742
Food Service	14,818,040	15,072,554	26,144,274	26,748,805
Food/Drug Retailers	17,161,658	17,301,339	14,358,878	13,688,605
Forest Products	725,348	663,380	–	–
Health Care	86,951,262	86,201,650	83,952,745	84,557,519
Home Furnishings	2,102,010	1,983,208	–	–
Hotels & Casinos	91,938,579	92,290,175	89,721,042	91,849,405
Industrial Equipment	46,011,501	45,521,828	50,340,112	50,407,511
Insurance	11,409,012	11,389,767	8,145,635	8,229,494
Leisure Goods/Activities/Movies	49,471,284	49,090,695	39,660,986	40,128,536
Nonferrous Metals & Minerals	2,248,855	2,206,451	3,311,450	3,373,236
Oil & Gas	39,122,698	38,401,478	32,137,037	31,670,104
Publishing	4,092,329	3,936,343	7,950,033	7,945,289
Retailers (except food and drug)	53,767,948	52,764,803	37,075,412	36,576,648
Steel	11,614,726	11,686,542	13,549,679	13,819,646
Surface Transport	5,903,024	5,838,660	9,014,338	9,110,123
Telecommunications/Cellular Communications	90,222,332	88,915,977	98,094,930	97,717,570
Utilities	53,108,087	53,385,339	77,047,233	77,987,515
	<b>1,231,975,879</b>	<b>1,221,051,904</b>	<b>1,254,926,416</b>	<b>1,260,659,210</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.



## Unaudited Consolidated Condensed Schedule of Investments

As at 30 June 2018, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE	% OF NAV
<b>VISTRA</b>			<b>19,165,090</b>	<b>1.67%</b>
Vistra Operations Co 1L TL-B	United States	Utilities	11,372,086	0.99%
Vistra Energy 1L TL-B3 (5/18)	United States	Utilities	5,708,485	0.50%
Vistra Energy Corp 7.625% 11/01/24	United States	Utilities	2,084,519	0.18%
<b>VALEANT PHARMACEUTICALS</b>			<b>16,458,965</b>	<b>1.44%</b>
Valeant 5/18 T/L B	Canada	Drugs	9,369,791	0.82%
Valeant Pharmaceuticals 6.500% 03/15/22 SR:144A	Canada	Drugs	3,503,475	0.31%
Valeant Pharmaceuticals 7.000% 03/15/24 SR:144A	Canada	Drugs	3,585,699	0.31%
<b>ALBERTSONS</b>			<b>15,768,645</b>	<b>1.37%</b>
Albertson's 6/17 Cov-Lite TLB4	United States	Food & Drug Retailers	3,353,028	0.29%
Albertsons 1L TL-B5	United States	Food & Drug Retailers	4,878,526	0.43%
Albertsons Cos 1L ABL (4/18)	United States	Food & Drug Retailers	2,799,755	0.24%
ALBLLC TL B6 1L USD	United States	Food & Drug Retailers	4,737,336	0.41%
<b>SCIENTIFIC GAMES INTERNATIONAL</b>			<b>15,413,896</b>	<b>1.34%</b>
Scientific Games International	United States	Hotels & Casinos	15,413,896	1.34%
<b>CENTURYLINK</b>			<b>14,456,896</b>	<b>1.26%</b>
Centurylink 1L T/L-B	United States	Telecommunications/Cellular Communications	14,456,896	1.26%
<b>UNIVISION</b>			<b>12,985,843</b>	<b>1.13%</b>
Univision Communications	United States	Broadcast Radio and Television	10,584,363	0.92%
Univision Communications 5.125% 02/15/25 SR: Regs	United States	Broadcast Radio and Television	2,401,480	0.21%
<b>ENDO PHARMACEUTICAL</b>			<b>12,844,847</b>	<b>1.12%</b>
Endo Pharmaceutical 1L T/L-B	United States	Drugs	12,844,847	1.12%
<b>PHARMACEUTICAL PRODUCT DEVELOPMENT</b>			<b>11,492,543</b>	<b>1.00%</b>
Pharmaceutical Product Development T/L B	United States	Drugs	11,492,543	1.00%
<b>Total</b>			<b>118,586,725</b>	<b>10.33%</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

## Unaudited Consolidated Condensed Schedule of Investments

As at 31 December 2017, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE	% OF NAV
<b>VALEANT PHARMACEUTICALS</b>			<b>19,827,950</b>	<b>1.52%</b>
Valeant Pharmaceuticals T/ L - F1	Canada	Drugs	10,126,512	0.77%
Valeant Pharmaceuticals 7.000% 03/15/24 SR:144A	Canada	Drugs	3,659,400	0.28%
Valeant Pharmaceuticals 6.500% 03/15/22 SR:144A	Canada	Drugs	3,554,250	0.28%
Valeant Pharmaceuticals 5.500% 11/01/25 SR:REGS	Canada	Drugs	1,597,475	0.12%
Valeant Pharmaceuticals 5.500% 11/01/25 SR:REGs	Canada	Drugs	890,313	0.07%
<b>FIRST DATA CORPORATION</b>			<b>15,530,322</b>	<b>1.19%</b>
First Data Corp 1L T/L	United States	Business Equipment & Services	15,530,322	1.19%
<b>INTELSAT JACKSON</b>			<b>14,580,492</b>	<b>1.12%</b>
Intelsat Jackson T/L B2 30/06/2019	Luxembourg	Telecommunications/Cellular Communications	11,071,608	0.85%
Intelsat 1L T/L-B5	Luxembourg	Telecommunications/Cellular Communications	3,508,884	0.27%
<b>CENTURYLINK</b>			<b>14,302,267</b>	<b>1.09%</b>
CenturyLink 1L T/L-B	United States	Telecommunications/Cellular Communications	14,302,267	1.09%
<b>VISTRA</b>			<b>13,629,016</b>	<b>1.05%</b>
Vistra Operations Co 1L TL-B	United States	Utilities	11,577,380	0.89%
Vistra Operations Co 1L TL-C	United States	Utilities	2,051,636	0.16%
<b>WIDE OPEN WEST</b>			<b>13,503,780</b>	<b>1.03%</b>
Wide Open 1L T/L-B	United States	Cable & Satellite Television	13,503,780	1.03%
<b>Total</b>			<b>91,373,827</b>	<b>7.00%</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

## Unaudited Consolidated Condensed Schedule of Investments

As at 30 June 2018, the below were the largest 50 investments based on the NAV:

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE \$	%
Scientific Games International	United States	Hotels & Casinos	15,413,896	1.34%
Centurylink 1L T/L-B	United States	Telecommunications/Cellular Communications	14,456,896	1.26%
Endo Pharmaceutical 1L T/L-B	United States	Drugs	12,844,847	1.12%
Pharmaceutical Product Development T/L B	United States	Drugs	11,492,543	1.00%
Vistra Operations Co 1L TL-B	United States	Utilities	11,372,086	0.99%
Rackspace Hosting Inc	United States	Electronics/Electrical	10,950,632	0.95%
Univision Communications	United States	Broadcast Radio and Television	10,584,363	0.92%
Sprint Communications	United States	Telecommunications/Cellular Communications	10,264,619	0.89%
MRH	United Kingdom	Retailers (except food and drugs)	9,688,430	0.84%
CHS/Community Health Sys Inc	United States	Health Care	9,440,294	0.82%
Valeant 5/18 T/L B	Canada	Drugs	9,369,791	0.82%
First Data Corporation	United States	Business Equipment & Services	9,191,368	0.80%
Reynolds Group 1/17 (USD) T/L	United States	Containers & Glass Products	9,017,566	0.79%
Cowlitz Tribal Gaming Authority Term Loan B	United States	Hotels & Casinos	8,635,502	0.76%
Formula One 1L T/L-B (1/18)	United Kingdom	Leisure Goods/Activities/Movies	8,441,921	0.74%
DTZ US Borrower LLC	United States	Building & Development	8,241,046	0.72%
Nielsen Business Media 1L T/L-B	United States	Leisure Goods/Activities/Movies	8,098,035	0.71%
BMC Software 1L T/L EUR Add On	United States	Electronics/Electrical	8,015,374	0.70%
MPH Acquisition Holdings	United States	Health Care	7,969,739	0.69%
Crosby US Acquisition Corp	United States	Industrial Equipment	7,915,621	0.69%
Milacron LLC 1L T/L-B	United States	Industrial Equipment	7,864,610	0.69%
Virgin Media Sfa Finance	United Kingdom	Cable & Satellite Television	7,592,612	0.66%
Syniverse Holdings Inc	United States	Telecommunications/Cellular Communications	7,540,346	0.66%
Bass Pro 1L T/L-B	United States	Retailers (except food and drugs)	7,498,096	0.65%
Presidio T/L B 2017	United States	Business Equipment & Services	7,328,691	0.64%
Team Health Holdings Inc	United States	Health Care	7,246,771	0.63%
Twin River Mgt Grp T/L B 1L 30/06/2020	United States	Hotels & Casinos	7,150,208	0.62%
Seaworld Parks & Entertainment	United States	Leisure Goods/Activities/Movies	7,098,056	0.62%
SPLS T/L 1L USD	United States	Retailers (except food and drugs)	7,069,160	0.62%
Transdigm Inc 2018 Term Loan F	United States	Aerospace & Defense	6,907,619	0.60%
Frontier Communications 1L T/L-B	United States	Telecommunications/Cellular Communications	6,891,070	0.60%
Grifols Worldwide 1L T/L-B	Spain	Health Care	6,741,420	0.59%
SS&C Technologies T/L-B3 (2/18)	United States	Electronics/Electrical	6,576,342	0.57%
LWSN T/L B6 1L USD	United States	Electronics/Electrical	6,394,554	0.56%
Berlin Packaging LLC	United States	Containers & Glass Products	6,346,868	0.55%
Nautilus Power 1L T/L-B	United States	Utilities	6,313,381	0.55%
Adswst T/L B 1L USD	United States	Ecological Services & Equipment	6,303,377	0.55%
Sedgew T/L 1L USD	United States	Insurance	6,285,995	0.55%
Mohegan Tribal Gaming Authority	United States	Hotels & Casinos	6,203,465	0.54%
Avolon T/L B Borrower 1 Us	Ireland	Equipment Leasing	6,167,419	0.54%
Cumulus Media 1L T/L-Exit (6/18)	United States	Broadcast Radio and Television	6,126,857	0.54%
Amneal Pharma 1L T/L-B (3/18)	United States	Drugs	6,061,514	0.53%
Garda World Security	Canada	Business Equipment & Services	6,001,715	0.52%
Riverbed Technology Inc	United States	Electronics/Electrical	5,952,765	0.52%
Verallia 1L T/L-B EUR	France	Containers & Glass Products	5,886,462	0.51%
Advant Sales&Marketing T/L B DD 11/07/2021	United States	Business Equipment & Services	5,819,953	0.51%
Grosvenor Capital 3/18 Cov-Lite T/L B	United States	Financial Intermediaries	5,801,385	0.51%
Sinclair Television Group	United States	Broadcast Radio and Television	5,744,785	0.50%
Radiat T/L B 1L USD	United States	Cable & Satellite Television	5,715,514	0.50%
Vistra Energy 1L T/L-B3 (5/18)	United States	Utilities	5,708,485	0.49%
			<b>397,744,064</b>	<b>34.67%</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

## Unaudited Consolidated Condensed Schedule of Investments

As at 31 December 2017, the below were the largest 50 investments based on the NAV:

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE \$	%
First Data Corp 1L T/L	United States	Business Equipment & Services	15,530,322	1.19%
CenturyLink 1L T/L-B	United States	Telecommunications/Cellular Communications	14,302,267	1.09%
Wide Open West 1L T/L-B	United States	Cable & Satellite Television	13,503,780	1.03%
Endo Pharma 1L T/L-B	United States	Drugs	11,584,710	0.89%
Vistra Operations Co 1L TL-B	United States	Utilities	11,577,380	0.89%
Rackspace T/L B (11/17)	United States	Electronics/Electrical	11,165,887	0.85%
Intelsat Jackson T/L B2 30/06/2019	Luxembourg	Telecommunications/Cellular Communications	11,071,608	0.85%
Valeant Pharmaceuticals T/ L - F1	Canada	Drugs	10,126,512	0.77%
Formula One Hldgs Ltd T/L 31/07/2021	Luxembourg	Leisure Goods/Activities/Movies	9,856,990	0.75%
TPF II Power LLC T/L B 11/09/2021	United States	Utilities	9,662,015	0.74%
Univision Communications Inc 1L T/L-C5	United States	Broadcast Radio and Television	9,595,771	0.73%
Pharmaceutical Product 5/17 Cov-Lite T/L	United States	Drugs	9,568,692	0.73%
Sprint Communications 1L T/L-B	United States	Telecommunications/Cellular Communications	9,545,648	0.73%
Cowlitz Tribal Gaming Authority Term Loan B	United States	Hotels & Casinos	9,349,275	0.72%
Reynolds Group 1/17 (USD) T/L	United States	Containers & Glass Products	9,127,606	0.70%
Dynege Holdings Inc 1L	United States	Utilities	8,940,407	0.68%
Syniverse Holdings T/L 10/04/2019	United States	Telecommunications/Cellular Communications	8,911,639	0.68%
Scientific Games Corp 1L T/L-B4	United States	Hotels & Casinos	8,724,242	0.67%
Nielsen Business Media 1L T/L-B	United States	Leisure Goods/Activities/Movies	8,460,089	0.65%
Dell 1L T/L-B	United States	Electronics/Electrical	8,458,313	0.65%
Milacron LLC 1L T/L-B	United States	Industrial Equipment	8,373,966	0.64%
Berlin Packaging 5/17 TLB	United States	Containers & Glass Products	8,124,799	0.62%
Twin River Mgt Grp T/L B 1L 30/06/2020	United States	Hotels & Casinos	7,912,481	0.60%
DTZ Term B	United States	Building & Development	7,857,372	0.60%
Datatel-Sophia LP 1L T	United States	Electronics/Electrical	7,824,145	0.60%
Presidio 1L T/L	United States	Business Equipment & Services	7,680,781	0.59%
Crosby Worldwide Ltd T/L 06/11/2020	United States	Industrial Equipment	7,518,725	0.57%
Bass Pro 1L T/L-B	United States	Retailers (except food and drug)	7,502,883	0.57%
Cumulus Media Holdings T/L B 18/12/2020	United States	Broadcast Radio and Television	7,038,134	0.54%
Transdigm Inc 1L T/L-F ADD ON	United States	Aerospace & Defence	7,016,572	0.54%
Team Health Inc 1L T/L-B	United States	Health Care	6,876,720	0.53%
TXU Energy 1L T/L	United States	Utilities	6,804,531	0.52%
Grifols Worldwide 1L T/L-B	Spain	Health Care	6,785,853	0.52%
Frontier Communications 1L T/L-B	United States	Telecommunications/Cellular Communications	6,717,576	0.51%
Nautilus Power 1L T/L-B	United States	Utilities	6,708,928	0.51%
Virgin Media (fka NTL Investment Holdings Ltd) 1L TL-L GBP	United Kingdom	Cable & Satellite Television	6,586,834	0.50%
Verallia SA EUR 1L T/L	France	Containers & Glass Products	6,558,310	0.50%
Multiplan Inc. T/L B	United States	Health Care	6,546,082	0.50%
Berry Plastics 1L T/L-M	United States	Containers & Glass Products	6,378,898	0.49%
Avolon 1L T/L-B	Ireland	Equipment Leasing	6,376,086	0.49%
Energy Transfer Equity (First-Lien)	United States	Oil & Gas	6,207,513	0.48%
BMC Software EUR 1L T/L EUR	United States	Electronics/Electrical	6,178,939	0.47%
Seaworld 1L T/L-B5	United States	Leisure Goods/Activities/Movies	6,173,290	0.47%
Doosan Infracore 1L T/L-B	United States	Industrial Equipment	6,140,892	0.47%
Staples Inc 1L T/L	United States	Retailers (except food and drug)	6,127,752	0.47%
Garda World Security	Canada	Business Equipment & Services	6,062,215	0.46%
Advant Sal&Markt T/L B DD 11/07/2021	United States	Business Equipment & Services	6,038,198	0.46%
Acosta Holdco Inc T/L 13/08/2021	United States	Business Equipment & Services	5,940,611	0.45%
Grosvenor 1L TLB (08/16)	United States	Financial Intermediaries	5,844,783	0.45%
Mallinckrodt International 1L T/L-B	United States	Drugs	5,837,114	0.45%
			<b>412,804,136</b>	<b>31.56%</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

## Unaudited Consolidated Statement of Operations

(EXPRESSED IN U.S. DOLLARS)	NOTES	1 JANUARY 2018 TO 30 JUNE 2018 (UNAUDITED)	1 JANUARY 2017 TO 31 DECEMBER 2017 (AUDITED)
<b>Income</b>			
Interest income (net of withholding taxes, 2018: \$5,014; 2017: \$Nil )		29,412,538	55,373,601
Other income from investments		444,617	1,054,236
<b>Total income</b>		<b>29,857,155</b>	<b>56,427,837</b>
<b>Expenses</b>			
Investment management and services	3	4,765,157	9,688,487
Administration and professional fees	3	1,286,603	2,036,172
Directors' fees and travel expenses	3	120,616	246,100
<b>Total expenses</b>		<b>6,172,376</b>	<b>11,970,759</b>
<b>Net investment income</b>		<b>23,684,779</b>	<b>44,457,078</b>
<b>Realised and unrealised gains and losses</b>			
Net realised gain on investments	2(e)	718,488	2,767,227
Net realised gain on derivatives	2(e)	78,301,830	85,369,914
<b>Total net realised gain</b>		<b>79,020,318</b>	<b>88,137,141</b>
Net change in unrealised (depreciation)/appreciation on investments	2(e)	(16,656,769)	11,422,246
Net change in unrealised (depreciation)/appreciation on derivatives	2(e)	(106,356,349)	1,901,698
<b>Total net unrealised (depreciation)/appreciation</b>		<b>(123,013,118)</b>	<b>13,323,944</b>
Realised and unrealised gain on foreign currency	2(e)	1,107,860	1,112,603
<b>Net realised and unrealised (loss)/gain</b>		<b>(42,884,940)</b>	<b>102,573,688</b>
<b>Net (decrease)/increase in net assets resulting from operations</b>		<b>(19,200,161)</b>	<b>147,030,766</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

## Unaudited Consolidated Statement of Changes in Net Assets

### FOR THE PERIOD 1 JANUARY 2018 TO 30 JUNE 2018 (UNAUDITED)

(EXPRESSED IN U.S. DOLLARS)

<b>Net assets as at 1 January 2018</b>	<b>1,308,070,928</b>
Dividends	(21,298,479)
Net movement from share buybacks and share swaps	(120,183,106)
Net decrease in net assets resulting from operations	(19,200,161)
<b>Net assets as at 30 June 2018</b>	<b>1,147,389,182</b>

### FOR THE YEAR ENDED 31 DECEMBER 2017 (AUDITED)

(EXPRESSED IN U.S. DOLLARS)

<b>Net assets as at 1 January 2017</b>	<b>1,266,042,532</b>
Dividends	(45,801,025)
Net movement from share buybacks and share swaps	(59,201,345)
Net increase in net assets resulting from operations	147,030,766
<b>Net assets as at 31 December 2017</b>	<b>1,308,070,928</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

## Unaudited Consolidated Statement of Cash Flows

<b>FOR THE PERIOD ENDED 30 JUNE 2018</b> (EXPRESSED IN U.S. DOLLARS)	<b>1 JANUARY 2018 TO 30 JUNE 2018 (UNAUDITED)</b>	<b>1 JANUARY 2017 TO 31 DECEMBER 2017 (AUDITED)</b>
<b>Cash flows from operating activities:</b>		
Net (decrease)/increase in net assets resulting from operations	(19,200,161)	147,030,766
Adjustment to reconcile net increase/(decrease) in net assets resulting from operations to net cash provided by operating activities:		
Net realised gain on investments	(718,488)	(2,767,227)
Net change in unrealised depreciation/(appreciation) on investments and derivatives	123,013,118	(13,323,944)
Net change in unrealised gain on translation of assets and liabilities	1,107,860	1,112,603
Changes in receivables for investments sold	(15,645,819)	3,192,235
Changes in interest receivable	30,669	807,242
Changes in other receivables and prepayments	(86,449)	11,352
Changes in payables for investments purchased	(4,310,011)	19,505,160
Changes in payables to Investment Manager and affiliates	(110,281)	59,912
Changes in accrued expenses and other liabilities	72,588	(163,649)
Purchase of investments	(403,704,540)	(892,781,629)
Realisation of investments	427,373,565	903,198,115
<b>Net cash provided by operating activities</b>	<b>107,822,051</b>	<b>165,880,936</b>
<b>Cash flows from financing activities:</b>		
Net movement from share buybacks and share swaps	(120,183,106)	(59,201,345)
Dividends paid	(21,298,479)	(45,801,025)
<b>Net cash used in financing activities</b>	<b>(141,481,585)</b>	<b>(105,002,370)</b>
Effect of exchange rate changes on cash	(1,107,860)	(1,112,603)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(34,767,394)</b>	<b>59,765,963</b>
Cash and cash equivalents at beginning of the period/year	118,595,589	58,829,626
<b>Cash and cash equivalents at end of the period/year</b>	<b>83,828,195</b>	<b>118,595,589</b>

The accompanying notes on pages 23 to 37 form an integral part of the Unaudited Consolidated Interim Financial Statements.

# Notes to the Unaudited Consolidated Interim Financial Statements

FOR THE PERIOD ENDED 30 JUNE 2018

## NOTE 1 – DESCRIPTION OF BUSINESS

The Company is a closed-ended investment company incorporated and registered in Guernsey with registered number 53155. It is a non-cellular company limited by shares and has been declared by the Guernsey Financial Services Commission to be a registered closed-ended collective investment scheme. On 20 April 2011, the Company was admitted to the Official List of the U.K. Listing Authority with a premium listing trading on the Main Market of the LSE.

On 30 September 2011, the Company raised an additional \$187 million by means of a Placing and Offer for Subscription of C Shares and the shares were admitted to trading on the Main Market of the LSE on 5 October 2011. On 21 March 2013 and 24 October 2013, the Company raised an additional \$550 million and \$705 million by means of a Placing and Offer for Subscription of C Shares and the shares were admitted to trading on the Main Market of the LSE on 26 March 2013 and 29 October 2013 respectively. On 22 July 2013, through a tap issue, the Company raised gross proceeds of \$69 million. The Sterling C Shares issued on 21 March 2013 were converted into 360,521,605 Sterling Ordinary Shares on 16 July 2013 and the Sterling C Shares issued on 24 October 2013 were converted into 421,103,481 Sterling Ordinary Shares on 21 January 2014.

At the AGM of the Company held on 13 June 2018, the Directors were granted the general authority to purchase in the market up to 14.99% of the Ordinary Shares of each class in issue (as at 13 June 2018). This authority will expire at the next AGM in 2019. Pursuant to this authority, and subject to the Law and the discretion of the Directors, the Company may purchase shares of any of its classes in the market at a discount to NAV per share on an on-going basis with a view to addressing any imbalance between the supply of and demand for such shares, thereby increasing the NAV per share and assisting in managing the discount to NAV per share of the shares in relation to the price at which the shares of such class may be trading.

As required under Article 51 of the Company's Articles of Incorporation, at the AGM held on 13 June 2018 an ordinary resolution was proposed that the Company continues its business as a closed-ended investment company and was duly passed. A continuation vote will be proposed annually at each AGM.

The Company's investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst preserving the capital value of its investment portfolio, utilising the investment skills of the Investment Manager to pursue its investment objective. The Company invests mainly in floating rate senior secured loans issued in U.S. Dollars, Sterling and Euros by primarily North American and European Union corporations, partnerships and other business issuers. These loans will at the time of investment often be non-investment grade. The Company considers debt instruments to be non-investment grade if, at the time of investment, they are rated below the four highest categories (AAA, AA, A and BAA) by at least two independent credit rating agencies or, if unrated, are deemed by the Investment Manager to be of comparable quality.

For the purposes of efficient portfolio management, the Company has established a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. All references to the Company in this document refer to the Company and its wholly owned Luxembourg subsidiaries. The directors of these subsidiary companies are unrelated to the Directors of the Company. A representative of the Investment Manager was appointed as a director of NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l. and NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. in January 2018.

The Company's share capital is denominated in Pound Sterling and U.S. Dollars and consists of Pound Sterling Ordinary Shares and U.S. Dollar Ordinary Shares as at 30 June 2018.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The accompanying Unaudited Consolidated Interim Financial Statements have been presented on a going concern basis and in accordance with the Financial Accounting Standards Board Accounting Standards Codification 270, "Interim Reporting" and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The Unaudited Consolidated Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The Company is regarded as an Investment Company and it follows the accounting and reporting requirements of the Financial Accounting Standards Board Accounting Standards ("FASB") Codification ("ASC") Topic 946 ("ASC946"). The Board believes that the underlying assumptions are appropriate and that the Company's Unaudited Consolidated Interim Financial Statements therefore present a true and fair financial position.



**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of consolidation**

The Financial Statements comprise the financial statements of the Company and its wholly owned subsidiary undertakings as at 30 June 2018. The subsidiaries are NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. The Company and all its wholly owned subsidiaries have U.S. Dollars as their functional and reporting currency. The results of the subsidiary undertakings are included in the Unaudited Consolidated Statement of Operations.

All intra-group balances, transactions, income and expenses are eliminated in full.

**(a) Use of estimates**

The preparation of Financial Statements in conformity with US GAAP requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgments about attributing values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial results and position of the Company.

**(b) Revenue recognition**

Interest earned on debt instruments is accounted for net of applicable withholding taxes and is recognised as income over the terms of the loans. Discounts received or premiums paid in connection with the acquisition of loans are amortised into interest income using the effective interest method over the contractual life of the related loan. If a loan pays off 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.

**(c) Cash and cash equivalents**

The Company's cash and cash equivalents comprise cash in hand and demand deposits and highly liquid investments with original maturities of less than 90 days that are both readily convertible to known amounts of cash and so near maturity that they represent insignificant risk of changes in value.

**(d) Foreign Currency translation**

Monetary assets and liabilities denominated in a currency other than U.S. Dollars are translated into U.S. Dollar equivalents using spot rates as at the reporting date. On initial recognition, a foreign currency transaction is recorded and translated at the spot exchange rate at the transaction date. Non-monetary assets and liabilities are translated at the historic exchange rate. There were no non-monetary assets held during the year. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. The rates of exchange against U.S. Dollars at 30 June 2018 were 1.32025 USD: 1GBP and 1.16755 USD: 1EUR (31 December 2017 were 1.35275 USD: 1GBP and 1.20080 USD: 1EUR).

**(e) Fair Value of Financial Instruments and derivatives**

A financial instrument is defined by FASB ASC 825, Disclosures about Fair Value of Financial Instruments, as cash, evidence of an ownership interest in an entity, or a contract that creates a contractual obligation or right to deliver to or receive cash or another financial instrument from a second entity on potentially favourable terms. Fair value estimates are made at a discrete point in time, based on relevant market data, information about the financial instruments, and other factors.

Fair value was 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 judgment. Accordingly, fair values are not necessarily indicative of the amounts realised on disposition 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 at 30 June 2018 to estimate the fair value of each class of financial instruments:

- Valuation of financial investments – The loans and bonds are valued at bid price. 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. Equity investments are carried at fair value as determined by the Investment Manager.
- Cash and cash equivalents – The net realisable value is a reasonable estimate of fair value due to the short-term nature of these instruments.
- Receivables for investments sold – The net realisable value reasonably approximates fair value as they reflect the value at which investments are sold to a willing buyer and settlement period on their balances is short term.
- Interest receivables – The net realisable value reasonably approximates fair value.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Fair Value of Financial Instruments and derivatives (continued)**

- Other receivables – The net realisable value reasonably approximates fair value.
- Derivatives – The Company estimates fair values of derivatives based on the latest available forward exchange rates.
- Payables for investments purchased – The net realisable value reasonably approximates fair value as they reflect the value at which investments are purchased from a willing seller and settlement period on their balances is short term.
- Payables to the Investment Manager and affiliates – The net realisable value reasonably approximates fair value.
- Accrued expenses and other liabilities – The net realisable value reasonably approximates fair value.

A fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value is established under FASB ASC Topic 820. The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3). The levels of the fair value hierarchy under FASB ASC Topic 820-10-35-39 to 55 are as follows:

The guidance establishes three levels of the fair value hierarchy as follows:

**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.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table details the Company's financial instruments that were accounted for at fair value as at 30 June 2018.

**FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 30 JUNE 2018**

<b>FINANCIAL INVESTMENTS</b>	<b>LEVEL 1 (\$)</b>	<b>LEVEL 2 (\$)</b>	<b>LEVEL 3 (\$)</b>	<b>TOTAL (\$)</b>
Floating rate senior secured loans	–	1,036,459,643	78,593,226	1,115,052,869
Fixed rate bonds/corporate loans	–	57,455,243	1,715,350	59,170,593
Floating rate bonds/corporate loans	–	35,310,625	7,345,000	42,655,625
Equity	834,467	–	2,966,980	3,801,447
Warrants	371,370	–	–	371,370
<b>Total financial investments</b>	<b>1,205,837</b>	<b>1,129,225,511</b>	<b>90,620,556</b>	<b>1,221,051,904</b>
	<b>LEVEL 1 (\$)</b>	<b>LEVEL 2 (\$)</b>	<b>LEVEL 3 (\$)</b>	<b>TOTAL (\$)</b>
Balance at start of the period	–	1,227,274,656	33,384,554	1,260,659,210
Purchases during the period <sup>7</sup>	912,882	518,169,085	47,129,138	566,211,105
Sales during the period <sup>7</sup>	–	(578,223,772)	(11,656,358)	(589,880,130)
Realised loss on investments	–	638,527	79,961	718,488
Unrealised gain on revaluation	292,955	(15,152,300)	(1,797,424)	(16,656,769)
Transfer from Level 2 to Level 3	–	(30,983,254)	30,983,254	–
Transfer from Level 3 to Level 2	–	7,502,569	(7,502,569)	–
<b>Balance at end of the period</b>	<b>1,205,837</b>	<b>1,129,225,511</b>	<b>90,620,556</b>	<b>1,221,051,904</b>

<sup>7</sup> Included in this figure is \$162,506,565 of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the period. These have been excluded from the sales and purchases in the cash flow statement on page 22.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**
**(e) Fair Value of Financial Instruments and derivatives (continued)**
**DERIVATIVES AT FAIR VALUE AS AT 30 JUNE 2018**

FINANCIAL ASSETS	NO. OF CONTRACTS	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Derivatives (for hedging purposes only)	35	–	10,189,762	–	10,189,762
<b>FINANCIAL LIABILITIES</b>					
Derivatives (for hedging purposes only)	19	–	(99,419,267)	–	(99,419,267)
<b>Total</b>	<b>54</b>	<b>–</b>	<b>(89,229,505)</b>	<b>–</b>	<b>(89,229,505)</b>

**FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 31 DECEMBER 2017**

FINANCIAL INVESTMENTS	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Floating rate senior secured loans	–	1,124,902,958	28,702,224	1,153,605,182
Fixed rate bonds/corporate loans	–	74,668,170	1,715,350	76,383,520
Floating rate bonds/corporate loans	–	27,703,528	–	27,703,528
Equity	–	–	2,966,980	2,966,980
<b>Total financial investments</b>	<b>–</b>	<b>1,227,274,656</b>	<b>33,384,554</b>	<b>1,260,659,210</b>
	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Balance at start of the year	–	1,204,755,476	52,130,747	1,256,886,223
Purchases during the year <sup>8</sup>	–	1,271,130,541	29,275,154	1,300,405,695
Sales during the year <sup>8</sup>	–	(1,279,077,012)	(31,745,168)	(1,310,822,180)
Realised loss on investments	–	4,690,167	(1,922,940)	2,767,227
Unrealised gain on revaluation	–	11,533,556	(111,311)	11,422,245
Transfer from Level 2 to Level 3	–	(35,590,955)	35,590,955	–
Transfer from Level 3 to Level 2	–	49,832,883	(49,832,883)	–
<b>Balance at end of the year</b>	<b>–</b>	<b>1,227,274,656</b>	<b>33,384,554</b>	<b>1,260,659,210</b>

8 Included in this figure is \$407,624,065 of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year. These have been excluded from the sales and purchases in the cash flow statement on page 22.

**DERIVATIVES AT FAIR VALUE AS AT 31 DECEMBER 2017**

FINANCIAL ASSETS	NO. OF CONTRACTS	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Derivatives (for hedging purposes only)	42	–	17,126,844	–	17,126,844
<b>FINANCIAL LIABILITIES</b>					
Derivatives (for hedging purposes only)	42	–	–	–	–
<b>Total</b>	<b>84</b>	<b>–</b>	<b>17,126,844</b>	<b>–</b>	<b>17,126,844</b>

The derivatives assets and liabilities per each counterparty are offset in accordance with the guidance in Accounting Standards Codification Topic 210 (ASC 210) section 210-20-45 and ASC 815 section 815-10-45 to determine the net amounts presented in the Unaudited Consolidated Statement of Assets and Liabilities. All derivative trades have an enforceable master netting agreement so the net amount based on this is the same as the net amount disclosed in the Unaudited Consolidated Statement of Assets and Liabilities. As at 30 June 2018, there were two counterparties for the forward contracts (31 December 2017: two).

Due to changes in observable inputs, the Company transferred securities from Level 2 to Level 3 and from Level 3 to Level 2 of the fair value hierarchy. Level 3 assets are valued using single broker quotes.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Fair Value of Financial Instruments and derivatives (continued)**

The following table presents the impact of derivative instruments on the Unaudited Consolidated Statement of Operations in conformity with US GAAP.

<b>PRIMARY UNDERLYING RISK</b>	<b>FOR THE PERIOD ENDED 30 JUNE 2018 (\$)</b>	<b>FOR THE YEAR ENDED 31 DECEMBER 2017 (\$)</b>
Net realised gain on derivatives	78,301,830	85,369,914
Net change in unrealised appreciation on derivatives	(106,356,349)	1,901,698
<b>Total</b>	<b>(28,054,519)</b>	<b>87,271,612</b>

Primary underlying risks (credit risk, liquidity risk and market risk) associated with the derivatives are explained in Note 4.

There is no collateral for forward contracts.

The Company presents the gain or loss on derivatives in the Unaudited Consolidated Statement of Operations.

The Company uses independent third party vendors to price its portfolio. As part of its valuation process, the AIFM evaluates the number of broker quotes that combine to make up the valuation provided by these vendors and if it believes that the number of broker quotes is not sufficient to ensure a Level 2 price it designates those positions Level 3. As at 30 June 2018 the AIFM designated 25 (31 December 2017: 9) of its floating rate senior secured loans at Level 3. With respect to the Equity positions, the Investment Manager's Investment Committee has derived the fair value, based on comparable companies in similar industries, designating the positions as Level 3 and Level 1 respectively.

The net realised and unrealised gain/(loss) on investments shown in the Unaudited Consolidated Statement of Operations for the period ended 30 June 2018 by type of investment is as follows:

**FOR THE PERIOD ENDED 30 JUNE 2018**

(EXPRESSED IN U.S. DOLLARS)

Realised gain on investments	5,951,354
Realised loss in investments	(5,232,866)
	<b>718,488</b>
Realised gain on derivatives	135,633,916
Realised loss on derivatives	(57,332,086)
	<b>78,301,830</b>
Unrealised gain on investments	6,539,076
Unrealised loss on investments	(23,195,845)
	<b>(16,656,769)</b>
Unrealised gain on derivatives	19,653,095
Unrealised loss on derivatives	(126,009,444)
	<b>(106,356,349)</b>
Realised and unrealised gain on foreign currency transactions	3,607,406
Realised and unrealised loss on foreign currency transactions	(2,499,546)
	<b>1,107,860</b>

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Fair Value of Financial Instruments and derivatives (continued)**

The net realised and unrealised gain/(loss) on investments shown in the Consolidated Statement of Operations for the year ended 31 December 2017 by type of investment is as follows:

**FOR THE YEAR ENDED 31 DECEMBER 2017**

(EXPRESSED IN U.S. DOLLARS)

Realised gain on investments	15,023,739
Realised loss in investments	(12,256,512)
	<b>2,767,227</b>
Realised gain on derivatives	119,635,688
Realised loss on derivatives	(34,265,774)
	<b>83,369,914</b>
Unrealised gain on investments	30,263,399
Unrealised loss on investments	(18,841,153)
	<b>11,422,246</b>
Unrealised gain on derivatives	21,924,956
Unrealised loss on derivatives	(20,023,258)
	<b>1,901,698</b>
Realised and unrealised gain on foreign currency transactions	4,371,208
Realised and unrealised loss on foreign currency transactions	(3,258,605)
	<b>1,112,603</b>

**(f) Investment Transactions, Investment Income, Expenses and Valuation**

All investment transactions are recorded 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. The cost is determined based on the first in, first out (“FIFO”) cost method.

Operating expenses are recognised on an accruals basis. Operating expenses include amounts directly or indirectly incurred by the Company as part of its operations. Any costs incurred by a share buyback and by a re-issue of shares held in treasury will be charged to that share class.

The Company carries investments on its Unaudited Consolidated Statement of Assets and Liabilities at fair value in accordance with US GAAP, with changes in fair value recognised within the Unaudited Consolidated Statement of Operations in each reporting period. Quoted investments are valued according to their bid price as 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. Asset backed securities are valued according to their bid price. 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 Investment Manager determines the valuation based on the Investment Manager’s fair valuation policy. The overall criterion for fair value is a price at which the securities involved would change hands in a transaction between a willing buyer and a willing seller, neither being under compulsion to buy or sell and both having the same knowledge of the relevant facts.

Consistent with the above criterion, the following criteria are considered when applicable:

- Valuation of other securities by the same issuer for which market quotations are available;
- Reasons for absence of market quotations;
- The credit quality of the issuer and the related economics;
- Recent sales prices and/or bid and ask quotations for the security;
- Value of similar securities of issuers in the same or similar industries for which market quotations are available;
- Economic outlook of the industry;
- Issuer’s position in the industry;
- The financial information of the issuer; and
- The nature and duration of any restriction on disposition of the security.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(g) Derivative Contracts**

The Company may, from time to time, hold derivative financial instruments for the purposes of hedging foreign currency exposure. These derivatives are measured at fair value in accordance with US GAAP, with changes in fair value recognised within the Unaudited Consolidated Statement of Operations in each reporting period.

Depending on the product and the terms of the transaction, the fair value of the over the counter (OTC) derivative products, such as foreign exchange contracts, can be modelled taking into account the counterparties' credit worthiness and using a series of techniques, including simulation models.

Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments and the pricing inputs are observed from actively quoted markets. The forward exchange contracts valued by the Company using pricing models fall into this category and are categorised within level 2 of the fair value hierarchy.

As shares are denominated in U.S. Dollars and Pound Sterling and investments are denominated in U.S. Dollars, Euro or Sterling, holders of any class of shares are subject to foreign currency fluctuations between the currency in which such shares are denominated and the currency of the investments made by the Company. Consequently, the Investment Manager seeks to engage in currency hedging between the U.S. Dollar and any other currency in which the assets of the Company or a class of shares is denominated, subject to suitable hedging contracts such as forward currency exchange contracts being available in a timely manner and on terms acceptable to the Investment Manager, in their sole and absolute discretion.

Note 2 (e) details the gross and net derivative asset and liability position by contract type and the amount for those derivative contracts for which netting is permissible under US GAAP. The derivative assets and liabilities have been netted where an enforceable master netting arrangement is in place.

**(h) Taxation**

The Company is exempt from Guernsey tax on income derived from non-Guernsey sources. However, certain of its underlying investments may generate income that is subject to tax in other jurisdictions, principally in the United States. The Company files tax returns for its Luxembourg entities.

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 has 50% or higher chance 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. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in periods, disclosure, and transition that intends to provide better financial statement comparability among different entities.

As of 30 June 2018, the Company has recorded no liability for net unrecognised tax benefits relating to uncertain tax positions it has taken or expects to take in future tax returns (31 December 2017: Nil).

**NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS****Investment Management Agreement**

The Board is responsible for managing the business affairs of the Company but delegates certain functions to the Investment Manager under the Investment Management Agreement (the "Agreement") dated 18 March 2011.

The Manager of the Company is Neuberger Berman Europe Limited (which is a related party), an indirectly wholly owned subsidiary of NB Group. On 17 July 2014, the Company, the Manager and Neuberger Berman Investment Advisers LLC (which was the Sub-Investment Manager) made certain classificatory amendments to the Agreement for the purposes of the AIFM Directive.

The Sub-Investment Management Agreement was terminated on 17 July 2014 and the Sub-Investment Manager was appointed as the AIFM per the amended and restated Investment Management Agreement ("IMA") dated 17 July 2014. The Manager, Neuberger Berman Europe Limited, was appointed under the same agreement. In accordance with the terms of the IMA, the Manager shall pay a fee to the AIFM out of the Investment Management fee received from the Company. The Company does not pay any fees to the AIFM. On 31 December 2017, the Company entered into an Amendment Agreement amending the IMA in respect of the manufacture of the Company's Key Information Document, by the AIFM, MiFID II, anti-money laundering and bribery, cyber security and data protection.

The AIFM is responsible for risk management and the discretionary management of the assets held in the Company's portfolio and will conduct the day-to-day management of the Company's assets (including uninvested cash). The AIFM is not required to and generally will not submit individual investment decisions for approval by the Board. The Manager provides certain administrative services to the Company.

**NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS (continued)**

**Investment Management Agreement (continued)**

As per the IMA dated 17 July 2014, the Manager is entitled to a management fee, which shall accrue daily, and be payable quarterly in arrears, at the following rate per annum of the Company's NAV:

On first £1bn of the NAV	0.75%
On £1bn – £2bn of the NAV	0.70%
Any amount greater than £2bn of the NAV	0.65%

For the period ended 30 June 2018, the management fee expense was \$4,765,157 (31 December 2017: \$9,688,487), of which \$2,314,956 (31 December 2017: \$2,425,237) was unpaid at the period end.

The Manager is not entitled to a performance fee.

**Administration, Custody and Company Secretary Agreement**

Effective 1 March 2015, the Company entered into an Administration and Sub-Administrator agreement with U.S. Bank Global Fund Services (Guernsey) Limited (formerly known as U.S. Bancorp Fund Services (Guernsey) Limited) (“Administrator”) and U.S. Bank Global Fund Services (Ireland) Limited (formerly known as Quintillion Limited) (“Sub-Administrator”), both wholly owned subsidiaries of U.S. Bancorp. Under the terms of the agreement, Sub-Administration services are delegated to U.S. Bank Global Fund Services (Ireland) Limited.

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

The Administrator is entitled to an annual fee, accrued daily and paid monthly in arrears, in accordance with the schedule below and subject to an annual minimum of \$75,000.

On first \$250m of the NAV	0.05%
On \$250m – \$500m of the NAV	0.04%
On \$500m – \$1bn of the NAV	0.03%
Any amount greater than \$1bn of the NAV	0.02%

For the period ended 30 June 2018, the administration fee was \$285,189 (31 December 2017: \$547,388) of which \$44,744 (31 December 2017: \$44,385) was unpaid at the period end.

Effective 14 June 2017, Carey Commercial Limited was appointed the Company Secretary in replacement of C.L. Secretaries Limited, a wholly owned subsidiary of Carey Commercial Limited. The Company Secretary is entitled to an annual fee of £78,300 plus out of pocket expenses.

For the period ended 30 June 2018, the secretarial fee was \$87,280 (31 December 2017: \$148,545), of which \$26,256 related to administration of the buybacks of which \$26,202 (31 December 2017: payable of \$25,980) was unpaid at the period end.

Effective 1 March 2015, U.S. Bank National Association (“Custodian”) became the Custodian of the Company.

The Custodian is entitled to a fee of 0.025 per cent of the Market Value of the portfolio per annum, with a minimum annual fee of \$25,000 in respect of portfolio and loan administration. For the period ended 30 June 2018, the custodian fee was \$207,814 (31 December 2017: \$355,595) of which \$149,352 (31 December 2017: \$153,469) was unpaid, all of which was due to U.S. Bank National Association at the period end.

**Registrar’s Agreement**

Link Market Services (Guernsey) Limited (formerly known as Capita Registrars (Guernsey) Limited) is the appointed registrar of the Company. The fee charged is at a rate of £2.00 per holder of shares appearing on the registry during the fee period, with a minimum charge per annum of £9,000. For the period ended 30 June 2018, the Registrars fees amounted to \$16,888 (31 December 2017: \$115,293). Of these, \$21,191 (31 December 2017: \$10,879) was prepaid at the period end.

**Directors**

The Directors are related parties and are remunerated for their services at a fee of £35,000 per annum each (£45,000 for the Chairman). In addition, the Chairman of the Audit and Risk Committee receives an additional £5,000 for services in this role. The Chairman of the Management Engagement Committee and the Chairman of the Remuneration Committee receive an additional £2,500 each per annum. The Directors’ fee for the two Luxembourg subsidiaries for the period ended 30 June 2018, whose Directors are unrelated to the Guernsey Board members, is included within the subsidiaries’ Administration fees. Of these, none were prepaid or owing at period end. For the period ended 30 June 2018, the Guernsey Directors’ fees and travel expenses amounted to \$120,616 (31 December 2017: \$213,567). Of these, \$74,901 were owing at the period end (31 December 2017: \$ Nil). As at 30 June 2018, Mr Battey, Mr Dorey, Mr Frewen, Mrs Platts and Mr Staples held 30,077, 20,000, 9,895, 10,069 and 25,000 Sterling Ordinary Shares in the Company respectively (31 December 2017: Mr Battey, Mr Dorey, Mr Frewen and Mrs Platts 30,077, 20,000, 9,895 and 10,069 Sterling Ordinary Shares in the Company respectively). During the period, Mr Dorey’s wife purchased 100,000 U.S. Dollar Ordinary Shares.

**NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS (continued)****Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC**

The contracts with Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC are classified as related party transactions. Other than fees payable in the ordinary course of business and the additional fees disclosed in Note 3, there have been no material transactions with related parties, which have affected the financial position or performance of the Company in the financial period.

**NOTE 4 – RISK FACTORS****Market Risk**

**Market risk** is the potential for changes in the value of investments. Market risk includes interest rate risk, foreign exchange risk and price risk. Interest rate risk primarily results from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Floating rate investments, such as senior secured loans, typically receive a fixed coupon, which is linked to a variable base rate, usually LIBOR or EURIBOR. As such, income earned will be affected by changes in the variable component albeit downward moves are likely to be capped by the LIBOR/EURIBOR floors that are prevalent in the majority of transactions. The Company invests predominantly in floating rate investments; however, it does have some exposure to fixed rate investments, which are subject to interest rate risk through movements in their market price when interest rates change.

**Price Risk**

**Price Risk** is the risk that the price of the security will fall. The Investment Manager manages the exposure to price risk by diversifying the portfolio.

**Foreign Exchange Risk**

**Foreign Exchange Risk** arises from various currency exposures, primarily with respect to Sterling and Euro investments and share issue proceeds. The Company makes use of hedging techniques, as part of its risk management strategy, including but not limited to the use of forward exchange contracts to mitigate its exposure to this risk. These instruments involve market risk, credit risk, or both kinds of risks. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and interest rates.

**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 minimize 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 assets other than derivative financial instruments were held by the Custodian. The Custodian segregates the assets of the Company from the Custodian's own assets and other Custodian clients' assets. The Investment Manager believes the risk is low with respect to any losses as a result of this ring-fencing. 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 trades in over-the-counter ("OTC") derivative instruments. 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.

The Company may invest in a range of bank debt investments and corporate and other bonds. Until such investments are sold or are paid in full at maturity, the Company is exposed to issuer credit risk, relating to whether the issuer will make interest and/or principal payments on their debt obligations.



#### NOTE 4 – RISK FACTORS (continued)

##### Geographic Concentration 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.

##### 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 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 they fall due.

##### Participation Commitments

With respect to the senior loans the Company may: 1) invest in assignments; 2) act as a participant in primary lending syndicates; or 3) invest in participations. If a Company purchases a participation of a senior loan interest, the Company would typically enter into a contractual agreement with the lender or other third party selling the participation, rather than directly with the borrower. As such, the Company not only assumes the credit risk of the borrower, but also that of the selling participant or other persons inter positioned between the Company and the borrower. As of 30 June 2018, there were no such outstanding participation commitments in the Company.

##### Other Risks

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 companies is evolving, and changes in the regulation of investment companies may adversely affect the value of investments held by the Company or the ability of the Company to pursue its trading strategies. The effect of any future regulatory change on the Company could be substantial and adverse. The Board has considered the specific risks faced by the Company as a result of Brexit. At the portfolio level, the Board expects the impact of Brexit to be limited given the hedging arrangements in place and the robust investment process the Investment Manager has always adopted and its positioning in better rated, performing issuers. At the Company level the impact could be felt more directly through volatility of the Company's share price. The Board seeks to mitigate this risk by continuing to address any imbalances in supply and demand of the Company's shares through the use of further share buybacks in line with its stated policy.

#### NOTE 5 – CONTINGENCIES

In the opinion of the Directors, there were no contingencies as at period end.

#### NOTE 6 – SHARE CAPITAL

The share capital of the Company consists of an unlimited number of Ordinary Shares of no par value, which upon issue the Directors may classify as:

- (i) U.S. Dollar Ordinary Shares, Sterling Ordinary Shares or Euro Ordinary Shares or as shares of such other classes as the Directors may determine;
- (ii) B Shares of such classes denominated in such currencies as the Directors may determine; and
- (iii) C Shares of such classes denominated in such currencies as the Directors may determine.

The rights attached to the above shares are one vote in respect of each share held and, in the case of a general meeting of all shareholders:

- (a) One vote in respect of each U.S. Dollar Ordinary Share held by the shareholder;
- (b) 1.6 votes in respect of each Sterling Ordinary Share held by the shareholder; and
- (c) In respect of a Share of a class denominated in any currency other than U.S. Dollars or Sterling held by the shareholder, such number of votes per Share of such class as shall be determined by the Directors in their absolute discretion upon the issue for the first time of shares of the relevant class.

The Directors may effect distributions of capital proceeds attributable to the Ordinary Shares to holders of Ordinary Shares by issuing B Shares of a particular class to holders of Ordinary Shares of a particular class pro-rata to their holding of Ordinary Shares of such class.

The B Shares are issued on terms that each B Share shall be compulsorily redeemed by the Company shortly following issue and the redemption proceeds paid to the holders of such B Shares on such terms and in such manner as the Directors may from time to time determine.

**NOTE 6 – SHARE CAPITAL (continued)**

The Directors are authorised to issue C Shares of such classes (and denominated in such currencies) as they may determine in accordance with Article 4 and with C Shares of each such class being convertible into Ordinary Shares of such class as the Directors may determine at the time of issue of such C Shares.

The C Shares will not carry the right to attend and receive notice of any general meetings of the Company, nor will they carry the right to vote at such meetings.

The C Shares will be entitled to participate in a winding-up of the Company or on a return of capital in relation to the C share surplus as defined in the Prospectus.

The C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to such class of C Shares.

There were no Euro Ordinary Shares, B Shares or C Shares in issue as at 30 June 2018 (31 December 2017: No Euro Ordinary Shares, no B Shares and no C Shares).

<b>FROM 1 JANUARY 2018 TO 30 JUNE 2018</b>	<b>U.S. DOLLAR ORDINARY SHARES</b>	<b>STERLING ORDINARY SHARES</b>	<b>TOTAL</b>
Balance as at 1 January 2018	<b>43,227,792</b>	<b>964,088,627</b>	<b>1,007,316,419</b>
Monthly conversions <sup>9</sup>	967,079	(797,274)	169,805
Share buybacks	(582,876)	(93,470,522)	(94,053,398)
<b>Balance as at 30 June 2018<sup>10</sup></b>	<b>43,611,995</b>	<b>869,820,831</b>	<b>913,432,826</b>

<b>FROM 1 JANUARY 2017 TO 31 DECEMBER 2017</b>	<b>U.S. DOLLAR ORDINARY SHARES</b>	<b>STERLING ORDINARY SHARES</b>	<b>TOTAL</b>
Balance as at 1 January 2017	<b>38,270,109</b>	<b>1,015,614,330</b>	<b>1,053,884,439</b>
Monthly conversions <sup>9</sup>	4,007,571	(3,176,236)	831,335
Share issuance (out of treasury)	1,630,000	–	1,630,000
Share buybacks	(679,888)	(48,349,467)	(49,029,355)
<b>Balance as at 31 December 2017<sup>10</sup></b>	<b>43,227,792</b>	<b>964,088,627</b>	<b>1,007,316,419</b>

9 The Company offers a monthly conversion facility pursuant to which shareholders may elect to convert some or all of their shares of a class into shares of any other class.

10 Balance of issued shares (less Treasury shares) used to calculate NAV.

**Treasury Shares**

As at 30 June 2018, the Company held the following shares in treasury.

	<b>30 JUNE 2018</b>	<b>31 DECEMBER 2017</b>
Sterling Ordinary Treasury Shares <sup>11</sup>	75,000,000	75,000,000
U.S. Dollar Ordinary Treasury Shares <sup>11</sup>	1,342,627	1,342,627

11 The Company has an approved share buyback programme and may elect to buyback ordinary shares at certain times during the period for either cancellation or to be held as Treasury shares.

**NOTE 7 – DIVIDENDS**

The following dividends were declared for shareholders of Ordinary and C Shares since inception:

<b>PERIOD</b>	<b>DATE DECLARED</b>	<b>PAYMENT DATE</b>	<b>DIVIDEND PER U.S. DOLLAR SHARE</b>	<b>DIVIDEND PER STERLING SHARE</b>
Period 20 April 2011 to 30 September 2011	12 October 2011	9 December 2011	\$0.01486	£0.01486
Quarter ended 31 December 2011	5 January 2012	24 February 2012	\$0.01187	£0.01187
Quarter ended 31 December 2011– C Shares	5 January 2012	24 February 2012	\$0.00323	£0.00323
Quarter ended 31 March 2012	12 April 2012	25 May 2012	\$0.01260	£0.01260
Quarter ended 30 June 2012	5 July 2012	24 August 2012	\$0.01310	£0.01310
Quarter ended 30 September 2012	3 October 2012	23 November 2012	\$0.01210	£0.01210
Quarter ended 31 December 2012	9 January 2013	22 February 2013	\$0.01160	£0.01160
Quarter ended 31 March 2013	8 April 2013	24 May 2013	\$0.01220	£0.01220
Quarter ended 30 June 2013	4 July 2013	16 August 2013	\$0.01110	£0.01110
Quarter ended 30 June 2013 – C Shares	4 July 2013	26 July 2013	–	£0.00550
Quarter ended 30 September 2013	7 October 2013	22 November 2013	\$0.00890	£0.00890
Quarter ended 31 December 2013	6 January 2014	21 February 2014	\$0.00940	£0.00940
Quarter ended 31 December 2013 – C Shares	6 January 2014	7 February 2014	–	£0.00200
Quarter ended 31 March 2014	4 April 2014	27 May 2014	\$0.00860	£0.00860
Quarter ended 30 June 2014	3 July 2014	15 August 2014	\$0.00890	£0.00890
Quarter ended 30 September 2014	3 October 2014	21 November 2014	\$0.00950	£0.00950
Quarter ended 31 December 2014	7 January 2015	20 February 2015	\$0.00960	£0.00960
Quarter ended 31 March 2015	7 April 2015	26 May 2015	\$0.00890	£0.00890
Quarter ended 30 June 2015	3 July 2015	15 August 2015	\$0.01030	£0.01030
Quarter ended 30 September 2015	5 October 2015	23 October 2015	\$0.00910	£0.00910
Quarter ended 31 December 2015	6 January 2016	19 February 2016	\$0.00990	£0.00990
Quarter ended 31 March 2016	5 April 2016	25 May 2016	\$0.01030	£0.01030
Quarter ended 30 June 2016	6 July 2016	19 August 2016	\$0.01080	£0.01080
Quarter ended 30 September 2016	5 October 2016	17 November 2016	\$0.01100	£0.01090
Quarter ended 31 December 2016	5 January 2017	17 February 2017	\$0.00860	£0.00850
Quarter ended 31 March 2017	5 April 2017	23 May 2017	\$0.00910	£0.00900
Quarter ended 30 June 2017	5 July 2017	18 August 2017	\$0.00860	£0.00840
Quarter ended 30 September 2017	5 October 2017	16 November 2017	\$0.00830	£0.00820
Quarter ended 31 December 2017	4 January 2018	23 February 2018	\$0.00810	£0.00790
Quarter ended 31 March 2018	8 April 2018	25 May 2018	\$0.00820	£0.00800
Quarter ended 30 June 2018	3 July 2018	24 August 2018	\$0.01100	£0.01070

**NOTE 7 – DIVIDENDS (continued)**

The Company has issued the following Ordinary Shares under Scrip Dividend Alternative since inception:

<b>PERIOD</b>	<b>NUMBER OF U.S. DOLLAR ORDINARY SHARES</b>	<b>NUMBER OF STERLING ORDINARY SHARES</b>	<b>RATE PER U.S. DOLLAR ORDINARY SHARE</b>	<b>RATE PER STERLING ORDINARY SHARE</b>
Quarter ended 30 September 2011	91,565	710,833	\$0.95880	£0.96320
Quarter ended 31 December 2011	68,398	592,380	\$0.95300	£0.95760
Quarter ended 31 March 2012	84,444	14,653	\$0.99300	£1.00020
Quarter ended 30 June 2012	97,572	792,651	\$0.97840	£0.97160
Quarter ended 30 September 2012	91,479	567,376	\$1.00400	£0.99030
Quarter ended 31 December 2012	29,500	821,100	\$1.02000	£1.00650
Quarter ended 31 March 2013	69,213	38,805	\$1.05700	£1.05080
Quarter ended 30 June 2013	28,237	221,317	\$1.06700	£1.03880
Quarter ended 30 September 2013	58,190	365,543	\$1.03870	£1.03360
Quarter ended 31 December 2013	67,590	217,354	\$1.06900	£1.04880
Quarter ended 31 March 2014	67,228	668,002	\$1.03950	£0.99010
Quarter ended 30 June 2014	27,941	341,872	\$1.00280	£0.99390
Quarter ended 30 September 2014	28,942	233,785	\$0.98230	£0.97500
Quarter ended 31 December 2014	30,277	181,999	\$0.99520	£0.97040
Quarter ended 31 March 2015	23,310	202,637	\$0.99600	£0.98790
Quarter ended 30 June 2015	6,507	609,773	\$0.98890	£0.98110
Quarter ended 30 September 2015	5,231	50,620	\$0.96770	£0.96010

In December 2015, the Board decided to replace the Scrip Dividend option with a Dividend Re-investment Plan, whereby the shareholders have the option to re-invest their cash dividend in the Company's shares on an efficient basis, which is managed by the Registrar.

Note 8 – FINANCIAL HIGHLIGHTS

30 JUNE 2018	U.S. DOLLAR ORDINARY SHARE AS AT 30 JUNE 2018 (USD)	STERLING ORDINARY SHARE AS AT 30 JUNE 2018 (GBP)
<b>Per share operating performance</b>		
NAV per share at the beginning of the period	0.9896	0.9702
Share buybacks and share swaps during the period	0.0004	0.0033
<b>Income from investment operations<sup>(a)</sup></b>		
Net income per share for the year <sup>(b)</sup>	0.0186	0.0180
Net realised and unrealised loss from investments	(0.0071)	(0.0061)
Foreign currency translation	–	(0.0075)
<b>Total gain from operations</b>	<b>0.0115</b>	<b>0.0044</b>
Distribution per share during the period	(0.0162)	(0.0162)
<b>NAV per share at the end of the period</b>	<b>0.9853</b>	<b>0.9617</b>
<b>Total return<sup>12, 13, (b)</sup></b>	<b>1.51%</b>	<b>1.05%</b>
<b>Ratios to average net assets<sup>13, (b)</sup></b>		
Net investment income	1.88%	1.86%
Expenses	0.47%	0.49%

(a) The average number of shares outstanding during the period was used for calculation.

(b) An individual shareholder's return may vary from these returns based on the timing of the shareholder's investments in the Company.

12 The total return is the NAV return per share plus dividends paid during the period ended 30 June 2018.

13 Not annualised for periods less than one year.

**Note 8 – FINANCIAL HIGHLIGHTS (continued)**

<b>31 DECEMBER 2017</b>	<b>U.S. DOLLAR ORDINARY SHARE AS AT 31 DECEMBER 2017 (USD)</b>	<b>STERLING ORDINARY SHARE AS AT 31 DECEMBER 2017 (GBP)</b>
<b>Per share operating performance</b>		
NAV per share at the beginning of the year	0.9881	0.9787
Share buybacks and share swaps during the year	0.0016	(0.0090)
<b>Income from investment operations<sup>(a)</sup></b>		
Net income per share for the year <sup>(b)</sup>	0.0336	0.0333
Net realised and unrealised loss from investments	0.0006	0.0007
Foreign currency translation	–	0.0009
<b>Total gain from operations</b>	<b>0.0342</b>	<b>0.0349</b>
Distribution per share during the year	(0.0343)	(0.0344)
<b>NAV per share at the end of the year</b>	<b>0.9896</b>	<b>0.9702</b>
<b>Total return<sup>14, 15, (b)</sup></b>	<b>3.60%</b>	<b>2.55%</b>
<b>Ratios to average net assets<sup>15, (b)</sup></b>		
Net investment income	3.40%	3.43%
Expenses	0.95%	0.92%

(a) The average number of shares outstanding during the period was used for calculation.

(b) An individual shareholder's return may vary from these returns based on the timing of the shareholder's investments in the Company.

14 The total return is the NAV return per share plus dividends paid during the year. This figure is for the year to 31 December 2017.

15 Not annualised for periods less than one year.

**NOTE 9 – SUBSEQUENT EVENTS**

Since the period ended 30 June 2018 and up to 10 August 2018 being the last practicable date prior to publishing, the Company has repurchased 21,553,004 Sterling Ordinary Shares for \$26,160,000 and 230,000 U.S. Dollar Ordinary Shares for \$218,550 for cancellation.

## Contact Details

### Directors

William Frewen (Chairman)  
Sandra Platts  
Richard Battey  
Rupert Dorey  
David Staples (appointed 14 June 2018)  
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

Carey Commercial 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

### Designated Administrator

U.S. Bank Global Fund Services (Guernsey) Limited  
(Formerly known as U.S. Bancorp Fund Services (Guernsey)),

### Custodian and Principal Bankers

US Bank National Association

### Sub-Administrator

U.S. Bank Global Fund Services (Ireland) Limited  
(Formerly known as Quintillion Limited)

### Joint Financial Advisers and Joint Corporate Brokers

Stifel Nicolaus Europe Limited  
Fidante Capital

### Alternative Investment Fund Manager

Neuberger Berman Investment Advisers LLC

### Manager

Neuberger Berman Europe Limited

### Registrar

Link Market Services (Guernsey) Limited

### U.K. Transfer Agent

Link Asset Services  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU  
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 Link's website:  
[www.signalshares.com](http://www.signalshares.com).

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

## Shareholder Information

### Website

Information relating to the Company can be found on the Company's website: [www.nbgfrif.com](http://www.nbgfrif.com)

The contents of websites referred to in this document are not incorporated in to, nor do they form part of this report.

### Annual and Interim Reports

Copies of the Company's annual and interim reports may be obtained from the Company Secretary or by visiting [www.nbgfrif.com](http://www.nbgfrif.com) under the Investor Information section.

### Net Asset Value Publication

The NAV is published daily. It is calculated at the close of business each day and notified to the London Stock Exchange the next business day. It can also be found on the Company's website.

### Monthly Conversion

The Company offers a monthly conversion facility pursuant to which holders of Ordinary Shares of one class may convert such Ordinary Shares into Ordinary Shares of the other class. Shareholders wishing to convert Ordinary Shares may do so by giving the Company not less than 10 Business Days' notice in advance of the first Business Day of each calendar month to the Registrar.

### Company Numbers

#### Sterling Ordinary Shares

LSE ISIN code: GG00B3KX4Q34

Bloomberg code: NBL:LN

#### U.S. Dollar Ordinary Shares

LSE ISIN code: GG00B3P7S359

Bloomberg code: NBLU:LN

#### Legal Entity Identifier

549300P4FSBHZFALLG04

### Association of Investment Companies

The Company is a member of the Association of Investment Companies. Contact details are as follows:

+44 (0)20 7282 555

[enquiries@theaic.co.uk](mailto:enquiries@theaic.co.uk)

[www.theaic.co.uk](http://www.theaic.co.uk)

### Dividend Re-investment Plan

The Registrar also manages a Dividend Re-Investment Plan for the Company.

Shareholders wishing to re-invest their dividends should contact the Registrar (contact details can be found above).

### Registrar

The Registrar provides an on-line and telephone share dealing service to existing shareholders who are not seeking advice on buying or selling. This service is available at [www.linksharedeal.com](http://www.linksharedeal.com) or by phoning +44(0)371 664 0445. Calls cost 12p per minute plus network charges +44(0)20 3367 2699 (from outside the U.K.). Lines are open 8 a.m. to 4:30 p.m. Monday to Friday (excluding U.K. bank holidays).