NB Global Floating Rate Income Fund Limited

2019 ANNUAL REPORT

Audited Consolidated Financial Statements
For The Year Ended 31 December 2019

NEUBERGER BERMAN

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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 2018 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 UK Listing Authority with a premium listing trading on the Main Market of the London Stock Exchange ("LSE").

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 and Strategy

To pursue its investment objective, the Company invests mainly in senior secured floating rate loans issued in U.S. Dollars, Pound Sterling or 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. 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 ratings agencies or, if unrated, are deemed by the Investment Manager to be of comparable quality.

The coupon received when investing in floating rate loans varies with, and is periodically adjusted to reflect changes in, a generally recognised base interest rate such as LIBOR. The Company generally seeks 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.

The Company believes that strong senior floating rate loan investment results can be achieved through a proactive investment process of fundamental research, risk management and a strict discipline that seeks to avoid credit deterioration, selecting senior-secured securities whereby the yield is attractive on a relative value basis and by rotating across credit tiers and industry sectors. The Investment Manager will tend not to "reach" for yield without considering commensurate risk given the emphasis on avoiding credit deterioration. As a result, the portfolio has a higher concentration, on average, of higher quality, senior-secured, more liquid securities, predominantly in the U.S.

Capital Structure

As at 31 December 2019, the Company's share capital comprised 508,276,307 Sterling Ordinary Shares ("NBLS") of no par value (of which 75,000,000 were held in treasury) and 29,054,013 U.S. Dollar Ordinary Shares ("NBLU") of no par value (of which 1,342,627 were held in treasury).

The Company had established a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l., which in turn held a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. The consolidated financial statements ("Financial

Statements") comprise of the Company and its wholly owned subsidiary undertakings (the "Group") as at 31 December 2019. Part of the portfolio of the Company was held through NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l.

During the year, the Board, having taken appropriate professional advice, reviewed the structure of the Group and decided to liquidate the Luxembourg subsidiaries. Due regard was given to the shareholders and service providers in so far as a number of options were presented and discussed and JTC Signes, as administrator to the subsidiaries, formed part of those discussions. It was ultimately agreed that, due to the operating cost and complexity of the subsidiaries and long-term risk from the changing tax and regulatory environment it was in the Company's best interests to transfer the business and assets of the subsidiaries to the Company and then liquidate them.

Effective 10 October 2019 the portfolio held in Lux 2 was transferred to the Company. On 18 December 2019, JTC Signes Services S.A. was appointed as the Liquidator for the subsidiaries and as of 31 December 2019 the subsidiaries were liquidated. Further detail is provided on page 75.

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 pooled investment products.

Dividends

Dividends are paid quarterly in respect of each calendar quarter. The Company's dividend policy is detailed on page 29.

The rolling 12 month dividend yield (based on the previous four quarterly dividends declared and share price as at 31 December 2019) was:

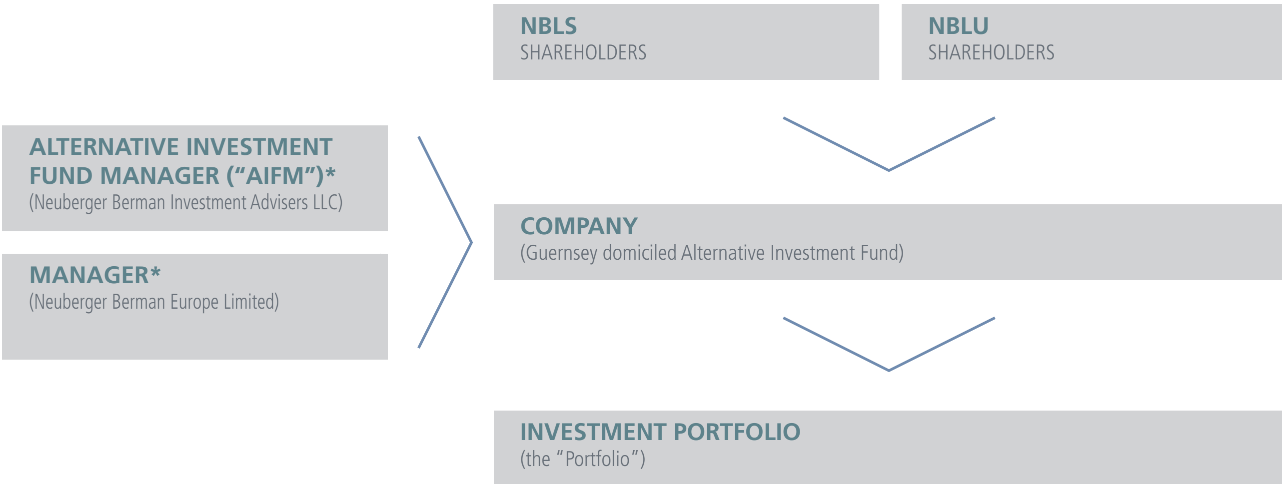
- Sterling Ordinary Shares: 5.14%
- U.S. Dollar Ordinary Shares: 5.17%

Principal Activities and Structure

The principal activity of the Company is to carry out business as an investment company. The Directors do not envisage any changes in this activity for the foreseeable future.

The chart below sets out the ownership, organisational and investment structure of the Company.

INVESTMENT STRUCTURE OF THE COMPANY



* Further information on the Company's investment management arrangements can be found on page 26.

Diversification

The Investment Manager seeks to manage risk through in-depth credit research utilising proprietary analytic processes, diversifying across industries, companies and investment size and adjusting sector weightings based on economic and market analysis.

The Company's portfolio is intended to contain at least 100 investments across a minimum of 20 industries, with a focus on those industries regarded as defensive. Defensive industries are those the Investment Manager believes are less affected by changes in economic conditions and likely to demonstrate the strongest capital preservation.

Typically, at the time such investment is made, no industry will represent more than 15% of NAV and no single investment will represent more than 5% of NAV. The Board considers that it is not appropriate to make available a full portfolio listing to shareholders as the information is considered commercially sensitive, however the company makes available, on a monthly basis, a list of the issuers in the portfolio. As at 31 December 2019, the portfolio contained 206 issuers.

What Are Senior Secured Floating Rate Loans?

Senior secured floating rate loans, also known as floating rate secured loans or leveraged loans, are debt obligations originated and arranged by banks or other financial entities (also known as an arranger) on behalf of corporations, partnerships and other business issuers to finance activities such as mergers and acquisitions, leveraged buyouts, recapitalisations, refinancings, capital expenditure or for other general corporate purposes.

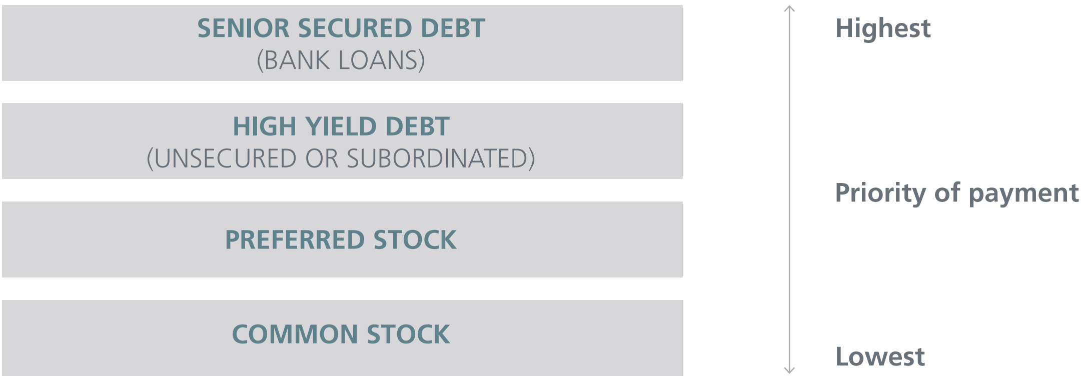
These will typically be syndicated to a pool of lenders that collaborate to provide financing for the borrower. Once the bank loan is issued, lenders have the option to hold their portion for the life of the loan or to sell it to other investors in the secondary market.

The senior secured floating rate loans that the Company invests in are generally non-investment grade, that is rated at or below Ba1 by Moody's Investors Service or at or below BB+ by Standard & Poor's or an equivalent rating by a third party rating agency.

The senior secured floating rate loans that comprise the portfolio typically hold the most senior position in the capital structure of the borrower and are secured with specific collateral, giving lenders a claim on the assets that are senior to the claims of unsecured creditors, subordinated debt holders and stockholders of the borrower. The security package typically incorporates a first priority over all of the borrower's assets including receivables, inventory, bank accounts, property, plant and equipment. In the event of a default or bankruptcy, the holders of the loans should be in a better position to maximise recovery of their debt than other creditors due to their position in the capital structure.

The below chart shows the typical capital structure of a borrower:

SAMPLE CAPITAL STRUCTURE



Senior secured floating rate loans earn a variable rate of interest that includes a stated 'spread' (also known as the margin or coupon), which reflects issuer risk, over a widely accepted base rate such as the London Interbank Offered Rate ("LIBOR"). The floating rate on senior secured floating rate loans typically resets every 30 to 90 days in line with the prevailing rate of LIBOR and, because such loans reset on a regular basis, the yield is described as ''floating".

The Investment Manager's experience is that LIBOR floors are a common feature of almost all new loan issues in the U.S. LIBOR floors guarantee a minimum level of LIBOR to investors irrespective of the prevailing interest rate. The Financial Conduct Authority announced in 2017 it would not compel or persuade panel banks to make LIBOR submissions after 2021. LIBOR is therefore expected to cease from the end of 2021 impacting trillions of USD financial instruments globally. Whilst there is no single agreed alternative at the present time, the Investment Manager is examining the implications of a transition on the Company and its portfolio and will manage the transition on behalf of the Company.

If LIBOR exceeds the floor then such loans pay the prevailing LIBOR as well as the credit spread. The return is generated by LIBOR or the LIBOR floor, the spread over LIBOR paid by the borrower due to the terms of the underlying loan and the discount. The discount occurs because new issues are commonly priced, in the Investment Managers' experience, at a discount to the par value of the loan.

INDICATIVE BREAKDOWN OF SENIOR SECURED LOAN RETURNS

LIBOR FLOOR	CREDIT SPREAD	DISCOUNT[1]
The minimum base rate of LIBOR even if LIBOR falls below that level	The amount of interest paid over LIBOR to compensate an investor for the associated credit risk	The amount a loan is priced below par in the primary or secondary market e.g. if a loan is priced at 97 this equals a 3% discount

[1] New issues are typically sold at a discount to par.

Investment Process

The Investment Manager focuses on experience-based, in-depth credit and industry analyses, disciplined portfolio construction and ongoing portfolio monitoring. The below diagram provides a high level overview of the Investment Manager's investment process.

INVESTMENT UNIVERSE Approximately 800-1100 issuers	QUALITY SCREENS Approximately 400-600 issuers	CREDIT AND INDUSTRY ANALYSIS Approximately 200-250 issuers	PORTFOLIO CONSTRUCTION Approximately 175-225 issuers
Comprised of loans and securities rated BB+ and below Includes U.S. and non-U.S. issuers	Focused on companies with historically stable cash flows, liquidity and access to capital Seeks to eliminate: • Less liquid issuers (EBITDA <$100M • Most defaulted and distressed securities • Outliers and high default potential issuers	**Macroeconomic Analysis:** State of global economy, credit cycle, political factors, etc. **Industry Analysis:** Competitive landscape, life cycle, regulatory environment etc. **Credit Analysis:** Cash flow analysis, default analysis, recovery analysis	Strive to construct highly diversified portfolios across • Industry • Companies • Investment size • Credit ratings • Yield analysis Avoid concentration of cyclical industries

Focus on Risk Management

The credit ratings noted above are those of Standard & Poor's. Ratings of BB+ and below are considered non-investment grade (junk bonds). Credit ratings are subject to change at any time. This material is intended as a broad overview of the Investment Manager's style; philosophy and investment process and is subject to change without notice. The Company's portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger Berman.

Investment Discipline

The Investment Manager's investment discipline seeks to ensure, through its "credit best practices" checklist that it thoroughly understands the investment thesis for each investment and any underlying assumptions:

Top-Down Analysis

ECONOMY: KEY DATA POINTS

- **Direction of Global Economy:**
  - Economic Indicators
- **Globalisation Trends:**
  - Regional GDP/economic forecasts
  - Global equity market movements
  - Currency fluctuations
- **Credit Cycle:**
  - Degree of cyclicality
  - Spreads relative to historic levels
  - Banking Industry
- **Political Factors:**
  - Budget surplus/deficit
  - Election/wars

INDUSTRY: KEY DATA POINTS

- Where are we in industry life cycle
- Competitive landscape
- Trend for industry consolidation
- Capacity levels
- Regulatory environment
- Competitor analysis
- Industry value chain
- Industry size and growth
- Rating agency trends
- Industry model/return
- Sensitivity to exogenous factors

Bottom-Up Analysis

Issuer: Key Considerations

BUSINESS FUNDAMENTALS	QUALITY OF CASH FLOW	SCENARIO ANALYSIS	CAPITAL STRUCTURE	LIQUIDITY	MANAGEMENT OWNERSHIP
• Established businesses with longer-term track records • Ability to de-lever • Origination (roll-up vs. organic) • Understand business and products	• Off-set business risk • Cautious of large transforming acquisitions • Quantify/evaluate CAPEX • Ability to delay commitments • Accounting practices	• Understand upside/downside in terms of credit ratios, spreads and ratings • Benchmark company vs. industry and its own history	• Evaluate management's intention and ability to right size the capital structure • Focus on senior structures in tight capital markets and slow growth periods	• Cash • Bank lines • Covenants • Non-core asset sales • Other sources of cash	• Understand any unusual equity ownership • Evaluate management's abilities and incentives • Consider turnover of senior management

Investment Philosophy and Selection Process

Investment Philosophy

PROACTIVE INVESTMENT PROCESS

- Develop investment thesis and benchmark the drivers
- Proprietary fundamental research
- Disciplined and repeatable processes
- We endeavour to add value throughout all market cycles

GENERATE ADDED VALUE

- We seek to capitalise on market opportunities and generate added value through;
  – Efforts to reduce credit deterioration
  – Industry and quality rotation
  – Relative value analysis

RISK MANAGEMENT

- We have developed proprietary systems to manage risk in accordance with client objectives and constraints
- Oversight provided by independent Neuberger Berman Risk Management Committee

Selection Process

CREDIT

- Process driven by longstanding "Credit Best Practices" checklist
- Three financial models; upside, downside and base case modeling
- Focus on cash flow for debt service
- Assessment of management
- Seek multiple sources of repayment
- Bond indenture/credit agreement analysis
- Vigilant and proactive monitoring using proprietary monitoring database

VALUATION

- Internal Neuberger Berman credit rating
- Relative Value spread analysis across industry and credit tier in light of Neuberger Berman rating
- Potential for deleveraging and credit upgrade

SELL DISCIPLINE

- Anticipation of deteriorating credit fundamentals
- Unexplained shortfall relative to financial scenarios
- Unexpected developments, including unanticipated change in management
- Fundamental problems at an industry level
- Holding reaches full valuation and Neuberger Berman Investment Advisers LLC ("NBIA") has identified a swap opportunity

Further information on the Company's investment strategy and process can be found in the Company's most recent prospectuses, which are available on the Company's website at www.nbgfrif.com under the "Investor Information" tab.

Hedging

As the Company's shares are denominated in Pound Sterling (Sterling Ordinary Shares) and U.S. Dollars (U.S. Dollar Ordinary Shares) and investments are denominated in U.S. Dollars, Euro or Pound 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, at their sole and absolute discretion.

A consequence of currency hedging is that the interest rate differential between the hedged share class currency (GBP) and the base currency (USD) (the "carry") is included in the return of the hedged share class. The objective of the foreign exchange hedge on Ordinary Sterling share class investors is to give a long exposure to GBP LIBOR and a short exposure to USD LIBOR. As a result, the interest rate differential has a marginal impact on dividend distributions for the holders of the Ordinary Sterling class shares. The costs of the interest rate differential will be borne by the NBLS NAV, and any narrowing of the USD/GBP LIBOR differential will reduce the size of this cost. The interest rate differential is a cost/benefit for all currency hedging arrangements and is not unique to the Company.

Gearing and Derivatives

The Company does not normally employ gearing or derivatives for investment purposes. The Company may, from time to time, use borrowings for share buybacks and short-term liquidity purposes. The Directors will restrict borrowing to an amount not exceeding 20% of the NAV at the time of drawdown. Derivatives are used for foreign exchange hedging purposes and the U.S. Dollar exposure for Sterling shareholders is explained in Note 2 of the financial statements.

Redemption Offer

As set out in the Company's Articles of Incorporation (the "Articles"), under redemption offer, if, as at 31 December in any calendar year, the shares of a particular class have, on average over the last three calendar months of the relevant calendar year, traded on the LSE at a discount in excess of 5% to the NAV per share of that class, the Directors will, subject to any legal or regulatory requirements, implement a redemption offer pursuant to which each holder of shares of the relevant class shall be offered the opportunity to redeem up to 50% of their shares of such class. This provision was not triggered at 31 December 2019.

Continuation Vote

As set out in the Company's Articles of Incorporation (the "Articles"), under Article 51, the continuation resolution, the Directors shall propose an ordinary resolution that the Company continues its business as a closed-ended investment company at each annual general meeting from 2018 onwards. If a continuation vote is not passed, the Directors shall put proposals to shareholders for restructuring or reorganisation of the Company. Further details on the assumptions relating to this provision are provided on page 32.

Financial Highlights

Key Figures

(U.S. Dollars in millions, except per share data)	AS AT 31 DECEMBER 2019	AS AT 31 DECEMBER 2018
Net Asset Value[1]		
– Sterling Ordinary Shares	$550.7	$857.0
– U.S. Dollar Ordinary Shares	$27.4	$54.9
Net Asset Value per share		
– Sterling Ordinary Shares	£0.9594	£0.9215
– U.S. Dollar Ordinary Shares	$0.9872	$0.9468
Share price		
– Sterling Ordinary Shares	£0.9280	£0.8870
– U.S. Dollar Ordinary Shares	$0.95	$0.9325
Discount to Net Asset Value[2]		
– Sterling Ordinary Shares	(3.27%)	(3.74%)
– U.S. Dollar Ordinary Shares	(3.77%)	(1.51%)
Investments	$525.6	$906.2
Dividend per share		
– Sterling Ordinary Shares	4.77 pence	4.02 pence
– U.S. Dollar Ordinary Shares	4.91 cents	4.13 cents
Current Gross Portfolio Yield[2]	5.31%	5.76%
12 month rolling dividend yield[2]		
– Sterling Ordinary Shares	5.14%	4.53%
– U.S. Dollar Ordinary Shares	5.17%	4.43%
NAV Total Return[2]		
– Sterling Ordinary Shares	9.27%	(1.33%)
– U.S. Dollar Ordinary Shares	9.43%	(0.60%)
Share Price Return[2]		
– Sterling Ordinary Shares	10.62%	(3.98%)
– U.S. Dollar Ordinary Shares	8.03%	1.07%
On-Going Charges[2]		
– Sterling Ordinary Shares	1.10%	1.01%
– U.S. Dollar Ordinary Shares	1.08%	0.98%

1 In the year ended 31 December 2019, the Company re-purchased 312.19m Sterling Ordinary Shares at a total U.S. Dollar equivalent cost of $357.7m and 11.47m U.S. Dollar Ordinary Shares at a total cost of $10.61m.

2 Further explanation and definitions of the calculation is continued in the section "Alternative Performance Measures" on pages 24 to 25.

Financial Highlights (continued)

Financial Review

At 31 December 2019, the Net Assets of the Company amounted to $578,032,783 (2018: $911,886,137). The NAV attributable to the U.S. Dollar Ordinary Shares amounted to $27,357,649 (2018: $54,847,645) and the NAV per U.S. Dollar Ordinary Share was $0.9872 (2018: $0.9468). The NAV attributable to the Sterling Ordinary Shares amounted to £415,682,305 ($550,675,134) (2018: £672,925,952 ($857,038,492)) and the NAV per Sterling Ordinary Share was £0.9594 (2018: £0.9215).

Chairman's Statement

Dear Shareholder,

It is with pleasure that I present to you the Annual Report of NB Global Floating Rate Income Fund Limited for the year ended 31 December 2019.

Performance

Over the year, the Company's share price total return was 10.62% per Sterling Ordinary Share and 8.03% per U.S. Dollar Ordinary Share. The Company's Net Asset Value ("NAV") total return per share for the year was 9.27% for the Sterling Ordinary Shares and 9.43% for the U.S. Dollar Ordinary Shares. Excluding the benefit of our share buybacks during the year, these returns were 6.59% and 8.06% respectively the latter compares with the relevant benchmark, the S&P/LSTA Leveraged Loan Index (the "Index"), which had a total return of 8.64% in U.S. dollar terms. The underperformance of the Company (using the "excluding buybacks" returns) was the result of holding additional cash to conduct the share buyback programme during a year where total returns for the loan market were strong.

Dividends per share fluctuated in a narrow range in 2019 between £0.013 and £0.010, due to declining LIBOR and lower volatility in credit spreads, with the Company's dividend yield at year end being 5.14% and 5.17% 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 at 31 December 2019). The Company continues to meet its broad objective of providing regular and sustainable dividends.

As at 31 December 2019, the Portfolio's current yield was 5.31%, and the yield to maturity was 5.71%. This was some 29bps and 41bps below the Index respectively, being a consequence of the quality bias in the portfolio, which was reflected in the weighted average price of the loans in the portfolio of around 51bps higher than the market.

The gently rising rate trajectory that we expected during H1 2019 has come to a halt and has now reversed in Q1 2020 as slower growth is evident globally and the impact of the COVID-19 pandemic takes hold. The recent interest rate cuts by the US Federal Reserve and the Bank of England have been replicated more widely amongst other advanced economies, meaning that the previously held expectations of rising interest rates are unlikely to be realised for some while.

Dividends

As at 31 December 2019, the annualised dividend based on the previous four quarterly dividends paid was 4.77 pence per share for the Sterling Ordinary Shares and 4.91 cents per share for the U.S. Dollar Ordinary Shares up from 4.02 pence and 4.13 cents per share, respectively as at 31 December 2018. Your Board believes that the dividend yield, 7% (USD Class) and 6.82% (GBP Class) as at 3 April 2020, on the stock at the current share price is attractive on a risk-adjusted basis given the current low interest rate environment and taking account of the prudent investment approach taken by the Investment Manager.

Portfolio Construction

The portfolio continues to be highly diversified, with 206 issuers, and 259 investments as at 31 December 2019. In terms of rating by credit quality, as at year end the portfolio was underweight CCC-rated loans, which constituted about 5% of the US market, compared to the portfolio weighting of 3.79%. The portfolio was overweight in the BB to B+ rating buckets. In 2019, we saw opportunities in both primary and secondary markets to increase exposure to BB/B+ rated loans, as many of those issues have passed the Investment Manager's portfolio screening process. From a sector perspective, as at year end, the portfolio had a 6% underweight in the electronics sector, the most underweight sector allocation in the portfolio. During 2017 and early 2018, the electronics sector grew in size due to new issue activity from software companies with either aggressive terms or un-proven business models, and the Investment Manager's avoidance of these deals has been the primary driver of the underweight to the electronics sector. The U.S. loan market ended the year with a par-weighted default rate of just 1.39% which is lower than the long-term average of just over 3%, based on annual default rates back to 1998. The LTM default rate within the European loan market remained at 0% at year end.

The portfolio's European weight has reduced in recent quarters, as better value in US loan markets offered an attractive opportunity to sell higher priced European tranches of debt and buy the USD equivalent at a discount.

Chairman's Statement (continued)

Discount Management

During the year ended 31 December 2019, the Company's discount ranged between 2.92% and 6.43% per Sterling Ordinary Share and 3.23% and 6.45% per U.S. Dollar Ordinary Share finishing the year near to our target of 3%, achieved through the Board's willingness for the Company to buy back its own shares in significant volume. The Board has continued to seek to address imbalances between supply and demand in the Company's shares by proactively repurchasing shares. During the year, the Company repurchased 312,188,347 Sterling Ordinary Shares at a total cost of £280,214,300 and 11,468,782 U.S. Dollar Ordinary Shares at a total cost of $10,614,548 representing 42.75% of the Sterling Ordinary Shares in issue and 19.80% of the U.S. Dollar Ordinary Shares in issue, at 1 January 2019. The weighted average discount of the buyback was 5% for the Sterling Ordinary Shares and 5.23% for the U.S. Dollar Ordinary Shares with an accretion to the NAV of each share class of 2.80% and 1.38% respectively.

On 7 May 2019,12 August 2019, 4 November 2019, and on 3 March 2020 we sought shareholder approval to renew the authority for the Company to make market purchases of its own Shares, which was duly granted. The Board will seek to renew this authority, as required, to give us the flexibility to continue to buy back shares to help satisfy demand for market liquidity whilst increasing NAV per share, as part of our discount control mechanism and we will continue to remain vigilant in our approach to discount management on behalf of shareholders.

The Board continues to support its existing policy of aiming to maintain the discount to NAV at 3% or less in normal market conditions using appropriate discount management controls. As a result of the Company's buyback programme, the Company's market capitalisation declined to the extent that with effect from 20 December 2019, the Company was no longer a constituent of the FTSE 250 but remains in the FTSE All Share Index.

Continuation Vote

In accordance with the Company's Articles of Incorporation (the "Articles"), at the Annual General Meeting held on 7 May 2019 the Company proposed a resolution to consider the Company's continuation as a closed-ended investment company. I am pleased to report that shareholders voted overwhelmingly in favour of the Company's continuation at this meeting. The next continuation vote will be proposed at the 2020 AGM, and annually thereafter. The Board remains of the view that the Company provides investors with a means to readily access a desirable and diverse portfolio of senior secured and other loans with an attractive yield and so urges shareholders to vote in favour of the Company's continuation at the 2020 AGM.

Shareholder Engagement

During the year, I have had the pleasure in meeting with a significant number of our major shareholders on a one-to-one basis to discuss the Company and to understand their views on governance and performance. I remain at the disposal of our shareholders should you wish to discuss any aspect of the Company. Further details on how the Board has considered its stakeholders as a whole can be found on page 33.

In January 2020, we advised that we would cease the quarterly update calls with the Investment Manager as the way in which we engage with shareholders has evolved with an increase in bilateral meetings and declining attendance on the webinars. The Investment Manager and Broker continue to offer to meet with shareholders on a periodic one-to-one basis and the Investment Manager will continue to keep all shareholders updated on the Company's progress by way of the monthly fact sheets.

Costs

We are pleased with the substantial cost savings achieved during the year. At the start of the year, we welcomed Numis as Broker and in the second quarter, we welcomed Praxis Fund Services as Company Secretary. Further, we were pleased to announce, effective from 1 October 2019, that the Investment Manager reduced its fee by 10 basis points to 0.65% demonstrating the commitment of the Investment Manager to our Company, as well as to provide "best in class" value in the sector. Finally, we are pleased to announce effective 1 January 2020 the Administrator and Custodian reduced their fees. We believe that these changes demonstrate the Board's efforts to lowering the Ongoing Charges of the Company and the desire to remain commercially competitive. In aggregate we believe that we have reduced annual expenditure by some $650,000.

Structure

The Board regularly reviews the Company's' structure and in reviewing the fast changing global fiscal landscape, the Board decided it was no longer optimal to maintain the Luxembourg subsidiaries of the Company. The Board is of the view the annual cost savings from winding up the two subsidiaries will compensate the Company for the increased irrecoverable withholding taxes in certain territories that the Company will bear. We agreed this was in the best interests of the Company and stakeholders as a whole and are pleased with the associated cost savings this will achieve in future as well as simplifying the corporate structure.

Board Composition and Succession Planning

During the year, the Board continued to develop its succession plan, which was outlined in the 2018 Annual Report. As reported in the 2018 Annual Report, on 1 January 2019, David Staples took over from Richard Battey as Chairman of the Audit and Risk Committee. Richard will not put himself forward for re-election at the 2020 AGM and will therefore retire from the Board. We thank Richard for his tenure and leadership as Audit and Risk Committee Chairman, for his significant contribution to the Company since inception, his role as Senior Independent Director and his thought leadership.

We consider that the recent board changes will maintain diversity of tenure and responsibilities and with Richard's departure, the Board will have 33% female representation in line with the expectations of the Hampton-Alexander review, the aims of which the Board support. We will continue to assess independence and replenish the Board over the coming years. Further detail on the Board's succession plan and diversity policy can be found in the Corporate Governance Report on page 36 and the Report of the Remuneration and Nomination Committee on pages 49 to 50.

Brexit

The United Kingdom entered the transition period for leaving the European Union on 31 January 2020. We will continue to assess the possible impact of the European Union (Withdrawal Agreement) Act, although as previously reported, a disorderly Brexit situation would not impact our operations in any material manner. Having reviewed the portfolio extensively, we do not believe there would be any significant impact from a disorderly Brexit, following the transition period.

COVID-19

The coronavirus (COVID-19) outbreak and related uncertainties have increased risk to the global economy. At this stage we cannot predict with any great degree of confidence the longer term impact on the operating results of the majority of issuers in our portfolios (aside from near-term impacts from commodity price volatility). We note that the economic impact of the 2003 SARS outbreak was manageable overall and short-term in nature but acknowledge it is too early to predict the full extent of the current outbreak with high confidence. As such, we will continue to monitor the effectiveness of efforts to contain the spread of the virus and the implications for economic activity.

Climate Change

During the year, the Board identified activism relating to climate change as an emerging risk. We are conscious of our own impact on the environment, despite being an investment company with no employees, The Board have committed to offset its carbon-emissions arising from air travel relating to the members of the Board undertaking Company related business. In addition, the Board makes extensive use of video conferencing facilities, limiting the amount of travel, all board papers are produced and hosted digitally via a dedicated board portal and makes relevant enquiries to its key service providers during face-to-face meetings about their initiatives and attitudes to climate change. Finally, the Board has moved toward electronic communication with our shareholders. A letter will accompany this report asking for your agreement to receive electronic communications only from us going forward. We hope that you agree, which will assist us in reducing our paper usage and impact on the environment.

Chairman's Statement (continued)

Outlook

Your Board is pleased that dividends per share have increased in 2019 from 2018. We believe the Company continues to offer a favourable risk-adjusted total return and is confident with the Investment Manager's performance to date in executing its strategy.

The outlook for 2020 has shifted over the past several weeks due to the impact from mandated closures and social distancing efforts to "flatten the curve" of the COVID-19 pandemic. Yields in the loan market are likely pricing in severe scenarios for global GDP, but given the nature of the catalyst, it could prove to be transitory. Yield levels are pricing in default rate scenarios that are likely to be in excess of actuals, which has historically been the case. The Investment Manager believes yields are compensating investors for an above average but moderate rise in default rates from very low levels. As we continue to be vigilant to the developments of COVID-19, our primary goal remains one of avoiding default risk. While uncertainty around the duration and severity of the health crisis as well geopolitical event risk can result in heightened short-term volatility, the Investment Manager believes the Company is well positioned.

The Investment Manager's more defensive and strategic positioning together with the attractive, fully covered dividend continue to make the Company a sound risk adjusted investment proposition.

Thank you for your continued support.

Rupert Dorey
Chairman

8 April 2020

Investment Manager's Report

Market Environment

The leveraged loan market was supported by a number of market, fundamental and technical factors in 2019, including a "dovish pivot" by the US Federal Reserve ("Fed"), as it lowered interest rates three times during the period. While falling interest rates can create a technically challenging environment for the floating rate loan market, the backdrop of a more accommodative Fed was supportive of issuer fundamentals and positive investor risk sentiment. Later in the year, the Fed signalled that rate cuts could be on hold in the near term which is a more supportive environment for floating rate loans. The global economy was relatively resilient in the face of geopolitical risks and corporate profits of most issuers often exceeded reduced expectations. Late in the year, there was also progress in US/China trade negotiations with the announcement of a "phase-one" trade deal, which caused a shift in investor expectations fuelling a "risk-on" rally in December where lower quality loans saw better returns. For the full year, however, high quality loans outperformed lower quality loans. For the 12 months ended December 31, 2019, securities rated BB and B in the leveraged loan Index returned 9.3% and 9.0%, respectively, whereas CCC-rated securities returned 3.4%.

There was an increasing dispersion among loan issuers throughout 2019, but the majority saw relatively favourable operating performance. That said, there were signs of stress in some parts of the market. Despite this pocket of idiosyncratic risk, most of the loan market was supported by relatively constructive fundamentals: low-but-positive revenue growth, earnings that were generally in-line with expectations, good interest coverage at an average of nearly five times and only a modest increase in leverage which was driven primarily by a subset of stressed issuers in the loan universe. Among the higher-quality loans, fundamentals remain relatively solid. Evidence of this bifurcation can be seen in the distress ratio which is the percentage of performing loans priced below $80. As at December 2019, the percentage of performing loans trading below $80 was 3.7%, down from a short-lived spike in November 2019 that reached 5.9%. For context, the historical average share of performing loans trading below $80 (or 20% below par) is 6.2%, based on monthly data back to 1997 according to S&P/LSTA.

Demand for loans was positive for the majority of the year, as an increasing number of collateralised loan obligation (CLO) managers arranged a total of $118 billion of new CLOs in 2019, down just 8% from the record levels reached in 2018. However, retail fund investors continued to retreat from the loan market as total outflows from November 2018 to December 2019 were a negative $42.9 billion, according to Lipper. The fund investor share of overall allocations declined to 15% in 2019, the lowest level since 2010 while the institutional share of overall allocations rose to 71% in 2019, up from 68% in 2018.

The par amount outstanding of the S&P Leveraged Loan Index stood at $1.19 trillion, having ended 2018 at $1.15 trillion. The end of year average bid price was $96.72 as compared to year end 2018 at $93.84. By principal amount, the trailing 12 month US default rate was 1.39% at the end of December 2019, 24 bps lower than the closing figure for 2018, and still comfortably below the 3.1% historical annual average based on data back to 1998.

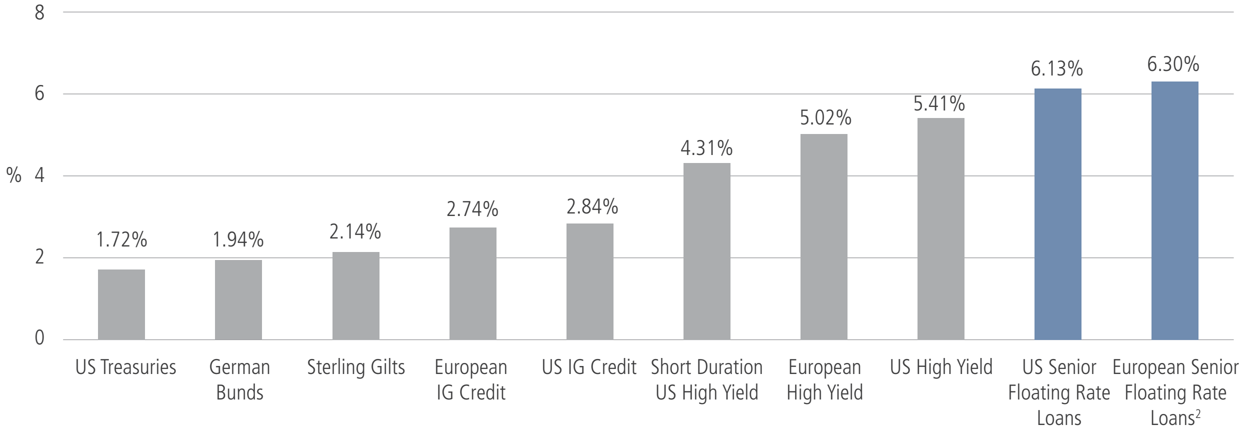
The S&P European Leveraged Loan Index ("ELLI") returned 4.50% (in Euro terms) for 2019 (all numbers excluding currency) and the average bid finished at €98.28, up from €97.33 as of the end of 2018. The market gained momentum near the end of the year after the UK election in mid-December and after the US and China agreed to a "phase" one trade deal. Demand was strong and CLO issuance totalled €29.8 billion for the year, a new post crisis high for the European market, up 9% from a strong 2018.

The par amount outstanding of the ELLI ended the year at €214 billion, an increase of €33 billion from the prior year. By principal amount, the trailing 12 month default for the ELLI was 0.44% at the end of December, up slightly from 0.11% at the end of 2018.

Investment Manager's Report (continued)

We believe that loans continue to offer an attractive yield with limited duration risk where loans have little price sensitivity to changes in term interest rates:

Asset Class Yield Comparison[1] (USD Hedged)



1 Source: (H0A0), ICE BofA European Currency High Yield Index (HP00) USD Hedged, Bloomberg Barclays US Treasury Bellwethers Composite Index, Bloomberg Barclays US Credit Index, Bloomberg Barclays European Credit Index, and ICE BofA 0-5 Year BB-B US High Yield Constrained Index (H4CD), Bloomberg Barclays German Treasury Index, Bloomberg Barclays UK Gilts Index Returns USD Hedged unless noted. Yield shown in USD Hedged Terms.

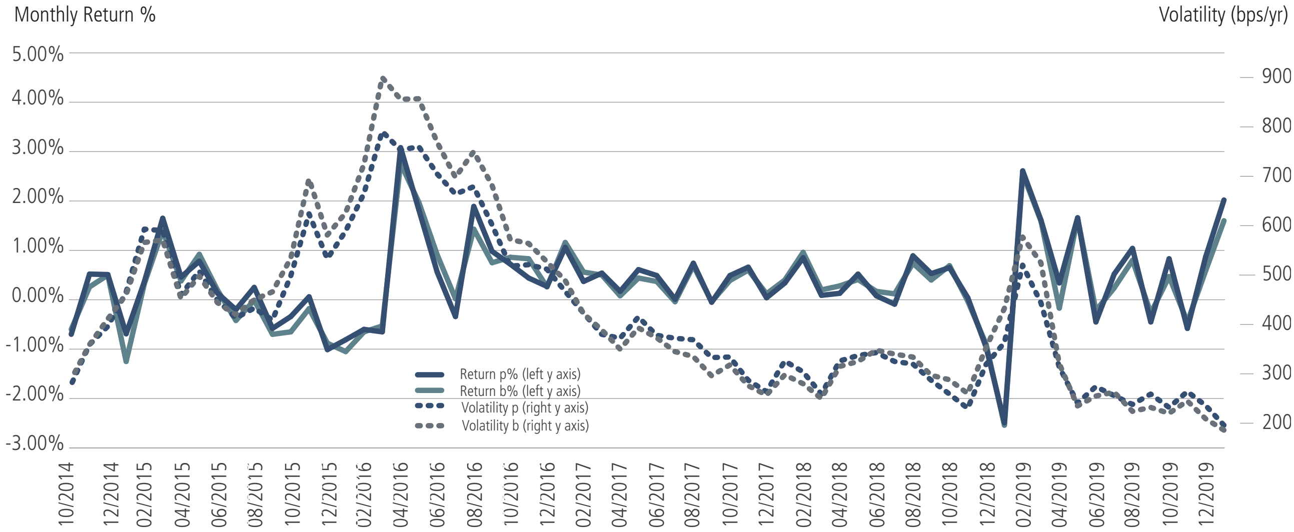
2 Returns in Euro terms, excluding currency fluctuations.

Portfolio Management

During 2019, the portfolio remained significantly weighted towards U.S. Dollar issuance, which accounted for 93.5% of the portfolio at the end of the year. The bond allocation was well within the 20% of NAV permitted, at 6.1%, as we remained focused on keeping duration low and limiting potential areas of volatility. We continued to allocate to better rated assets and our share of BBB/BB credits ended the year at 30.1%, which is down from year end 2018, at 39.5%. The shift was based on relative value considerations and individual credit selection.

During the year, the portfolio showed a lower volatility profile than its benchmark, with the exception of March 2019. Despite this, it performed in line with the index during the first quarter and broadly outperformed the index to the end of the year. We continue to evidence that in times of increased volatility (e.g. August 2015 to October 2016), our portfolio is significantly less volatile than the index, but delivers a very similar return to the index over a long period.

VOLATILITY VERSUS RETURN



Source: BlackRock Aladdin

Covid-19 Pandemic

The senior floating rate loan market has experienced significant volatility in the first quarter of 2020 due to the worldwide spread of COVID-19 and its impact on global economic activity from business closures, travel restrictions, closed borders and shelter-in-place orders, as well as an oil price war made worse by demand destruction. The weighted average loan price of the S&P Leveraged Loan Index started 2020 at $96.72, recently hit a near-term low of $76.23 on 23 March 2020 and on 31 March closed at $82.85. For context, the all-time low of $60.33 was reached on 17 December 2008 during the 2008 Financial Crisis.

In contrast to the last large drawdown in 2008, the current episode of market dislocation is being caused by a global health crisis with mandated shutdowns of parts of the economy. Social distancing and closures intended to mitigate the spread of the virus will also likely cause large, temporary declines in GDP. The experience of China and South Korea suggests that activity will eventually resume, however, the timing is uncertain. Given this uncertainty, the Investment Manager would expect volatility to remain a reality until there is greater clarity on when businesses can begin to reopen.

Central banks around the world are taking extraordinary measures to provide liquidity to ensure the proper functioning of capital markets and to ensure that credit channels are open to businesses and households during this health crisis. Additionally, very large fiscal stimulus packages are being rolled out to shore up both businesses and consumers while many non-essential activities have been shut down in an effort to "flatten the curve" of the virus.

Over the past several weeks, the loan market has experienced above-average trading volumes and has been in price discovery mode pushing the bid-ask spread to wider than normal levels. Volatility in both directions and higher trading costs are likely to persist in the near-term as market participants continue to digest new information on both the coronavirusCOVID-19 impacts and oil market developments.

In light of the prospective negative impacts from COVID-19, the Investment Manager's research team has stress-tested all the issuers in the Company based on: (a) potential length of closures/disruptions; (b) ability to cut costs and defer capital expenditures; (c) near-term liquidity; (d) available bank lines; and (e) the timing of upcoming maturities to evaluate an issuer's expected ability to manage through this period. The conclusion of this analysis suggests that the median issuer in the Company can withstand a several month period of zero or minimal revenues. The Investment Manager's research team has also assessed loan sectors by risk or impact to COVID-19 disruptions and generally, the Company is underweight in those sectors with the greatest risk or most direct impact, such as airlines, travel and leisure.

While loan default rates were well below long-term averages as recent as February 2020 at just 1.83%, the Investment Manager expects default rates to increase toward the 5 – 7% range. The unusual nature of the current "mandated" economic stall and uncertainty as to the timing of restarting activity, make it difficult to forecast in the near term. That said, the Investment Manager can look to what is implied in current spreads and valuations in the loans universe. While the Investment Manager expects default rates to increase from low levels, loan markets have historically overestimated actual default rates. In the past six episodes since 2000 where the loan market saw distressed levels, the implied market default rate

Investment Manager's Report (continued)

exceeded that of the actual default rates five out of six times. The view of the Investment Manager is that what is implied in current valuations could likely far exceed actual default rates.

It is also important to consider recovery rates assuming an increase in defaults. A recent study conducted by S&P based on 410 defaulted leveraged syndicated term loans concluded that the historical average recovery rate is 80 cents on the dollar for first-lien loans. Given the unusual nature of this current health crisis and the inherent uncertainty, anticipating future recovery rates is challenging. That said, the Investment Manager's investment process of fundamentally-driven credit research with a focus on avoiding default risk, positions the Company to navigate the volatility ahead.

Outlook

Non investment credit markets continue to experience volatility due to the spread of COVID-19 and its impact on global economic activity. Yields in the loan market are likely pricing in some rather severe scenarios, but given the nature of the catalyst, it could likely prove to be transitory. Yield levels are pricing in implied default rates that are likely to be in excess of actuals which has historically been the case. The Investment Manager believes yields are compensating investors for an above-average but moderate rise in default rates from very low levels, with the secularly-challenged, idiosyncratic risk credits impacted by supply disruptions and demand declines in certain industries the most affected. As we continue to be vigilant to the developments of COVID-19, our primary goal remains one of avoiding default risk. While uncertainty around the duration and severity of the health crisis as well geopolitical event risk can result in heightened short-term volatility, the Investment Manager believes the portfolio, which has a higher-quality bias than the benchmark, is well-positioned to provide downside protection. We will look to tactically take advantage of the increased volatility to add to credits with stable fundamentals and those which will likely get through this challenging period given better liquidity profiles.

Neuberger Berman Investment Advisers LLC

8 April 2020

Neuberger Berman Europe Limited

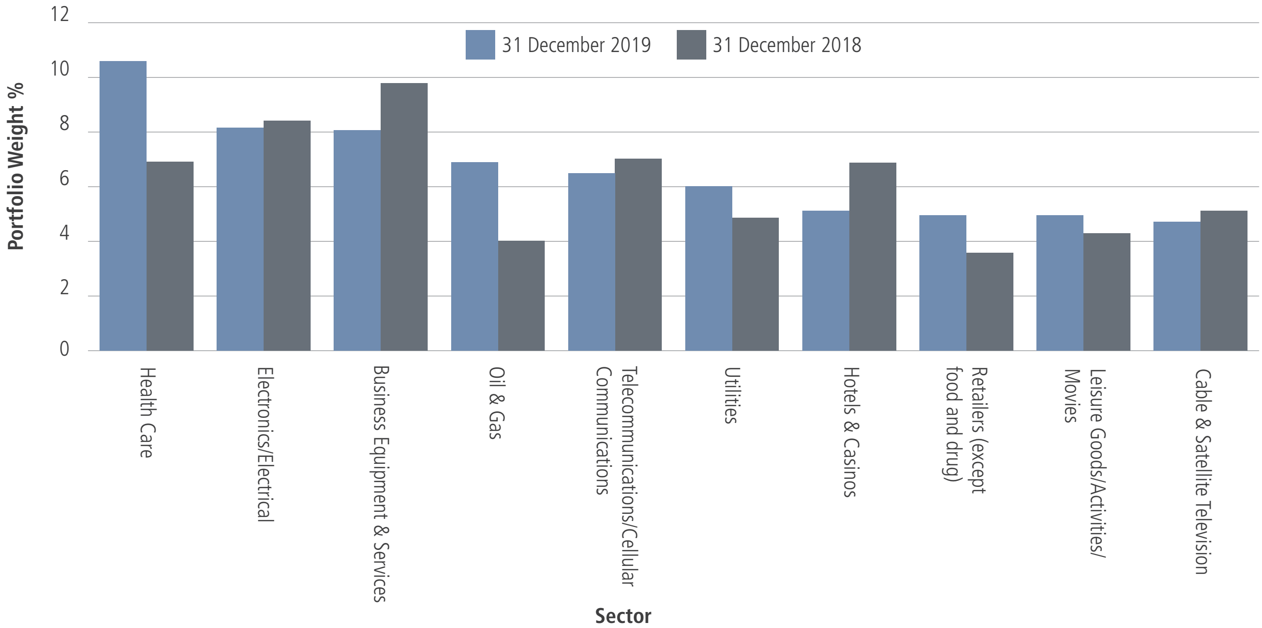
8 April 2020

Portfolio Information

Top 10 Issuers as at 31 December 2019 (excluding cash)

ISSUER	SECTOR	FAIR VALUE ($)	PORTFOLIO WEIGHT
Altice France SA (France)	Cable & Satellite Television	7,862,950	1.50%
Intelsat Jackson Holdings SA	Telecommunications/Cellular Communications	6,929,733	1.32%
Bass Pro Group LLC	Retailers (Except Food And Drug)	6,462,807	1.23%
Staples Inc	Retailers (Except Food And Drug)	6,311,334	1.20%
Eg Finco Ltd	Retailers (Except Food And Drug)	5,789,515	1.10%
Rackspace Hosting Inc	Electronics/Electrical	5,778,384	1.10%
Berry Global Inc	Containers & Glass Products	5,712,486	1.09%
McAfee Inc	Electronics/Electrical	5,685,679	1.08%
MPH Acquisition Holdings LLC	Health Care	5,503,729	1.05%
Ortho-Clinical Diagnostics Inc	Health Care	5,269,260	1.00%

Top 10 S&P Sector Breakdown



Key Statistics as at 31 December 2019

Current Gross Portfolio Yield[1]	5.31%
Number of Investments	259
Number of Issuers	206

1 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.

Strategic Report

Investment Objective and Business Model

The Company's investment objective and business model have been discussed on pages 2 and 4 respectively.

Principal Risks and Risk Management

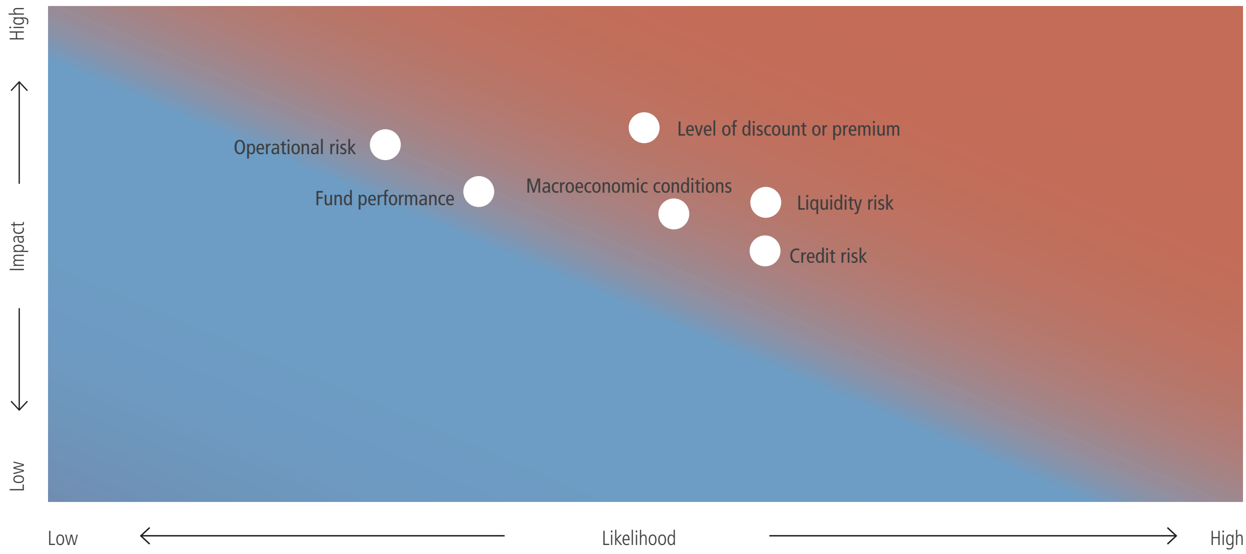
The Board is responsible for the Company's system of internal financial and operating controls and for reviewing its effectiveness. The Board has satisfied that by using the Company's risk matrix as its core element in establishing the Company's system of internal financial and reporting controls while monitoring the investment limits and restrictions set out in the Company's investment objective and policy. The Board has carried out a robust assessment of the Company's emerging and principal risks and uncertainties facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The principal risks, which have been identified, and the steps taken by the Board to mitigate these areas are as follows:

RISK	MITIGATION
Macroeconomic Conditions	
Macroeconomic conditions change significantly and to the detriment of the portfolio or the Company causing a credit or liquidity risk to crystallise.	The Board receives regular reports from the Investment Manager on the macroeconomic conditions and their effect on the health of the portfolio. The approach to managing credit risk and liquidity risk is set out further below.
Credit Risk	
This is the risk 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.	The Investment Manager carries out extensive, independent due diligence on each borrower, and has a particular focus on stable, performing credits that evidence strong track records through previous economic cycles. Issuer size is also considered and the Investment Manager continues to favour the larger issuers in the market, defined by having debt issuance greater than $500m or equivalent in sterling or euros. These issuers tend to have broader syndicates, which can aid liquidity in the secondary market. As well as screening out the smaller issuers, the Investment Manager also excludes highly cyclical industries and companies with limited earning visibility from its investment process. Once a particular investment has been made, the Investment Manager is focused on monitoring it. A range of relevant data is reviewed on an ongoing basis for each investment, including, but not limited to, key financial drivers, commodity prices, stock prices, regulatory developments, financial results, press releases and management commentary to identify any indicators of credit deterioration. To manage this risk further, the Board ensures a diversification of investments with the Investment Manager operating in accordance with the investment limits and restrictions policy determined by the Board. The Directors monitor the implementation and results of the investment process with the Investment Manager at each quarterly Board meeting and monitor risk factors in respect of the portfolio.

RISK	MITIGATION
Liquidity Risk	
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 cash requirements. In addition, the Investment Manager maintains a diversified portfolio of investments and assesses potential investments to screen out smaller, potentially less liquid, issuers. Regular updates are provided to the Board.
Fund Performance	
The Company's investment performance could fall below its stated objective or peer group for a variety of reasons including market conditions.	The Investment Manager has robust processes in place and monitors the underlying investments on a daily basis. The Board receives regular, detailed updates from the Investment Manager.
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.	While the Directors may seek to mitigate any discount or premium to NAV per Share through the discount management mechanisms set out in the Prospectus, there can be no guarantee that they will do so or that such mechanisms will be successful.
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.	Details of how the Board monitors the services provided by the Investment Manager, the Administrator and Sub-Administrator, and the key elements designed to provide effective internal control are explained further in the internal controls section of the Corporate Governance Report which is set out on pages 36 to 42. The Investment Manager, the Company Secretary, the Administrator and Sub-Administrator are contracted to provide their services through qualified professionals and the Board receives regular internal control reports from the Administrator and Sub-Administrator that confirm compliance with service standards. Furthermore, the Company must comply with the provisions of the Law and, since its shares are listed on the Official List of the UK Listing Authority and trade on the Main Market of the LSE, the Company is subject to the Financial Conduct Authority's ("FCA") Listing Rules and the Disclosure Guidance and Transparency Rules ("DTRs"). A breach of the legislation could result in the Company and/or the Directors being fined or subject to criminal proceedings. A breach of the Listing Rules could result in the suspension of the Company's shares. The Board relies on its Company Secretary and advisers to ensure adherence to the Guernsey legislation and the FCA's rules.

Strategic Report (continued)

Heat Map of Principal Risks



Principal Risks' Expected Direction of Change

RISK CATEGORY	EXPECTED DIRECTION OF CHANGE
MACRO ECONOMIC CONDITIONS	Increase. The Board expects a slowdown in global economic activity and continued volatility as the market reacts amongst other things, to the COVID-19 pandemic, the outcome of the U.S. presidential election as well as on going geo-political developments.
CREDIT RISK	Modest increase. Default rates are expected to increase slightly but still remain below historic averages in 2020 and focused primarily on specific sectors.
LIQUIDITY RISK	Short term liquidity is expected to diminish. Liquidity Risk is managed by the Investment Manager to ensure that the Company maintains sufficient working capital in cash or near cash forms as to be able to meet the Company's cash requirements.
FUND PERFORMANCE	Cautious. The Board believes a neutral interest rate and low but modestly rising default environment is likely for a senior secured loans portfolio. Income in this environment might be expected to be lower than the previous year.
LEVEL OF DISCOUNT/ PREMIUM	Short term increase. The near term volatility induced by COVID-19 in March in almost all sectors has impacted negatively on the Company's relatively stable discount level during 2019. We believe that the discount will narrow and stabilise at narrower levels when normal market conditions return. The Board believes the Company continues to be a relatively attractive risk adjusted investment proposition and the Board will continue to apply discount management mechanisms in line with its stated parameters in normal market conditions. The Company's Redemption Offer (if the Company's shares trade wider than a 5% discount in the 3 months to 31 December each year) and an annual continuation vote also contribute to effective management of the discount or premium at which the Company's shares trade.
OPERATIONAL RISK	No expected change. The Board has discussed the potential impact of COVID-19 with all the Company's key suppliers and is satisfied that the Company can continue to be run effectively. However, this situation will be regularly reviewed as matters evolve.

Emerging Risks

The Board undertakes a quarterly assessment of all risks on a forward-looking basis, and in discussion with the Investment Manager identifies emerging risks in addition to assessing expected changes to existing risks as discussed above. The Board assesses the likelihood and impact of emerging risks. The Board will discuss and agree appropriate mitigation or management of emerging risks. Such examples of emerging risks identified in the year include, new risks associated with a disorderly Brexit, the result of the UK general election, activism, the media spotlight on climate change as it relates to the ESG policies of the Investment Manager and the impact on portfolio issuers and more recently the COVID-19 pandemic. Emerging risks are managed through discussion of the likelihood and impact at each quarterly Board meeting. Should an emerging risk be determined to have any potential impact on the Company, appropriate mitigating measures and controls are agreed. Three of our emerging risks are discussed further in the section "Chairman's Statement" on page 11.

Going Concern

The Directors considered it appropriate to prepare the Financial Statements on the going concern basis, as explained in the basis of preparation paragraph in Note 2 to the Financial Statements. In making this statement, the Directors have considered the levels of working capital available to the Company, the closed-ended nature of the Company and the tradable and comparatively liquid nature of the investment portfolio held. The Directors have made the assumption that the annual continuation vote to be held in June 2020 will be passed and that the Redemption Offer for the year ended 31 December 2020 will not be triggered. However, the Directors acknowledge that there is some uncertainty regarding this assumption and refer readers to the section headed "Material uncertainty related to going concern" in the Auditor's report on page 56.

Viability Statement

The Directors have assessed the prospects of the Company over the three year period to 31 December 2022 in accordance with provision 40 of the AIC Code of Corporate Governance, published in February 2019 (the " AIC Code"). The Board conducted this review for a period of 3 years, a period that was selected for the following reasons:

- The nature of the loan investments held by the Company have an average maturity of approximately three years which allows the investment cash flows, recycling of investments, and expenditure commitments of the Company to be reasonably forecast over this timeframe.
- The impacts on the Company of other factors can be reasonably assessed within this timeframe. Beyond a three year timeframe, the impact of external forces, such as changes to legislation, market forces or other unknown factors, becomes less able to be predicted or assessed in analysing the viability of the company.

The three year review considers the Company's cash flow, cash distributions and other key financial ratios over the year. The three year review also makes certain assumptions about the normal level of expenditure likely to occur and considers whether financing facilities will be required. Furthermore, the three year review period to 31 December 2022 makes assumptions that the Company's annual continuation vote will be passed based on discussions with key shareholders, and that the annual Redemption Offer will not be triggered. The Directors note that the annual Redemption Offer will be triggered if, in the last three months of any calendar year, the Company's Ordinary Shares trade at an average discount to NAV in excess of 5%.

In their assessment of the viability of the Company, the Directors have carried out a robust assessment of the Company's emerging and principal risks detailed on pages 21 to 23 and in particular the impact of a significant fall in the income from the Company's investment portfolio. The Directors have performed a quantitative and qualitative analysis that included the Company's income and expenditure projections and the fact that the Company's investments mainly comprise realisable securities which can be expected to be sold to meet funding requirements if necessary. As part of this assessment, the Directors reviewed a series of stress test scenarios carried out by the Investment Manager, which included an assumption of a significant (60%) fall in income and no reduction in expenses, and were satisfied that the Company would continue to be viable financially. The Directors consider it highly likely that, in such a scenario, expenses would fall rather than remain at current levels as the main expense, the Investment Manager's fee, is driven by the NAV which would be expected to fall. A risk to the analysis however is the possibility that the cost of hedging, which is cash settled quarterly, is extreme for a particular quarter at a time when liquidity in the credit markets is severely impacted. The Investment Manager reviews the hedging positions daily and considers it highly unlikely that such a situation would arise and cause the Company not to be able to settle its liabilities as they fall due. The Directors have made the assumption therefore that this would not happen.

Strategic Report (continued)

The Company has been shrinking rapidly over the last 2 to 2.5 years and the Board considers it a possibility that if this were to continue over the 3 year period, the ongoing costs for running the strategy would likely adversely impact its dividend yield, further reducing the attractiveness of the Company. It could be deemed no longer wise or viable to continue the Company. This is not a scenario the Board is working towards but it is a possibility. It is an assumption that this will not come to pass.

Based on the Company's processes for monitoring operating costs, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, liquidity risk and financial controls, assuming stressed market conditions and the assumptions referred to above, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2022.

Performance Measurement and Key Performance Indicators

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Investment Manager, the Directors take into account the following performance indicators:

- Returns and NAV – The Board reviews at each board meeting the performance of the portfolio as well as the NAV, income and share price of the Company;
- Discount/premium to NAV – At each quarterly Board meeting, the Board monitors the level of the Company's discount or premium to NAV and reviews the average discount/premium for the Company's peer group. The Company publishes a NAV per share for both share classes on a daily basis through the official newswire of the LSE. This figure is calculated in accordance with the AIC's guide which includes current financial year revenue, the same basis as that calculated for the Financial Statements;
- The Directors examine the revenue forecast quarterly and consider the yield of the portfolio and the amount available for distribution; and
- The Board considers the peer group performance of other comparable income funds at each quarterly Board meeting.

Alternative Performance Measures (APM)

In accordance with ESMA Guidelines on Alternative Performance Measures ("APMs") the Board has considered what APMs are included in the Annual Report and Financial Statements which require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs may not have a standard meaning prescribed by US GAAP and therefore may not be comparable to similar measures presented by other entities. APMs included in the Annual Report and Financial Statements are deemed to be as follows:

ALTERNATIVE PERFORMANCE MEASURES	PURPOSE AND/OR DESCRIPTION	CALCULATION
Net Asset Value ("NAV") total return	The total return is the % of change in NAV per share from the start of the year. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.	Opening NAV per share (A) Closing NAV per share (B) Daily NAV Movement (C) = (B-A/A) Dividend to date[1] = D Reinvested Dividend (E) = (1+C)*D NAV Total Return = ((B+E)-A)/A [1] Quarterly dividends added on ex-date

ALTERNATIVE PERFORMANCE MEASURES	PURPOSE AND/OR DESCRIPTION	CALCULATION
(Discount) or Premium to NAV	The share price of an Investment Company is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the NAV. If the share price is lower than the NAV per share, the shares are trading at a discount. This could indicate that there are more sellers than buyers. Shares trading at a price above the NAV per share, are said to be at a premium. This is expressed as a percentage.	NAV per share[2] (A) Share price per share[2] (B) (Discount) or Premium = (B-A)/A [2] As at 31 December 2019
On-going charges	On-going Charges (formerly known as Total Expense Ratio [TER]) are calculated using the AIC Methodology, which is a measure, expressed as a percentage of NAV, of the regular, recurring costs of the Company. *"On-going charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of Company, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs".*	Annualised ongoing charges (A) Average undiluted net asset value in the period (B) On-going charges (%) = (A)/(B)
Current Gross Portfolio Yield	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, Company's expenses or sales charges paid, which would reduce the results.	Coupon (A) Current security price (B) Relative weight of security = security market value/portfolio market value = (C) Current Gross Portfolio Yield = ∑[(A/B)*C]
12 month rolling dividend yield	The rolling 12 month dividend yield is based on the four quarterly dividends declared in the prior 12 months and share price as at 31 December 2019.	Q1 Dividend (A) Q2 Dividend (B) Q3 Dividend (C) Q4 Dividend (D) Share price 31 December 2019 (E) Rolling Dividend Yield = [(A)+(B)+(C)+(D)]/(E)
Share Price Total Return	The share price total return is the % of change in Share Price from the start of the year. It assumes that dividends paid to shareholders are reinvested at the share price at the time the shares are quoted ex-dividend.	Opening Share Price per share (A) Closing Share Price per share (B) Daily Share Price Movement (C) = (B–A/A) Dividend to date[1] = D Reinvested Dividend (E) = (1+C)*D Share Price Total Return = ((B+E)–A)/A [1] Quarterly dividends added on ex-date

Strategic Report (continued)

Management Arrangements

Investment Management Arrangements

On 17 July 2014, the Company and the Investment Manager made certain classificatory amendments to their contractual arrangements for the purposes of the European Commission's Directive on Alternative Investment Fund Managers (the "AIFM Directive"). The Sub Investment Management Agreement was terminated on 17 July 2014 and Neuberger Berman Investment Advisers LLC, which was the Sub Investment Manager, was appointed as the AIFM per the amended and restated Investment Management Agreement ("IMA") dated 17 July 2014. Under this agreement, the AIFM is responsible for risk management and day-to-day discretionary management of the Company's portfolios (including un-invested cash). The risk management and discretionary portfolio management functions are performed independently of each other within the AIFM structure. The AIFM is not required to, and generally will not, submit individual investment decisions for approval by the Board. The Manager, Neuberger Berman Europe Limited, was appointed under the same IMA to provide, amongst other things, certain administrative services to the Company. Please refer to Note 3 on page 82 for details of fee entitlement.

On 31 December 2017, an amendment to the IMA was approved. Under the amendment, the responsibility for the manufacture of the Company's Key Information Document was delegated to the AIFM and other changes were made relating to MiFID II, anti-money laundering, bribery, cyber security and data protection. Effective 1 October 2019, the IMA was amended to reflect a reduction in the Investment Manager's fee to 0.65% of NAV.

The IMA can be terminated either by the Company or the Investment Manager, but in certain circumstances, the Company would be required to pay compensation to the Investment Manager of six months' management charges. No compensation is payable if notice of termination of more than six months is given.

Administration and Custody Agreement

Effective 1 March 2015, the Company entered into an Administration and Sub-Administration Agreement with U.S. Bank Global Fund Services (Guernsey) Limited and U.S. Bank Global Fund Services (Ireland) Limited, a wholly-owned subsidiary of U.S. Bank Global Fund Services (Guernsey) Limited. Under the terms of the agreement, Sub-Administration services are delegated to U.S. Bank Global Fund Services (Ireland) Limited (the "Sub-Administrator"). U.S. Bank National Association (the "Custodian") was appointed custodian to the Company effective 1 March 2015. On 4 June 2018, the Company entered into an Amendment to the Administration and Sub-Administration Agreement in respect of the requirements of relevant data protection regulations. On 5 February 2020, the Company entered into an amendment to the fee schedule to both the Custodian Agreement and Administration and Sub-Administration Agreement to reflect a reduction in fees charged by the Administrator and Custodian.

See Note 3 on page 83 for details of fee entitlement.

Company Secretarial and Registrar Arrangements

Company secretarial services were provided by Carey Commercial Limited at the beginning of 2019. Effective 22 April 2019, company secretarial services are provided by Praxis Fund Services Limited. Registrar services are provided by Link Market Services (Guernsey) Limited.

See Note 3 on page 83 for details of fee entitlement.

Directors

Rupert Dorey (Chairman)

Rupert Dorey is a resident of Guernsey and has 35 years of experience in financial markets. Mr Dorey was at Credit Suisse First Boston Limited for 17 years from 1988 to 2005 where he specialised in credit related products, including derivative instruments where his expertise was principally in the areas of debt distribution, origination and trading, covering all types of debt from investment grade to high yield and distressed debt. He held a number of senior positions at Credit Suisse First Boston Limited, including establishing Credit Suisse First Boston Limited's high yield debt distribution business in Europe, fixed income credit product coordinator for European offices and head of UK Credit and Rates Sales. Since 2005 he has been acting in a Non-Executive Directorship capacity for a number of Hedge Funds, Private Equity & Infrastructure Funds, for both listed and unlisted vehicles. Rupert is a former President of the Guernsey Chamber of Commerce and is a member of the Institute of Directors.

Richard Battey (Senior Independent Director)

Richard Battey is a resident of Guernsey and is a non-executive Director of Better Capital PCC Limited, Pershing Square Holdings Limited and Princess Private Equity Holding Limited. He is a Fellow of the Institute of Chartered Accountants in England and Wales having qualified with Baker Sutton & Co. in London in 1977. Richard has been a non-executive Director of a number of investment companies and funds since leaving CanArgo Energy Corporation in 2006 where he was Chief Financial Officer. Prior to that role, he spent 27 years with the Schroder Group. Richard was a Director of Schroders (C.I.) Limited in Guernsey from April 1994 to December 2004 where he served as Finance Director and Chief Operating Officer. He was a Director of a number of the Schroder Group's Guernsey companies covering banking, investment management, trusts, insurance and private equity administration, retiring from his last Schroder Directorship in December 2008.

Sandra Platts (Chairman of the Management Engagement Committee and the Remuneration and Nomination Committee)

Sandra Platts is a resident of Guernsey and is a non-executive Director of Investec Bank (C.I.) Limited, UK Commercial Property REIT Ltd, Sequoia Economic Infrastructure Income Fund Limited, Marble Point Loan Financing Ltd and a number of other non-listed companies. Sandra was Managing Director of Kleinwort Benson in Guernsey and Chief Operating Officer for Kleinwort Benson Private Banking Group (UK and Channel Islands). She also held Directorships of the Kleinwort Benson Trust Company and Operating Boards, retiring from Kleinwort Benson boards in 2010. Sandra holds a Master's in Business Administration and The Certificate in Company Direction from the Institute of Directors.

David Staples (Chairman of the Audit and Risk Committee)

Mr Staples, a resident of Guernsey, is a fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Chartered Institute of Taxation. He also holds the Institute of Directors' Diploma in Company Direction.

Mr Staples was a partner for thirteen years of PricewaterhouseCoopers ("PwC") and led the tax practice in the South East of England, advising several large family and owner-managed businesses. He was also a member of the management board of the firm's London and South East Middle Markets Tax Practice. Since leaving PwC in 2003, Mr Staples has served on the boards of several listed companies as a non-executive director including MedicX Fund Limited and Duet Real Estate Finance Limited as chairman of both. He is currently a director and audit committee chairman of two other listed companies, Ruffer Investment Company Limited and Baker Steel Resources Trust Limited. His other appointments are of the general partners of the main global private equity funds advised by Apax Partners.

Directors' Report

Share Capital

The share capital of the Company consists of: (a) an unlimited number of shares which upon issue the Directors may classify as U.S. Dollar Shares, Sterling Shares or Euro Shares or as shares of such other classes as the Directors may determine; (b) an unlimited number of B Shares which upon issue the Directors may classify as B Shares of such classes denominated in such currencies as the Directors may determine; (c) an unlimited number of C Shares which upon issue the Directors may classify as C Shares of such classes denominated in such currencies as the Directors may determine.

The number of shares in issue at 31 December 2019 was as follows:

Sterling Ordinary Shares	508,276,307[1]
U.S. Dollar Ordinary Shares	29,054,013[2]

1 of which 75,000,000 were held in treasury.
2 of which 1,342,627 were held in treasury.

The number of shares in issue at 31 December 2018 was as follows:

Sterling Ordinary Shares	805,289,944[3]
U.S. Dollar Ordinary Shares	59,271,977[4]

3 of which 75,000,000 were held in treasury.
4 of which 1,342,627 were held in treasury.

The number of shares in issue as at 3 April 2020, being the latest practicable date prior to publication of this report, was as follows:

Sterling Ordinary Shares	470,583,478[5]
U.S. Dollar Ordinary Shares	27,529,522[6]

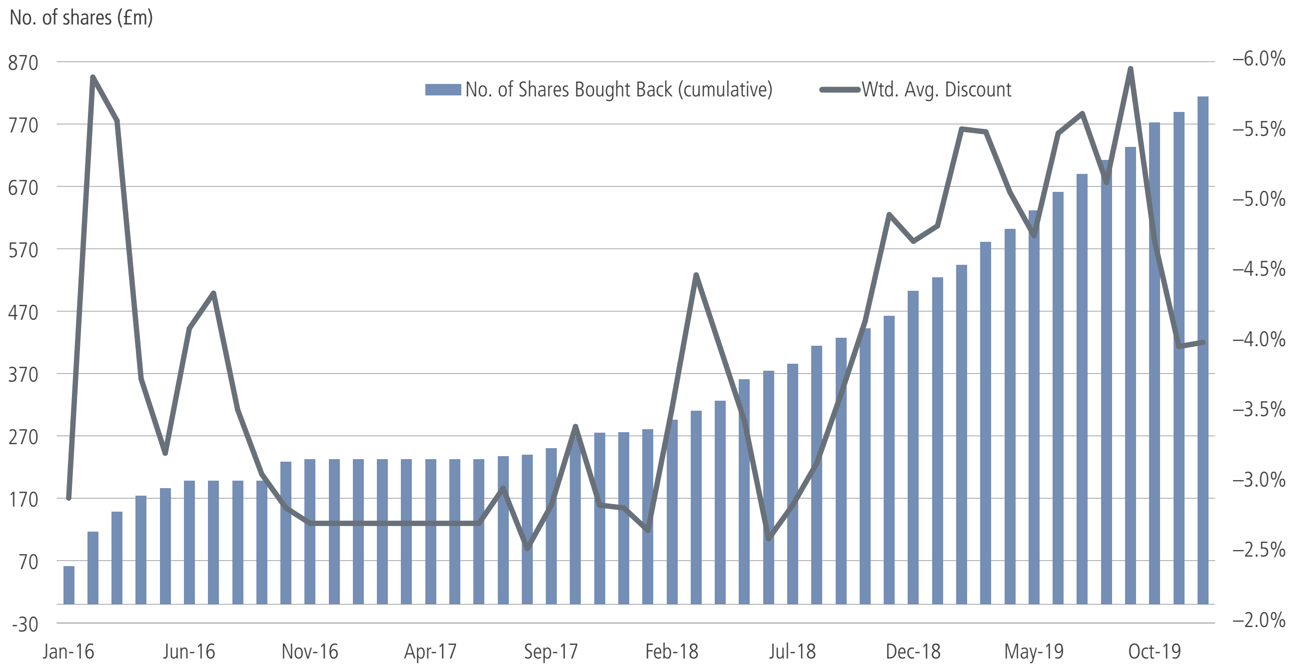
5 of which 75,000,000 are held in treasury.
6 of which 1,342,627 are held in treasury.

Share Repurchases

The Directors operate an active discount control mechanism using share buy backs. At the Annual General Meeting ("AGM") of the Company held on 7 May 2019, the Directors were granted the general authority to purchase in the market up to 14.99% of each class of shares. This authority was renewed at the Extraordinary General Meetings ("EGMs") held on 12 August 2019 and 4 November 2019 in order to provide further flexibility to continue to buy back shares to help satisfy demand for liquidity whilst increasing NAV per share and as part of the Company's discount control mechanisms.

This authority will expire at the AGM to be held on 11 June 2020. Pursuant to this authority, and subject to the Law and the discretion of the Directors, the Company may purchase Ordinary Shares of a particular class in the market on an ongoing basis with a view to addressing any imbalance between the supply of and demand for Ordinary Shares of such class, thereby increasing the NAV per Ordinary Share of that class and assisting in managing the discount to NAV per Ordinary Share of that class in relation to the price at which the Ordinary Shares of such class may be trading. The Directors intend to seek annual renewal of this authority from shareholders.

NBLS Cumulative Share Buybacks 1 January 2016 – 31 December 2019



Source: U.S. Bank Global Fund Services (Guernsey) Limited and Bloomberg. Data is as at 31 December 2019.

To support the share price and provide liquidity in the Shares and accretion to NAV per Share for ongoing shareholders, the Board has proactively repurchased over 815 million Ordinary shares to date.

During the year to 31 December 2019, the Company repurchased and cancelled 312,188,347 Sterling Ordinary Shares and 11,468,782 U.S. Dollar Ordinary Shares representing 61.42% of the Sterling Ordinary Shares in issue and 39.47% of the U.S. Dollar Ordinary Shares in issue, at 1 January 2019 with a respective accretion to NAV of 2.80% and 1.38%.

Since the year end and up to the 3 April 2020, being the latest practicable date prior to publication of this report, the Company has repurchased 37,537,281 Sterling Ordinary Shares and 1,717,000 U.S. Dollar Ordinary Shares for cancellation.

Share Conversions

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. During the year to 31 December 2019, shareholders elected to convert 3,485,182 Sterling Ordinary Shares into U.S. Dollar Ordinary Shares and 23,143,233 U.S. Dollar Ordinary Shares into Sterling Ordinary Shares. Since the year end and up to 3 April 2020, being the latest practicable date prior to publication of this report, shareholders have elected to convert 204,298 Sterling Ordinary Shares into U.S. Dollar Ordinary Shares and 62,473 U.S. Dollar Ordinary Shares into Sterling Ordinary Shares.

Dividends and Dividend Policy

The Company seeks to pay dividends to shareholders equal to the cash income it receives less its running costs paid in that year, subject to the solvency test prescribed by the Law. Dividends are declared with respect to each calendar quarter and are paid in the currency of the class of shares in respect of which the dividend was declared.

The Articles also permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to shareholders from time to time when a cash dividend is declared. The Directors' intention is not to offer a scrip dividend at any time that the shares trade at a material discount to the NAV per Share. On 21 December 2015, due to the prevailing discount at that time, the Board decided to replace the scrip dividend alternative with a Dividend Re-Investment Plan ("DRIP"), whereby shareholders have the option to re-invest their cash dividend in the Company's shares on an efficient basis.

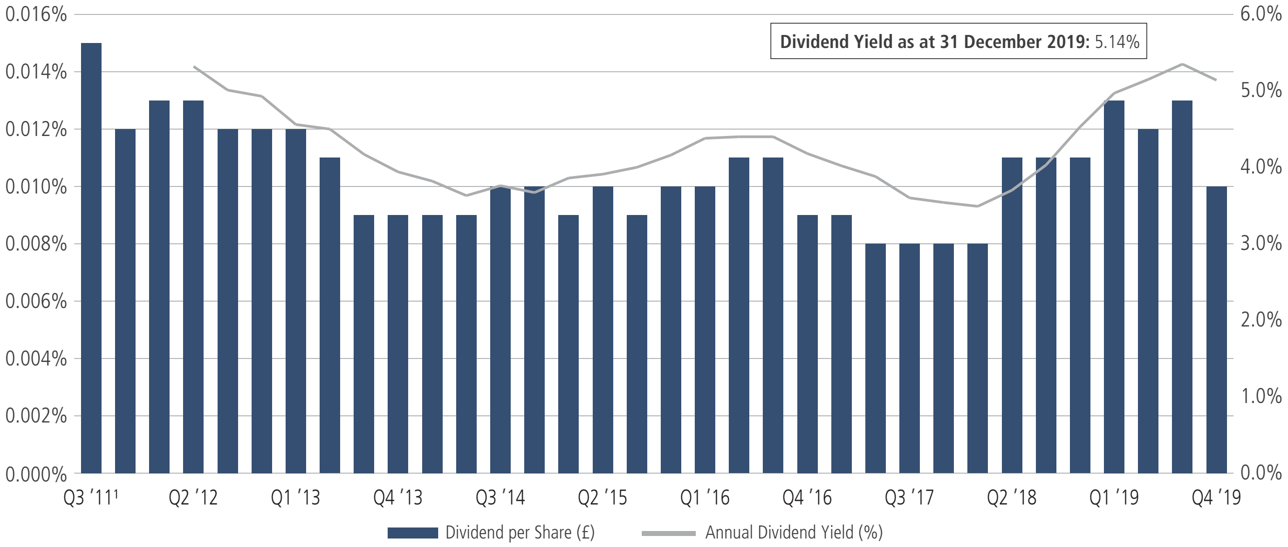
Directors' Report (continued)

The below table sets out the quarterly dividends paid by the Company that were declared in respect of 2019:

PERIOD	DATE DECLARED	PAYMENT DATE	DIVIDEND PER STERLING SHARE	DIVIDEND PER U.S. DOLLAR SHARE
Quarter ended 31 March 2019 – Ordinary Shares	8 April 2019	5 June 2019	£0.01250	$0.01290
Quarter ended 30 June 2019 – Ordinary Shares	5 July 2019	23 August 2019	£0.01210	$0.01240
Quarter ended 30 September 2019 – Ordinary Shares	7 October 2019	22 November 2019	£0.01290	$0.01330
Quarter ended 31 December 2019 – Ordinary Shares	7 January 2020	28 February 2020	£0.01020	$0.01050

The below chart sets out the quarterly dividends per share paid by the Company since inception:

Dividends per Share (NBLS (£))



Source: U.S. Bank Global Fund Services (Guernsey) Limited. Past performance is not indicative of future returns. Please refer to the dividend policy, which is available in the fund's prospectus, and can be found on www.nbgfrif.com.The first dividend covered a five month period.Q4 2019 dividend payable February 28, 2020. Annual dividend based on the four previous quarterly dividends paid and the share price as of the most recent quarter in that period.

Substantial Share Interests

Based upon information deemed reliable as provided by the Company's registrar, as at 8 April 2020, the following shareholders owned 5% or more of the issued shares of the Company.

SHAREHOLDER	NUMBER OF STERLING ORDINARY SHARES	NUMBER OF U.S. DOLLAR ORDINARY SHARES[1]	PERCENTAGE OF SHARE CLASS (%)
BBHISL Nominees Limited 130354 Acct	32,179,234		6.84%
BNY (Ocs) Nominees Limited	31,952,470		6.79%
BBHISL Nominees Limited 129481 Acct	24,864,403		5.28%
HSBC Global Custody Nominee (UK) Limited 970877 Acct		10,335,000	37.54%
Rathbone Nominees Limited		2,011,493	7.31%
Lynchwood Nominees Limited 2006420 Acct		1,525,301	5.54%
Aurora Nominees Limited 2288700 Acct		1,435,125	5.21%

1 Certain shareholdings within the U.S. Dollar Ordinary Share Class are greater than 5% of the U.S. Dollar Ordinary shares in issue but do not have 5% in aggregate of the Company's issued share capital.

Notifications of Shareholdings

In the year to 31 December 2019 the Company was notified in accordance with Chapter 5 of the DTR (which covers the acquisition and disposal of major shareholdings and voting rights), of the following voting rights as a shareholder of the Company. When more than one notification has been received from any shareholder, only the latest notification is shown. For non-UK issuers, the thresholds prescribed under DTR 5.1.2 for notification of holdings commence at 5%. Notifications received by the Company below 5% are included here for completeness only.

SHAREHOLDER	VOTING RIGHTS OF STERLING ORDINARY SHARES	VOTING RIGHTS OF U.S. DOLLAR ORDINARY SHARES	PERCENTAGE OF TOTAL VOTING RIGHTS (%)[1]
HSBC Holdings PLC			Below 5%
FIL Limited		73,010,118	8.21
Brewin Dolphin Ltd	35,855,832	199,357	Below 5%

1 Calculated at time of announcement

Since the year end, seven TR-1 notifications were received by the Company. When more than one notification has been received from any shareholder, only the latest notification is shown.

SHAREHOLDER	VOTING RIGHTS OF STERLING ORDINARY SHARES	VOTING RIGHTS OF U.S. DOLLAR ORDINARY SHARES	PERCENTAGE OF TOTAL VOTING RIGHTS (%)[1]
Brewin Dolphin Ltd	31,785,813	162,307	Below 5%
FIL Limited		69,812,347	9.91

1 Calculated at time of announcement

Directors' Report (continued)

Directorship Disclosures in Public Companies Listed on a Stock Exchange

COMPANY NAMES	EXCHANGE(S)
Mrs Sandra Platts	
Sequoia Economic Infrastructure Income Fund Limited	London
UK Commercial Property REIT Limited	London
Marble Point Loan Financing Limited	London
Mr Richard Battey	
Princess Private Equity Holding Limited	London
Better Capital PCC Limited	London
Pershing Square Holdings Limited	Euronext, Amsterdam and London
Mr Rupert Dorey	
AP Alternative Assets LP, AAA Guernsey Limited	Euronext, Amsterdam
Third Point Offshore Limited	London
Episode Inc.	ISE
Mr David Staples	
Ruffer Investment Company Limited	London
Baker Steel Resources Trust Limited	London

Life of the Company

The Company does not have a fixed life. However, as required under Article 51 of the Articles, the Directors are required to propose an Ordinary Resolution that the Company continues its business as a closed-ended investment company (a "continuation resolution"). The first continuation resolution, which fell due on or before the third anniversary of admission, was passed on 19 March 2014. The second continuation resolution fell on 5 April 2017, being before the sixth anniversary of admission and was also duly passed. From 2018, the continuation resolution, as required by the Articles, is proposed annually at the annual general meeting, and was duly passed in May 2019, and will next be proposed at the AGM on 11 June 2020.

If a continuation resolution is not passed, the Directors are required to put proposals to shareholders for the restructuring or reorganisation of the Company. There is a material uncertainty as to the outcome of this continuation resolution that may cast significant doubt on the Company's ability to continue as a going concern. The Directors have made the assumption that the continuation resolution proposed at the AGM in June 2020 will be passed. The Directors are satisfied that at the time of approving the Financial Statements no other material uncertainties exist that may cast a significant doubt concerning the Company's ability to continue for the 12 months after approval of the Financial Statements.

Anti-Bribery and Corruption Policy

The Board of the Company has a zero tolerance approach to instances of bribery and corruption. Accordingly, it expressly prohibits any Director or associated persons, when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company. The Investment Manager has also adopted a zero tolerance approach to instances of bribery and corruption. The Board insists on strict observance with these same standards by its service providers in their activities for the Company and continues to refine its process in this regard.

Criminal Facilitation of Tax Evasion Policy

The Board of the Company has a zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own associated persons and will not work with service providers who do not demonstrate the same zero tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion.

General Data Protection Regulation

The Company takes privacy and security of your information seriously and will only use such personal information as set out in the Company's privacy notice which can be found on the Company's website at https://www.nbgfrif.com/pdf/privacy_policy.pdf.

Employees and Socially Responsible Investment

The Company has a management contract with the Investment Manager. The Company has no employees and all of its Directors are non-executive, with day-to-day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees and its own direct environmental impact is minimal. The Company's main activities are carried out by Neuberger Berman, which is a signatory to the Principles of Responsible Investment and has an ongoing commitment to strengthening and refining its environmental, social and governance ("ESG") approach, see the Investment Manager's website for further details at https://www.nb.com/en/global/esg/philosophy.

The Investment Manager incorporates an ESG assessment into its internal credit ratings for non-investment grade credit. Its approach is to consider the valuation implications of ESG risks and opportunities alongside traditional factors in the investment process and to focus on companies or themes which are judged to be 'better' according to environmental, social and governance characteristics. Further details of Neuberger Berman's Principles for Responsible Investment is given on its website at www.nb.com/pages/public/en-gb/principles-for-responsible-investment.aspx.

Global Greenhouse Gas Emissions

The Company has no significant greenhouse gas emissions to report from its operations for the year to 31 December 2019 (2018 – none), nor does it have responsibility for any other emissions producing sources. During 2019, the Board's travel which included a visit to the Investment Manager in London, incurred approximately 0.59 tonnes of CO_2 (2018: 6.46 tonnes of CO_2). From 2020, the Board intend to offset carbon emissions arising from its air travel.

Gender Metrics

The Board consists of three men and one woman. More information on the Board's consideration of diversity is given in the Corporate Governance Report on pages 36 to 42.

The Modern Slavery Act 2015 ("MSA")

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods or services, the MSA does not directly apply to it. The MSA requirements more appropriately relate to the Investment Manager which is a signatory of the Principles of Responsible Investment (please see "Employees and Socially Responsible Investment" above) which include social factors such as working conditions, including slavery and child labour.

Key Stakeholder Groups

The Company identifies its key stakeholder groups as follows:

Shareholders

All Board decisions are made with the Company's success in mind, which is ultimately for the long-term benefit of our shareholders.

Directors' Report (continued)

Service Providers

As an investment company the Company does not have any employees and conducts its core activities through third-party service providers. Our service providers' relationships are vital to our overall success, so as a Board we carefully consider the selection of, and engagement and continued relationship with our key service providers being the Investment Manager, Administrator, Custodian, Broker, Legal Advisers, Registrar, Auditor and Company Secretary.

The Board recognises the benefits of fostering strong business relationships with its key service providers and seeks to ensure each is committed to the performance of their respective duties to a high standard and, where practicable, that each provider is motivated to adding value within their sphere of activity.

The Board has delegated various duties to external parties including the management of the investment portfolio, the custodial services (including the safeguarding of assets), the registration services and the day-to-day company secretarial, administration and accounting services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. Each provider has an established track record and, through regulatory oversight and control, are required to have in place suitable policies to ensure they maintain high standards of business conduct, treat customers fairly, and employ corporate governance best practice.

The Company continues to have regular two-way face-to-face meetings with all key service providers. The Board respects and welcomes the views of all stakeholders. Any queries or areas of concern regarding the Company's operations can be raised with the Company Secretary.

Stakeholders and Section 172

Whilst directly applicable to UK registered companies, the intention of the AIC Code is that matters set out in section 172 of the UK Companies Act, 2006 are reported. The following disclosures offer some insight into how the Board uses its meetings as a mechanism for discharging its duties under Provision 5 of the AIC Code, including the breadth of matters it discussed and debated during the year and the key stakeholder groups that were central to those discussions. The Board's commitment to maintaining the high-standards of corporate governance recommended in the AIC Code, combined with the directors' duties of enshrined in Company law, the constitutive documents, the Disclosure Guidance and Transparency Rules, and Market Abuse Regulation, ensures that shareholders are provided with frequent and comprehensive information concerning the Company and its activities via the Company's website and Regulatory Information Service ("RIS") announcements on the London Stock Exchange such as the quarterly factsheets.

Each Board meeting follows a carefully tailored agenda agreed in advance by the Board and Company Secretary. A typical meeting will comprise reports on current financial and operational performance from Administrator, market update from the Broker, portfolio performance from the Investment Manager, with regulatory and governance updates from the Company Secretary and where required, a detailed deep dive into an area of particular strategic importance or concern. Through oversight and control, we have in place suitable policies to ensure the Company maintains high standards of business conduct, treats customers fairly, and employ high standards of corporate governance.

Whilst the primary duty of the Directors is owed to the Company as a whole, the Board considers as part of its discussions and decision making process the interests of all key stakeholder groups as identified above. Particular consideration being given to the continued alignment between the activities of the Company and those that contribute to delivering the Board's strategy.

During the year, the Board, having taken appropriate professional advice, reviewed the structure of the Group and decided to liquidate the Luxembourg subsidiaries. Due regard was given to the shareholders and service providers in so far as a number of options were presented and discussed and JTC Signes, as administrator to the subsidiaries, formed part of those discussions. It was ultimately agreed that, due to the cost and complexity of the subsidiaries and long-term risk from the changing tax and regulatory environment it was in the Company's best interests to transfer the business and assets of subsidiaries to the Company and then liquidate them.

Further, the Board reviewed how its shareholders preferred to be communicated to and how this had evolved over time. With a preference for regular face-to-face meetings and decline in attendance at the quarterly update calls, following the fourth quarter call in January 2020, the Company agreed to cease providing quarterly update calls, instead offering more face-to-face meetings.

Employee Engagement & Business Relationships

The Company conducts its core activities through third-party service providers and does not have any employees. The Board recognises the benefits of fostering strong business relationships with its key service providers and seeks to ensure each is committed to the performance of their respective duties to a high standard and, where practicable, that each provider is motivated to adding value within their sphere of activity. Details on the Board's approach to service provider engagement and performance review are contained in the Management Engagement Committee Report.

Disclosure of Information to the Auditor

The Directors who were members of the Board at the time of approving this report are listed on page 27. Each of those Directors confirms that:

- to the best of his or her knowledge and belief, there is no information relevant to the preparation of their report of which the auditor is unaware; and
- he or she has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

For and on behalf of the Board

Rupert Dorey
Chairman

8 April 2020

Corporate Governance Report

Applicable Corporate Governance Codes

The Board has considered the principles and provisions of the AIC Code of Corporate Governance (the "AIC Code"), published in February 2019. The AIC Code addresses all the principles and provisions set out in the UK Code of Corporate Governance as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and provisions of the AIC Code will provide more relevant information to shareholders. Copies of the AIC Code can be found at www.theaic.co.uk.

The Company has complied with the principles and provisions of the AIC Code.

On 1 January 2012, the Guernsey Financial Services Commission's ("GFSC") "Finance Sector Code of Corporate Governance" came into effect and was amended in February 2016 (the "GFSC Code"). The GFSC Code states that companies, which report against the UK Code or the AIC Code, are deemed to meet the GFSC Code and need take no further action.

Corporate Governance Statement

Throughout the year ended 31 December 2019, the Company has complied with the recommendations of the AIC, except where explanations have been provided.

The Directors believe that this Annual Report and Consolidated Financial Statements ("Annual Report") presents a fair, balanced and understandable assessment of the Company's position and prospects, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Company complies with the corporate governance statement requirements pursuant to the FCA's DTR by virtue of the information included in the Corporate Governance section of the Annual Report together with information contained in the Strategic Review and the Directors' Report. There is no information that is required to be disclosed under Listing Rule 9.8.4.

Our Governance Framework

Chairman – Rupert Dorey

Responsibilities:

The leadership, operation and governance of the Board, ensuring effectiveness, and setting the agenda for the Board.

More details are provided below.

Senior Independent Director – Richard Battey

Responsibilities:

- Working in close contact with and providing support to the Chairman, particularly in relation to corporate governance.
- Liaising with and being available to Board members and shareholders as required outside conventional communication channels.
- Meeting annually with Board members to review the performance of the Chairman of the Board.
- When requested to do so, attending meetings with major shareholders to obtain a balanced understanding of any issues, concerns, and providing feedback to the Board

The Board Members of NB Global Floating Rate Income Fund Limited:

Rupert Dorey, Richard Battey, David Staples, and Sandra Platts – all independent non-executive directors.

Responsibilities:

Overall conduct of the Company's business and setting the Company's strategy.

The Company Secretary, Praxis Fund Services Limited, through its representative acts as Secretary to the Board and Committees and in doing so it:

- assists the Chairman in ensuring that all Directors have full and timely access to all relevant documentation;
- will organise induction of new Directors; and
- is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters.

AUDIT AND RISK COMMITTEE

Members:

David Staples (Chairman) (appointed as a member on 14 June 2018 and as Chairman on 1 January 2019)
Richard Battey
Rupert Dorey
Sandra Platts

Responsibilities:

The provision of effective governance over the appropriateness of the Company's financial reporting including the adequacy of related disclosures, the performance of the external auditor, and the management of the Company's systems of internal financial and operating controls and business risks.

More details on pages 43 to 46.

MANAGEMENT ENGAGEMENT COMMITTEE

Members:

Sandra Platts (Chairman)
Richard Battey
Rupert Dorey
David Staples

Responsibilities:

To review performance of all service providers (including the Investment Manager).

More details on pages 47 to 48.

REMUNERATION AND NOMINATION COMMITTEE

Members:

Sandra Platts (Chairman)
Richard Battey
Rupert Dorey
David Staples

Responsibilities:

To ensure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that the Board is effective in discharging its responsibilities and oversight of all matters relating to corporate governance, and to review the on-going appropriateness and relevance of the remuneration policy.

More details on pages 49 to 50.

The Board, chaired by Rupert Dorey who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role, currently consists of four non-executive Directors. The biographical details of the Directors holding office at the date of this report are listed on page 27, and demonstrate a breadth of investment, accounting and professional experience. Richard Battey is currently the appointed Senior Independent Director and will be replaced by David Staples when he steps down at the 2020 AGM. However, the Board considers that all the Directors have

Corporate Governance Report (continued)

different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed. The balance and independence of the Board is kept under review by the Remuneration and Nomination Committee, details of which can be found on pages 49 to 50.

Board Independence and Composition

The Chairman and all Directors are considered independent of the Company's Investment Manager, the Company Secretary, the Administrator and Sub-Administrator. The Directors consider that there are no factors, as set out in the AIC Code, which compromise the Directors' independence and that they all contribute to the affairs of the Company in an adequate manner. The Board reviews the independence of all Directors annually. Rupert Dorey was deemed to be independent by the Board prior to his appointment as Chairman of the Company.

In March 2020 Mrs Platts will have served on the Board for nine years. Notwithstanding, the Board remains satisfied that Mrs Platts continues to exercise independent judgement and provides relevant skills, experience and diversity to ensure the continued balance and effectiveness of the Board. In order to avoid undue disruption from multiple changes arising from the execution of the succession plan, it is expected that Mrs Platts will remain a director and that the Board will comprise three members following Richard Battey's departure.

Directors' Appointment

No Director has a service contract with the Company. Directors have agreed letters of appointment with the Company, copies of which are available for review by shareholders at the Registered Office and will be available at the 2020 AGM. Richard Battey and Sandra Platts have served since incorporation of the Company. Rupert Dorey has served since 1 March 2015 and David Staples has served since 14 June 2018. Directors may resign at any time by giving one month's written notice to the Board.

In accordance with the AIC Code all Directors are subject to re-election annually by shareholders. The Remuneration and Nomination Committee reviewed the independence, contributions and performance of each Director together with results of the 2019 internal Board Evaluation, and have determined that it is in the best interests of the Company that Rupert Dorey, David Staples and Sandra Platts should stand for re-election. Noting the appointment of David Staples in 2018 as part of the Board's orderly succession planning arrangements, Richard Battey will not put himself forward for re-election and will stand down on the date of the 2020 AGM.

Tenure of Non-Executive Directors

The Board has adopted a policy on tenure that it considers appropriate for an investment company. The Board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager or necessarily affects a Director's independence. The Board's tenure and succession policy seeks to ensure that the Board is well balanced and will be refreshed by the appointment of new Directors with the skills and experience necessary to replace those lost by Directors' retirements or as identified to assist in the formulation and delivery of the strategy of the Company. The Board seeks to encompass past and current experience of various areas relevant to the Company's business.

Directors are expected to devote such time as is necessary to enable them to discharge their duties. Other business relationships, including those that conflict or may potentially conflict with the interests of the Company, are taken into account when appointing Board members and are monitored on a regular basis.

The dates of appointment of all Directors are provided in the Directors' Remuneration Report and a summary of shareholder elections is provided below.

	DATE FIRST ELECTED BY SHAREHOLDERS	YEARS FROM FIRST ELECTION TO 2020 AGM	CONSIDERED TO BE INDEPENDENT BY THE BOARD
Richard Battey	June 2012	8	Yes
Rupert Dorey	June 2015	5	Yes
Sandra Platts	June 2012	8	Yes
David Staples	May 2019	1	Yes

Succession

The Board acknowledges that some market participants believe that the Directors should not be considered independent after 9 years of service. The Board have looked to balance the tenure of the Directors on the Board and during 2019 continued to realise its succession plan to replenish the key positions on the Board. This process has ensured a smooth transfer of knowledge and ensured diversity in length of tenure on the Board. Given the nature of the Company, being an externally managed investment company with no employees and no executives, the Board believes it is not in the best interests of the Company to replace Richard Battey, thus reducing the Board size and overall cost of the Board.

Re-election of Directors

Rupert Dorey, Sandra Platts and David Staples each submit themselves for re-election at the AGM to be held on 11 June 2020. The Remuneration and Nomination Committee confirmed to the Board that the contributions made by the Directors offering themselves for re-election at the 2020 AGM continue to be effective and that the shareholders should support their re-election.

Board Diversity

The Board considers that its members have a balance of skills and experience which are relevant to the Company. The Board supports the recommendations of the Davies Report and notes the recommendations of the Parker Review into ethnic diversity and the Hampton-Alexander Review on gender balance in FTSE leadership. The Board believes in the value and importance of diversity in the boardroom and the Board agreed to meet a target of at least 33% female representation on the Board. At the date of this Report, the Board, comprised four directors, with 25% female representation. However, after Richard Battey steps down at the 2020 AGM, the female representation on the Board will reach the target of 33%. The Board continues to encourage diversity and recognises that directors with diverse skills sets, capabilities and experience gained from different backgrounds appropriate to the company enhance the Board.

Board Responsibilities

The Board meets at least four times each year and deals with the important aspects of the Company's affairs including the setting and monitoring of investment strategy, and the review of investment performance. The Investment Manager takes decisions as to the purchase and sale of individual investments, in line with the investment policy and strategy set by the Board. The Investment Manager together with the Company Secretary, Administrator and Sub-Administrator also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information relating to the Company and its portfolio of investments. Representatives of the Investment Manager attend each Board meeting, enabling Directors to question on any matters of concern or seek clarification on certain issues. Matters specifically reserved for decision by the Board have been defined and a procedure set out in their respective appointment letters for Directors in the furtherance of their duties to take independent professional advice at the expense of the Company.

Conflict of Interests

Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and the Board may impose restrictions or refuse to authorise conflicts if deemed appropriate. The Directors have undertaken to notify the Company Secretary as soon as they become aware of any new potential conflicts of interest that would need to be approved by the Board. Only Directors who have no material interest in the matter being considered will be able to participate in the Board approval process. It has also been agreed that the Directors will seek prior approval from the Board in advance of any proposed external appointments.

None of the Directors had a material interest in any contract, which is significant to the Company's business. The Directors' Remuneration Report on pages 49 to 50 provides information on the remuneration and interests of the Directors. Page 32 details Directors' appointments on other listed companies.

Performance Evaluation

The performance of the Board, its committees and the Directors was reviewed by the Remuneration and Nomination Committee in November 2019 by means of an internal questionnaire. The Company Secretary collated the results of the questionnaires and the consolidated results were reviewed by and discussed by the Remuneration and Nomination Committee, whose Chairman reported to the Board. No material areas of concern were raised.

Corporate Governance Report (continued)

As a result of the 2019 Board performance evaluation, the Board has agreed:

- That all Directors are considered independent;
- Rupert Dorey, David Staples and Sandra Platts should be proposed for re-election at the 2020 AGM; and
- The Board composition was diverse and appropriate in regards to skills, number, experience and gender.

The Remuneration and Nomination Committee (excluding Rupert Dorey) led by the Chairman of the Remuneration and Nomination Committee reviewed the Chairman. It was agreed that the Chairman had settled into his role and was well-regarded by the other Board members. In addition, the Chairman had been actively engaged with shareholders over the year. All Directors are members of the Remuneration and Nomination Committee and as such it is not considered necessary for the SID to lead the discussions, as all Directors participate.

The Board will continue to review its procedures, its effectiveness and development in the year ahead.

Induction/Information and Professional Development

Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are put to the Board as they arise along with changes to best practice from, amongst others, the Investment Manager, Company Secretary and the Auditor. Advisers to the Company also prepare reports for the Board from time to time on relevant topics and issues. In addition, Directors attend relevant seminars and events to allow them to continually refresh their skills and knowledge and keep up with changes within the investment company industry for which each Director maintains a log, provided to the Company Secretary on at least annual basis as a record of his/her continued professional development. The Chairman reviewed the training and development needs of each Director during the annual Board evaluation process and is satisfied that all Directors actively keep up to date with industry developments and issues.

When new Directors are appointed to the Board, they will be provided with all relevant information regarding the Company and their duties and responsibilities as Directors. In addition, a new Director will also spend time with representatives of the Investment Manager, and other service providers as may be appropriate, in order to learn more about their processes and procedures.

The Chairman met with each of the directors individually as recommended by the new AIC Code. The range of those discussions was diverse and included topics such as director development, succession, board dynamics, business risks, strategy, regulation, investors, capital markets, and competition. Each of the meetings was informal and unstructured and permitted a free flow of topical discussion relevant to the Company.

Independent Advice

The Board recognises that there may be occasions when one or more of the Directors feels it is necessary to take independent legal advice at the Company's expense. A procedure has been adopted to enable them to do so, which is managed by the Company Secretary.

Indemnities

To the extent permitted by the Law, the Company's Articles provide an indemnity for the Directors against any liability except such (if any) as they shall incur by or through their own breach of trust, breach of duty or negligence. Each Director has an Instrument of Indemnity with the Company.

During the year, the Company has maintained insurance cover for its Directors under a Directors' and Officers' liability insurance policy.

Shareholder Engagement

The Board believes that the maintenance of good relations with shareholders is important for the long-term prospects of the Company. Since admission, the Board has sought engagement with shareholders. Where appropriate the Chairman, and other Directors are available for discussion about governance and strategy with shareholders and the Chairman ensures communication of shareholders' views to the Board. The Board receives feedback on the views of shareholders from its Corporate Brokers and the Investment Manager, and shareholders are welcome to contact the Chairman, Senior Independent Director or any other Director at any time via the Company Secretary.

During the year the Company continued its quarterly investor update calls, which can be accessed via conference call or WebEx, details are published via an RIS. The update calls are also made available on the Company's website at www.nbgfrif.com. The Company ceased these quarterly calls effective January 2020 as the way in which the Company communicates with key investors has evolved with a preference by our investors for regular face-to-face meetings. Furthermore, the whole Board, including the committee chairmen, welcome the opportunity to meet with investors on a one-to-one basis, upon request. The Chairman has had discussions with a number of investors on a one-to-one basis during the year.

The Chairman of the Remuneration and Nomination Committee will consult with shareholders should it be proposed to increase the current aggregate limit of annual Directors' fees as set out in the Company's Articles.

The Board believes that the AGM provides an appropriate forum for shareholders to communicate with the Board, and encourages participation. All Directors will attend the 2020 AGM. There is an opportunity for individual shareholders to question the Chairman of the Board, the Senior Independent Director, and the Chairman of each of the Audit and Risk Committee, the Management Engagement Committee and the Remuneration and Nomination Committee at the AGM.

The Annual Reports, Key Information Documents, monthly fact sheets and monthly holdings are available to provide shareholders with a clear understanding of the Company's activities and its results. This information is supplemented by the daily calculation and publication on the London Stock Exchange of the NAV of the Company's Ordinary Shares. The Board is informed of relevant promotional documents issued by the Investment Manager. All documents issued by the Company can be viewed on the website, www.nbgfrif.com.

2020 AGM

The 2020 AGM will be held in Guernsey on 11 June 2020. The Notice for the AGM sets out the ordinary and special resolutions to be proposed at the meeting. Separate resolutions are proposed for each substantive issue.

It is the intention of the Board that the Notice of AGM be issued to shareholders so as to provide at least twenty working days' notice of the meeting. Shareholders wishing to lodge questions in advance of the meeting and specifically related to the resolutions proposed are invited to do so by writing to the Company Secretary at the registered office address given on page 92.

Voting on all resolutions at the AGM is on a poll. The proxy votes cast, including details of votes withheld are disclosed to those in attendance at the meeting and the results are published on the website and announced via a RIS Service. Where a significant number of votes have been lodged against a proposed resolution (being greater than 20%), the Board intends to identify those shareholders and further understand their views to address their concerns. An update on the views and actions taken will be published no later than six months after the shareholder meeting. The Board notes that any resolution which receives a high percentage of votes against it will be included in the Investment Association's Public Register. The Public Register is an aggregated list of publicly available information regarding meetings of companies in the FTSE All-Share who have received significant shareholder opposition to proposed resolutions or have withdrawn a resolution prior to the shareholder vote.

Board Meetings

The Board meets at least quarterly. Certain matters are considered at all quarterly board meetings including the performance of the investments, NAV and share price and associated matters such as asset allocation, risks, strategy, marketing and investor relations, peer group information and industry issues. Consideration is also given to administration and corporate governance matters, and where applicable, reports are received from the Board committees.

The Chairman is responsible for ensuring the Directors receive complete information in a timely manner concerning all matters which require consideration by the Board. Through the Board's ongoing programme of shareholder engagement and the reports produced by each key service provider, the Directors are satisfied that sufficient information is provided so as to ensure the matters set out in Section 172 of the UK Companies Act 2006 are taken into consideration as part of the Board's decision-making process.

Directors unable to attend a board meeting are provided with the board papers and can discuss issues arising in the meeting with the Chairman or another non-executive Director.

Corporate Governance Report (continued)

Attendance at scheduled meetings of the Board and its committees in the 2019 financial year

	BOARD	AD-HOC BOARD MEETINGS	AUDIT AND RISK COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE	MANAGEMENT ENGAGEMENT COMMITTEE
Number of meetings during the year	**4**	**9**	**4**	**1**	**1**
Rupert Dorey	4	8	4	1	1
Richard Battey	4	7	4	1	1
Sandra Platts	4	6	4	1	1
David Staples	4	7	4	1	1

Board Committees

The Board has established an Audit and Risk Committee, a Management Engagement Committee and a Remuneration and Nomination Committee with defined terms of reference and duties. Further details of these committees can be found in their reports on pages 43 to 50. The terms of reference for each committee can be found on the Company's website www.nbgfrif.com.

The Board has not established an Inside Information Committee as a quorum of the Board will review and determine any inside information and any delay to the disclosure thereof to meet the requirements of the EU Market Abuse Regulations.

For and on behalf of the Board

Rupert Dorey
Chairman

8 April 2020

Audit and Risk Committee Report

Membership

David Staples – Chairman	(Independent non-executive Director)
Sandra Platts	(Independent non-executive Director)
Richard Battey	(Independent non-executive Director)
Rupert Dorey[1]	(Company Chairman and independent non-executive Director)

1 The Board believes it is appropriate for the Company Chairman to be a member of the Committee as he is deemed by the Board to be an independent non-executive Director, it is a small board and the Chairman's financial background and experience of the asset class is valuable to the Committee.

Key Objectives

The provision of effective governance over the appropriateness of the Company's financial reporting including the adequacy of related disclosures, the performance of the external auditor, and the management of the Company's systems of internal financial and operating controls and business risks.

Responsibilities

- Monitoring and reviewing the Company's financial results announcements, Annual and Half-Yearly Financial Statements and monitoring compliance with relevant statutory and listing requirements;
- Reporting to the Board on the appropriateness of the Company's accounting policies and practices including critical accounting policies, judgements, estimates, and practices;
- Advising the Board on whether the Committee believes the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- Overseeing the relationship with the external auditor (please refer to the Terms of Reference which are available on the Company's website for further detail on the responsibilities in relation to the external auditor);
- Considering the financial and other implications on the independence of the auditor arising from any non-audit services to be provided by the auditor;
- Reporting to the Board on the effectiveness of the Company's risk management framework; and
- Compiling a report on its activities to be included in the Company's Annual Report.

The Committee members have a wide range of financial and commercial expertise necessary to fulfil its duties. The Chairman of the Committee is a Fellow of the Institute of Chartered Accountants in England and Wales and an associate of the Chartered Institute of Taxation, and has recent and relevant financial experience, as required by the AIC Code.

Committee Meetings

The Committee meets at least three times a year. Only members of the Committee and its Secretary have the right to attend the meetings. However, representatives of the Investment Manager, Administrator and Sub-Administrator are invited to attend the meetings on a regular basis and other non-members may be invited to attend all or part of a meeting as and when appropriate and necessary. The Company's external auditor, PricewaterhouseCoopers CI LLP ("PwC") is invited to each meeting. The Chairman of the Committee also met separately with PwC without the Investment Manager being present.

Main Activities during the Year

The Committee assisted the Board in carrying out its responsibilities in relation to financial reporting requirements, risk management and the assessment of internal financial and operating controls. It also managed the Company's relationship with the external auditor.

Audit and Risk Committee Report (continued)

Main Activities during the Year (continued)

The Committee reported to the Board at each scheduled quarterly board meeting on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work. The Committee reviewed the effectiveness of the Company's risk management framework in relation to the investment policy; assessed the risks involved in the Company's business and how they were controlled and monitored by the Investment Manager; monitored and reviewed the effectiveness of the risk management function of the Investment Manager, Administrator and the Sub-Administrator; reviewed the risks associated with the valuation of investments and reviewed the Company's procedures concerning prevention and detection of fraud.

The Board requested that the Committee advise them on whether it believes the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee regularly reviews the Company's structure and in reviewing the fast changing global fiscal landscape, the Audit Committee recommended to the Board that it was no longer optimal to maintain the Luxembourg subsidiaries of the Company. The annual cost savings from winding up the two subsidiaries will compensate the Company for the increased irrecoverable withholding taxes in certain territories that the Company will bear. The Committee considered this was in the best interests of the Company and stakeholders as a whole. The Board adopted the Committee's recommendations.

The Committee's terms of reference were updated during the year and can be found on the Company's website www.nbgfrif.com.

At its three meetings during the year, the Committee focused on:

Financial Reporting

The primary role of the Committee in relation to financial reporting is to review with the Investment Manager, Company Secretary, Administrator, Sub-Administrator and PwC the appropriateness of the Half-Year and Annual Financial Statements concentrating on, amongst other matters:

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Material areas in which significant judgements and estimates have been applied or where there has been discussion with the external auditor;
- The viability of the Company, taking into account the principal risks it faces;
- Whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- Any correspondence from regulators in relation to the quality of the Company's financial reporting.

To aid its review, the Committee considers reports from the Investment Manager, Company Secretary, Administrator, Sub-Administrator and also reports from the external auditor on the outcomes of their half-year review and annual audit.

Significant Issues

In relation to this Annual Report the following significant issue was considered by the Committee:

SIGNIFICANT ISSUE	HOW THE ISSUE WAS ADDRESSED
The valuation of the Company's investments	The Committee analysed the investment portfolio of the Company in terms of investment mix, fair value hierarchy and valuation. As explained in Note 2 the majority of the investment portfolio is at Level 2 of the fair value hierarchy which requires market corroborated inputs for the calculation of fair value. The Committee discussed in depth with the Investment Manager the appropriateness and robustness of the multi-sourced pricing information used. The Committee had meetings with PwC, where the audit findings were reported. PwC did not notify the Committee of any reportable differences between the valuations used by the Company or the custodian's confirmation of holdings and the results of their independent checks on these areas. Based on the above review and analysis the Committee confirmed that they were satisfied with the valuation of the investments.

Internal Controls and Risk Management

The Committee has established a process for identifying, evaluating and managing any major risks faced by the Company, including emerging and principal risks. The process is subject to regular review by the Board and accords with the AIC Code.

The Committee is responsible to the Board for the Company's and subsidiaries' system of internal financial and operating controls and for reviewing its effectiveness. However, the system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Committee has received and reviewed the Systems and Organisation 1 Controls report of the Sub-Administrator covering the 12 month period to 30 September 2019 and there were no deficiencies.

The Committee receives reports from the Investment Manager on the Company's risk evaluation process and reviews changes to significant risks identified. The Committee has undertaken a full review of the Company's business risks, which have been analysed and recorded in a risk report, which is reviewed and updated regularly. The Board receives each quarter from the Investment Manager a formal report which details the steps taken to monitor the areas of risk including those that are not directly the responsibility of the Investment Manager and which reports the details of any known internal control failures.

The Board's assessment of the Company's principal risks and uncertainties is set out on pages 21 to 23.

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Committee received a detailed audit plan from PwC identifying their assessment of the significant audit risks. For the 2019 financial year the significant audit risks identified were in relation to the risk of management override of controls and the valuation of investments. The Committee challenged the work performed by the auditor to test these significant risks. The Committee assessed the effectiveness of the half-year review and year end audit process in addressing these matters through the reporting received from PwC at both the half-year and year end respectively. In addition, the Committee sought feedback from the Investment Manager, Company Secretary, the Administrator and Sub-Administrator on the effectiveness of the audit process. For the 2019 financial year, the Committee was satisfied that there had been appropriate focus and challenge on the significant and other areas of audit risk and assessed the quality of the audit process to be good.

During the year, the Committee performed its annual review of the independence, effectiveness and objectivity of the external auditor. The Committee concluded that the effectiveness of the external auditor and the audit process were satisfactory and recommended to the Board that it proposes at the 2020 AGM the reappointment of PwC as external auditor for the 2020 financial year and to authorise the Directors to determine their remuneration. The auditor, PwC, has indicated willingness to continue in office.

Appointment and Independence

The Committee considers the reappointment of PwC, including the rotation of the audit partner, and assesses their independence on an annual basis. PwC is required under applicable Ethical Standards to rotate the audit partner responsible for the audit every five years. The Company is incorporated in Guernsey, and therefore despite being listed on the Main Market of the London Stock Exchange it is not required to comply with The Statutory Audit Services for Larger Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "Order") which came into force in the UK on 1 January 2015. The Committee does however keep these developments under review when determining policy on audit tendering and the Company has decided it will seek to comply with the provisions of the Order.

The Company is guided by the EU Audit Regulations and EU Audit Directive to put the external audit out to tender at least every ten years. As 2019 is the ninth annual audit completed by PwC, the Committee and the Board are presently minded that it will complete such a tender process in respect of the audit of the financial statements for the year ending 31 December 2021. There are no contractual obligations restricting the Committee's choice of external auditor and we do not indemnify our external auditor.

In its assessment of the independence of the external auditor, the Committee received confirmation that there were no relationships between the Company and PwC which may have compromised PwC's independence and that PwC had completed all relevant checks to be able to confirm this.

The Committee approved the fees for audit services for 2019 after a review of the level and nature of work to be performed, and after being satisfied by PwC that the fees were appropriate for the scope of the work required.

Audit and Risk Committee Report (continued)

Non Audit Services

To safeguard the objectivity and independence of the external auditor, the Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. During the year the policy was removed from the Terms of Reference to now be a stand-alone document and has recently been updated to reflect the FRC's Revised Ethical Standard published on 17 December 2019. The external auditor and the Committee have agreed that all non-audit services require the pre-approval of the Committee prior to the commencement of any work.

PwC was remunerated £161,411 for services rendered in 2019. Of this amount, £94,970 was in relation to the year-end audit, £27,605 for procedures performed in respect to the half-year review and £38,836 for agreed-upon procedures relating to the accounts of the Luxembourg subsidiaries. No other non-audit services were undertaken by PwC for the Company during the year.

Committee Evaluation

The Committee's activities formed part of the Board evaluation performed in the year. Details of this process can be found under "Performance evaluation" on pages 39 to 40. The Committee was satisfied that it had undertaken its duties efficiently and effectively.

David Staples
On behalf of the Audit and Risk Committee

8 April 2020

Management Engagement Committee ("MEC") Report

Membership

Sandra Platts – Chairman	(Independent non-executive Director)
Richard Battey	(Independent non-executive Director)
Rupert Dorey	(Company Chairman and independent non-executive Director)
David Staples	(Independent non-executive Director)

Key Objectives

To review performance of all service providers (including the Investment Manager).

Responsibilities

- To annually review the performance, relationships and contractual terms of all service providers (including the Investment Manager);
- Review and make recommendations on any proposed amendment to the Investment Management Agreement ("IMA"); and
- To review the performance of, and contractual arrangements with the Investment Manager including:
  - Monitor and evaluate the Investment Manager's investment performance and, if necessary providing appropriate guidance;
  - To consider whether an independent appraisal of the Investment Manager's services should be made;
  - To consider requiring the Investment Manager to provide attribution and volatility analyses and considering whether these should be published;
  - Review the level and method of remuneration and the notice period, using peer group comparisons.

MEC Meetings

Only members of the MEC and the Secretary have the right to attend MEC meetings. However, representatives of the Investment Manager, Administrator and Sub-Administrator may be invited by the MEC to attend meetings as and when appropriate.

Main Activities during the Year

The MEC met once during the year and reviewed the performance, relationships and contractual terms of all service providers as at 14 November 2019 including the Investment Manager. The MEC reviewed the terms of reference for the MEC and recommended to the Board that revised Terms of Reference be adopted. The current Terms of Reference are available on the Company's website www.nbgfrif.com. Furthermore, the MEC reviewed the approaches to cyber security by its service providers.

The MEC considered that the changes made during the year to the Company Secretary and Broker had been effective and that the Company had benefited from significant cost savings on an on-going basis as a result.

In March 2019, the Board undertook a due diligence visit to the Investment Manager's offices in London to meet a number of personnel, review the performance of the Investment Manager and consider the strategy of the Company. In addition to the site visit and taking into consideration the supplementary guidance issued by the AIC in 2019 which described certain measures by which investment companies may assess the relationship with the manager, in November 2019 the Board undertook an enhanced qualitative assessment of the performance of the Investment Manager. The feedback from this assessment confirmed that the Investment Manager's focus remained on the performance of their core duties, and that there existed a high level of congruence between the duties of the Investment Manager and the objectives of the Company. The Board does not consider it necessary to obtain an independent appraisal of the Investment Manager's services.

In order to strengthen the competitive position of the Company relative to peers and as part of the Board's ongoing review of, and drive to reduce, costs, effective 1 October 2019, the Company entered into an amendment to the IMA reducing the Investment Manager's fee to 0.65% of NAV from 0.75% on the first £1bn of the NAV, 0.70% on £1bn to £2bn of the NAV and 0.65% on any amount greater than £2bn of the NAV.

Management Engagement Committee ("MEC") Report (continued)

Main Activities during the Year (continued)

In 2019 a due-diligence visit was carried out at the offices of the Registrar and UK Transfer Agent by the Investment Manager and no concerns were raised with respect to their operations, controls or processes. In addition, a due diligence visit was carried out by the Investment Manager on behalf of the Company with U.S. Bank Global Fund Services (Ireland) Limited and no concerns were raised with respect to their operations, controls or processes.

Continued Appointment of the Investment Manager and other Service Providers

The Board reviews investment performance at each Board meeting and a formal review of all service providers is conducted annually by the MEC. The annual third-party service provider review process includes two-way feedback, which provides the Board with an opportunity to understand the views, experiences and any significant issues encountered by service providers during the year. As part of the Board's annual performance evaluation, feedback is received on the quality of service and the effectiveness of the working relationships with each of the Company's key service providers. Resulting from the 2018 review were the following actions:

- The MEC carried out a tender process of the company secretarial services and made a recommendation to the Board that Praxis Fund Services Limited be appointed the Company Secretary in place of Carey Commercial Limited with effect from 22 April 2019.
- On 1 January 2019, Numis Securities were appointed as sole corporate broker and financial adviser on the recommendation of the MEC.

As a result of the 2019 annual review it is the opinion of the Directors that the continued appointment of the Investment Manager and the other current service providers on the terms agreed is in the interest of the Company's shareholders as a whole. The Board considers that the Investment Manager has extensive investment management resources and wide experience in managing investments and is satisfied with the quality and competitiveness of the fee arrangements of the Investment Manager and the Company's other service providers.

Sandra Platts
On behalf of the Management Engagement Committee

8 April 2020

Remuneration and Nomination Committee ("RNC") Report

Membership

Sandra Platts – Chairman	(Independent non-executive Director)
Richard Battey	(Independent non-executive Director)
Rupert Dorey	(Company Chairman and independent non-executive Director)
David Staples	(Independent non-executive Director)

Key Objectives

To ensure the Board comprises individuals with the necessary skills, knowledge and experience such that it is effective in discharging its responsibilities and oversight of all matters relating to corporate governance, and to review the on-going appropriateness and relevance of the remuneration policy. Having considered the size of the Board and the nature, scale and complexity of the Company, the Board is satisfied that all Directors are appointed as members of the RNC.

Responsibilities

- Determine the remuneration of the Directors;
- Prepare an annual report on Directors' remuneration;
- Considers the need to appoint external remuneration consultants;
- Regularly review and make recommendations in relation to the structure, size and composition of the Board including the diversity and balance of skills, knowledge and experience, and the independence of the non-executive Directors;
- Oversees the performance evaluation of the Board, its committees and individual Directors (see pages 39 to 40);
- Reviews the tenure of each of the non-executive Directors;
- Leads the process for identifying and making recommendations to the Board regarding candidates for appointment as Directors, giving full consideration to succession planning and the leadership needs of the Company;
- Makes recommendations to the Board on the composition of the Board's committees; and
- Is responsible for the oversight of all matters relating to corporate governance, bringing any issues to the attention of the Board.

RNC Meetings

Only members of the RNC and the Secretary have the right to attend RNC meetings. However, representatives of the Investment Manager, Administrator and Sub-Administrator are invited by the RNC to attend meetings as and when appropriate. In the event there are matters arising concerning either an individual's membership of the Board or their remuneration, they would absent themselves from the meeting as required and another independent non-executive Director would take the chair if this applied to the RNC Chairman.

Main Activities during the Year

The RNC met once during the year and considered succession planning and replenishment of the Board and reviewed Directors' remuneration. The RNC also reviewed the results of the annual evaluation of the performance of the Board and its committees, the Chairman and individual directors which was carried out by way of internal evaluation questionnaire and discussion. The RNC considered that the results provided confirmed the continued appropriateness of the balance of skills, experience, independence and knowledge of the Company and that the activities of the Board continued to be effective in promoting the strategy, and the long-term sustainable success of the Company.

Remuneration and Nomination Committee ("RNC") Report (continued)

Main Activities during the Year (continued)

The terms of reference for the RNC were reviewed and the Board adopted revised terms of reference for the RNC. The revised terms of reference are available on the Company's website at www.nbgfrif.com.The Board's diversity policy was agreed in March 2012 and in the 2018 Annual Report the Board set an objective to meet 33% female representation during 2020. The Board supports the recommendations of the Davies Report and Hampton-Alexander Review, notes the recommendations of the Parker Review and believes in and values the importance of diversity, including gender, to the effective functioning of the Board. At 31 December 2019, the Board had 25% female representation, however after Richard Battey steps down at the 2020 AGM, this figure will be 33% during 2020 as pledged. The Board continues to focus on encouraging diversity of business skills and experience, recognising that Directors with diverse skills sets, capabilities and experience gained from different backgrounds enhance the Board. The RNC will continue to recommend the appointment of female directors as appropriate but not to the exclusion of all other considerations such as the specialist skill set relevant to the Company's investment activities and merit.

It was recommended to the Board that David Staples fill the role of the SID following Richard Battey's departure at the 2020 AGM. The Board approved this recommendation.

In recognition of the Directors' desire to support greater gender diversity, the Board volunteered to take on a female "apprentice director", in October 2018 as part of her board training process. The candidate shadowed the Board and fully observed in all Board activities for a period of one year, but had no voting rights and no legal responsibilities. The Directors feel strongly that they have a duty to foster the skills of the next generation of board directors, and are pleased to play their part in achieving greater gender representation.

The RNC reviewed the fees paid to the Board of Directors and proposed to retain the current levels. In recognition of the additional time commitment and responsibility of David Staples in restructuring the Group, the RNC (excluding David Staples) recommended to the Board to award him a one off payment of £5,000. In line with the Company's remuneration policy, fees will continue to be reviewed to ensure that they remain appropriate reflecting the time commitment and responsibilities of the role.

Further, the RNC considered the remuneration policy and agreed that it remained appropriately positioned. A detailed "Directors' Remuneration Report" to shareholders from the RNC on behalf of the Board, is contained on pages 51 to 54.

Sandra Platts
On behalf of the Remuneration and Nomination Committee

8 April 2020

Directors' Remuneration Report

Annual Statement

This report meets the relevant requirements of the Listing Rules of the FCA and the AIC Code and describes how the Board has applied the principles relating to Directors' remuneration. An ordinary resolution to receive and approve this report will be proposed at the AGM on 11 June 2020.

Directors' Fees

The Company paid the following fees to the Directors for the years ended 31 December 2019 and 31 December 2018:

	ROLE	TOTAL BOARD FEES 2019 US$	TOTAL BOARD FEES 2018 US$
William Frewen[1]	Chairman (to 30 September 2018) Member of Audit and Risk Committee (to 30 September 2018) Member of Remuneration and Nomination Committee (to 30 September 2018) Member of Management Engagement Committee to 30 September 2018)	–	45,046
Rupert Dorey	Chairman Member of Remuneration and Nomination Committee Member of Audit and Risk Committee Member of Management Engagement Committee	63,860	49,483
Richard Battey	Member of the Audit and Risk Committee Member of Remuneration and Nomination Committee Member of Management Engagement Committee Senior Independent Director	54,920	53,851
Sandra Platts	Chairman of the Remuneration and Nomination Committee Chairman of the Management Engagement Committee Member of Audit and Risk Committee	58,752	53,851
David Staples[2]	Chairman of Audit and Risk Committee Member of the Remuneration and Nomination Committee Member of the Management Engagement Committee	58,752	25,075
Total		236,284	227,306

1 William Frewen resigned as a Director of the Company on 30 September 2018.

2 David Staples was appointed a Director of the Company on 14 June 2018.

In addition to his annual fee, David Staples was paid a one off sum of £5,000 in recognition of the additional time commitment and responsibility spent in relation to the restructure of the Group. No other remuneration or compensation was paid or is payable by the Company during the year to any of the Directors, other than reimbursed travel expenses of $2,846 (31 December 2018: $25,581).

Directors' fees for the Luxembourg subsidiaries are included within the subsidiaries' Administration fees. None of the Company's Directors were directors of the Luxembourg subsidiaries.

Please refer to Note 3 for more details on Directors' remuneration.

Directors' Remuneration Report (continued)

Changes to the Board

There were no changes to the Board during the year.

Remuneration Policy

The determination of the Directors' fees is a matter dealt with by the RNC and the Board. The RNC considers the remuneration policy annually to ensure that it remains appropriately positioned and takes into account any expected changes in time commitments. Directors will review the fees paid to the boards of directors of similar investment companies. No Director is to be involved in decisions relating to individual aspects of his or her own remuneration, however the Board as a whole sets the level of directors' fees.

No Director has a service contract with the Company and Directors' appointments may be terminated at any time by one month's written notice with no compensation payable at termination.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. No Director has any entitlement to a pension, and the Company has not awarded any share options or long-term performance incentives to any of the Directors. No element of the Directors' remuneration is performance related.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

The Company's policy is that the fees payable to the Directors should reflect the time commitment required by the Board on the Company's affairs and the level of responsibility borne by the Directors and should be sufficient to enable high calibre candidates to be recruited and be comparable to those paid by similar companies. It is not considered appropriate that the Directors' remuneration should be performance related, and none of the Directors are eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company. During the year ended 2019, the policy was for the Chairman of the Board and Chairman of the other Committees to be paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent. The Board may amend the level of remuneration paid within the limits of the Company's Articles.

The Company's Articles limit the aggregate fees payable to the Board of Directors to a total of £500,000 per annum. The Chairman of the RNC may consult with principal shareholders of the Company should it be proposed to exceed the aggregate limit.

Directors' Fees Policy

OBJECTIVE	OPERATION	MAXIMUM POTENTIAL VALUE	PERFORMANCE METRICS USED
To recognise time commitment and the level of responsibilities borne and to attract high calibre candidates who have the necessary experience and skills	Directors' fees are set by the Remuneration and Nomination Committee Annual fees are paid quarterly in arrears Fees are reviewed annually and against those for directors in companies of similar scale and complexity Fees were last reviewed in November 2019. Directors do not receive benefits and do not participate in any incentive or pension plans	Current fee levels are shown in the remuneration report The Company's Articles limit the aggregate fees payable to the Board of Directors to a total of £500,000 per annum	Directors are not remunerated based on performance and are not eligible to participate in any performance related arrangements

Statement by the Chairman of the RNC

In accordance with the Directors' remuneration policy, the Directors' fees were reviewed by the RNC during its meeting in November 2019 where it was recommended that fees should be maintained at the current level (see table below). The level of directors' fees will continue to be reviewed annually by the RNC.

ROLE	FEE (£)
Non-Executive Director	40,000
Chairman of the Company	50,000
Chairman of the Audit and Risk Committee (additional fee)	6,000
Senior Independent Director (additional fee)	3,000
Chairman of the Remuneration and Nomination Committee (additional fee)	3,000
Chairman of the Management Engagement Committee (additional fee)	3,000

No Director was involved in deciding his or her own remuneration. The level of the directors' fees will continue to be reviewed annually by the RNC.

Service Contracts and Policy on Payment for Loss of Office

Directors are appointed with the expectation that they will stand for annual re-election. Richard Battey and Sandra Platts have served since incorporation of the Company. Rupert Dorey was appointed on 1 March 2015 and David Staples was appointed on 14 June 2018. Directors may resign at any time by giving one month's notice in writing to the Board. Directors' appointments are reviewed during the annual board evaluation.

No Director has a service contract with the Company. Directors have agreed letters of appointment with the Company.

In accordance with the AIC Code Rupert Dorey, Sandra Platts and David Staples will offer themselves for re-election by shareholders at the AGM to be held on 11 June 2020. Mr Battey will not put himself for re-election and will stand down at the 2020 AGM. The names and biographies of the Directors holding office at the date of this report are listed on page 27. All of the Directors are subject to annual re-election.

Dates of Directors' Letters of Appointment

Richard Battey and Sandra Platts were appointed as Directors on 10 March 2011, Rupert Dorey was appointed a Director on 1 March 2015 and David Staples was appointed on 14 June 2018. Each Director was elected (in the case of David Staples) or re-elected at the AGM held on 7 May 2019.

Directors' Interests

The Company has not set any requirements or guidelines for Directors concerning ownership of shares in the Company. The beneficial interests of the Directors and their connected persons (where applicable) in the Company's shares are shown in the table below:

	31 DECEMBER 2019 STERLING ORDINARY SHARES	31 DECEMBER 2018 STERLING ORDINARY SHARES
Rupert Dorey*	20,000	20,000
Richard Battey	30,077	30,077
Sandra Platts	10,069	10,069
David Staples	25,000	25,000

*Rupert Dorey's wife also holds 100,000 USD shares.

Directors' Remuneration Report (continued)

Advisors to the RNC

The RNC has not sought the paid advice or professional services by any outside person in respect of its consideration of the Directors' remuneration during 2019. The RNC sought input from the Manager and its Brokers during its deliberations of the remuneration policy.

Statement of Voting at AGM

At the last AGM, votes on the remuneration report were cast as follows:

	FOR NUMBER	AGAINST NUMBER	WITHHELD NUMBER
2019 Remuneration Report	556,910,933	21,654,108	0

Sandra Platts
On behalf of the Remuneration and Nomination Committee

8 April 2020

Directors' Responsibility Statement

The Directors are responsible for preparing the Financial Statements for each financial year, which give a true and fair view, in accordance with applicable Guernsey Law and accounting principles generally accepted in the United States ("US GAAP"), of the state of affairs of the Company and of the profit or loss for the year. In preparing those Financial Statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Law. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the Company have elected to prepare consolidated financial statements for the Company for the year ended 31 December 2019 as the parent in accordance with Section 244(5) of the Law. They are not required to prepare individual financial statements for NB Global Floating Rate Income Fund Limited in accordance with Section 243 of the Law for the financial year.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that he or she ought to have taken as a Director, in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors confirm to the best of their knowledge that:

- The Financial Statements which have been prepared in conformity with US GAAP give a true and fair view of the assets, liabilities, financial position and loss of the Company, and the undertakings included in the consolidation taken as a whole as required by DTR 4.1.12R and are in compliance with the requirements set out in the Law; and
- The Annual Report includes a fair review of the information required by DTR 4.1.8R and DTR 4.1.11R, which provides an indication of important events and a description of principal risks and uncertainties which face the Company.

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of consolidated financial statements may differ from legislation in other jurisdictions.

By order of the Board

Rupert Dorey
Chairman

8 April 2020

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB GLOBAL FLOATING RATE INCOME FUND LIMITED

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of NB Global Floating Rate Income Fund Limited (the "company") and its subsidiaries (together "the group") as at 31 December 2019, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The group's consolidated financial statements comprise:

- the consolidated statement of assets and liabilities as at 31 December 2019;
- the consolidated condensed schedule of investments as at 31 December 2019;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of changes in net assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

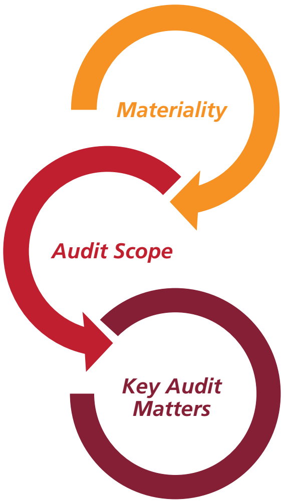
We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of the group, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to the going concern disclosures in the Strategic Report, the life of the company disclosures in the Directors' Report and the basis of preparation disclosures in note 2 to the consolidated financial statements. These disclosures note that the directors are required to propose an ordinary resolution that the company continues its business as a closed-ended investment company (a "continuation resolution") at the June 2020 Annual General Meeting. If a continuation resolution is not passed, the directors shall put proposals to the shareholders for restructuring or reorganisation of the company. There is a material uncertainty as to the outcome of this continuation resolution that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview



Materiality

- Overall group materiality was $8.7 million which represents 1.5% of group net assets.

Audit scope

- The company is incorporated and based in Guernsey.
- Its two subsidiaries, 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. were incorporated in Luxembourg until their liquidation on 31 December 2019. Whilst the liquidator of the two subsidiaries was appointed on 18 December 2019, there was no loss of control at that date as based on the agreement, the liquidator had to take instructions from the company and the liquidator's appointment could be terminated at the company's discretion.
- The consolidated financial statements are a consolidation of the Company and both of the underlying subsidiaries. As the group auditor, we performed an audit of the consolidated financial statements and are responsible for the group audit opinion.
- We conducted our audit of the consolidated financial statements from information provided by U.S. Bank Global Fund Services (Ireland) Limited (the "Sub-Administrator") to whom U.S. Bank Global Fund Services (Guernsey) Limited (the "Designated Manager and Administrator") has, with the consent of the board of directors (the "board"), delegated the provision of certain administrative functions. The group engages Neuberger Berman Europe Limited (the "Manager") and Neuberger Berman Investment Advisers LLC (the "Alternative Investment Fund Manager"), collectively (the "Investment Manager") to manage its assets.
- Scoping was performed at the group level, irrespective of whether the underlying transactions took place within the company or within either of the subsidiaries. Our testing was performed on a consolidated basis using thresholds which are determined with reference to the overall group performance materiality and the risks of material misstatement identified.
- The transactions relating to the company and the subsidiaries are maintained by the Sub-Administrator on a single consolidated general ledger and therefore we were not required to engage with component auditors from another PwC global network firm operating under our instructions.
- We conducted our audit work both in Guernsey and on site at the Sub-Administrator in Dublin and we tailored the scope of our audit taking into account the types of investments within the group and the involvement of the third parties referred to above, together with their accounting processes and controls.

Key audit matters

- Valuation of Investments
- Material uncertainty related to going concern
- Management's consideration of the potential impact of COVID-19

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Independent Auditor's Report (continued)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB GLOBAL FLOATING RATE INCOME FUND LIMITED (CONTINUED)

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	$8.7 million (2018: $13.7 million)
How we determined it	1.5% of group net assets
Rationale for the materiality benchmark	We believe that group net assets is the most appropriate benchmark because this is the key metric of interest to members of the company. It is also a generally accepted measure used for companies in this industry. We believe a separate materiality benchmark for the consolidated statement of operations is not appropriate, as the primary consideration for members of the company is asset preservation.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $434,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investments As detailed in note 2 of the consolidated financial statements, the investment portfolio at year end was valued at $525.6 million, comprising floating rate senior secured loans of $493.9 million, fixed and floating rates bonds of $24.7 million, equity investments of $4.9 million and warrants of $2.1 million. We focussed on the valuation of the investment portfolio because it represents the principal element of the net asset value as disclosed on the consolidated statement of assets and liabilities. There is a risk that the valuation of investments is not measured correctly in accordance with accounting principles generally accepted in the United States of America ("US GAAP").	• We assessed the investment valuation accounting policy for compliance with US GAAP and performed testing to ensure that the investments had been measured in accordance with the stated accounting policy. • We understood and evaluated the process and internal controls in place at the Sub-Administrator over the valuation of investments and production of the group's net asset value. • We tested the valuation of the investment portfolio of floating rate senior secured loans and fixed and floating rate bonds by independently agreeing the prices used in the valuation to third party sources. • For the equity investments, we inquired of the Investment Manager how the fair value had been derived and requested the supporting documents such as the Investment Manager's pricing committee minutes including the back-up to the valuation. The fair value for the warrants was independently recalculated based on the exercise price and underlying stock's share price as at year-end. • Back-testing was performed for a sample of floating rate senior secured loans, fixed and floating rate bonds disposals to compare the sales transaction price to the most recently recorded valuation provided by the third party pricing provider prior to the disposal which provided additional evidence over the reliability of the valuation data from the third party providers engaged in the valuation process. • We assessed if the fair value hierarchy levelling was in line with US GAAP. We did not identify any material differences or significant issues required to be reported to those charged with governance from our testing.

Independent Auditor's Report (continued)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB GLOBAL FLOATING RATE INCOME FUND LIMITED (CONTINUED)

Key audit matter	How our audit addressed the Key audit matter
Management's consideration of the potential impact of COVID-19 Management and the board have considered the potential impact of the non-adjusting post balance sheet events that have been caused by the pandemic, COVID-19, on the current and future operations of the company. In doing so, management have made estimates and judgements that are critical to the outcomes of these considerations with a particular focus on the company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. As a result of the impact of COVID-19 on the wider financial markets and the company's share price, we have determined management's consideration of the potential impact of COVID-19 (including their associated estimates and judgements) to be a key audit matter.	In assessing management's consideration of the potential impact of COVID-19, we have undertaken the following audit procedures • We obtained from management their latest assessments that support the board's assessment and conclusions with respect to the statements of going concern and viability respectively. • We discussed with management and the board the critical estimates and judgements applied in their latest assessments so we could understand and challenge the rationale underlying factors incorporated and the sensitivities applied as a result of COVID-19. • We inspected the impact assessments provided to evaluate their consistency with our understanding of the operations of the company, the investment portfolio and with any market commentary already made by the Investment Manager. • We reviewed the impact assessment stress testing to confirm that both management and the board have considered adverse circumstances in their assessment of the potential impact of COVID-19 on the company. • In discussing, challenging and evaluating the estimates and judgments made by management and the board in their impact assessments, we noted the following factors that were considered to be fundamental in their consideration of the potential impact of COVID-19 on the current and future operations of the company and which support the statements of going concern and viability respectively: o The company currently has no notices of default within its investment portfolio. Whilst default rates are expected to increase in 2020, management is of the view that the company is underweight in sectors with the greatest risk or most direct impact from COVID-19. o The company is not levered as at 8 April 2020, and there are currently no plans to enter into borrowing facilities. o Whilst some sectors will have a higher degree of impact relative to other sectors, the investment portfolio is considered by management and the board to have sufficient diversification across industries. We note that management and the directors remain confident in the fundamentals of the markets in which the company's assets are located and the borrowers' business plans for these assets over the medium to long term. o The directors have analysed and are satisfied with the business continuity plans of all key service providers as part of their COVID-19 operational resilience review.

Key audit matter	How our audit addressed the Key audit matter
	• We considered the appropriateness of the disclosures made by management and the board in respect of the potential impact of COVID-19, a non-adjusting post balance sheet event. Based on our procedures and the information available at the time of the directors' approval of the financial statements, we have not identified any matters to report with respect to both management's and the board's consideration of the impact of COVID-19 on the current and future operations of the company.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the 2019 Annual Report (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with accounting principles generally accepted in the United States of America, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report (continued)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB GLOBAL FLOATING RATE INCOME FUND LIMITED (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, 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.

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Listing Rules of the Financial Conduct Authority (FCA)

The company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the company's obligations, as an investment company, under the Listing Rules of the FCA.

Aside from the impact of the matters disclosed in the material uncertainty related to going concern section, we have nothing material to add or draw attention to in respect of the following matters which we have reviewed based on the requirements of the Listing Rules of the FCA:

- The directors' confirmation that they have carried out a robust assessment of the principal and emerging risks facing the company, including a description of the principal risks, what procedures are in place to identify emerging risks, and an explanation of how those risks are being managed or mitigated.
- The directors' explanation as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal and emerging risks facing the company and the directors' statement in relation to the longer-term viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit.

Additionally, we have nothing to report in respect of our responsibility to report when:

- The directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.
- The statement given by the directors that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's position and performance, business model and strategy is materially inconsistent with our knowledge of the group obtained in the course of performing our audit.
- The section of the Annual Report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Evelyn Brady
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

8 April 2020

Consolidated Statement of Assets and Liabilities

AS AT 31 DECEMBER 2019 AND 31 DECEMBER 2018

(EXPRESSED IN U.S. DOLLARS)	NOTES	31 DECEMBER 2019	31 DECEMBER 2018
Assets			
Investments, at fair value (2019: cost of $534,559,362, 2018: cost of $959,000,297)	2	525,634,350	906,237,449
Derivative assets, at fair value	2	42,725,487	2,004,360
Cash and cash equivalents, at cost:			
– Sterling		9,359,483	6,503,338
– Euro		1,221,959	3,491,296
– U.S. Dollar		10,486,274	14,507,460
Total cash and cash equivalents		**21,067,716**	**24,502,094**
		589,427,553	**932,743,903**
Other assets			
Receivables for investments sold		10,341,862	28,146,055
Interest receivable		1,751,231	4,134,392
Other receivables and prepayments		37,390	250,805
Total other assets		**12,130,483**	**32,531,252**
Total assets		**601,558,036**	**965,275,155**
Liabilities			
Payables for investments purchased		10,948,094	21,215,284
Payables to Investment Manager and affiliates	3	975,430	1,939,561
Derivative liabilities, at fair value	2	6,275,110	27,761,581
Share buyback payable		4,997,310	2,259,994
Accrued expenses and other liabilities	3	329,309	212,598
Total liabilities		**23,525,253**	**53,389,018**
Total assets less liabilities		**578,032,783**	**911,886,137**
Share capital		991,694,915	1,360,035,525
Accumulated reserves		(413,662,132)	(448,149,388)
Total net assets		**578,032,783**	**911,886,137**

The Consolidated Financial Statements on pages 64 to 74 were approved and authorised for issue by the Board of Directors on 8 April 2020, and signed on its behalf by:

David Staples
Director

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments

AS AT 31 DECEMBER 2019 (EXPRESSED IN U.S. DOLLARS)	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Portfolio of investments			
Financial investments			
– Floating rate senior secured loans	503,318,028	493,850,029	85.44%
– Fixed rate bonds	17,471,875	18,024,647	3.12%
– Floating rate bonds	7,108,438	6,768,853	1.17%
– Equity	4,929,319	4,890,215	0.85%
– Warrants	1,731,702	2,100,606	0.36%
Total financial investments	**534,559,362**	**525,634,350**	**90.94%**
Forward exchange contracts			
– Euro to Sterling	–	(5,884,270)	(1.02%)
– Sterling to U.S. Dollar	–	49,510,758	8.57%
– U.S. Dollar to Euro	–	(2,829,075)	(0.49%)
– U.S. Dollar to Sterling	–	(4,347,036)	(0.75%)
	–	**36,450,377**	**6.31%**

	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Geographic diversity of investment portfolio (domicile of issuer)			
Caribbean	7,108,438	6,768,853	1.17%
North America	461,409,115	453,345,152	78.43%
Europe	66,041,809	65,520,345	11.34%
	534,559,362	**525,634,350**	**90.94%**

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments (CONTINUED)

AS AT 31 DECEMBER 2018 (EXPRESSED IN U.S. DOLLARS)	**COST**	**FAIR VALUE**	**FAIR VALUE AS % OF NET ASSETS**
Portfolio of investments			
Financial investments			
– Floating rate senior secured loans	870,267,348	824,084,240	90.37%
– Fixed rate bonds	47,045,381	43,264,069	4.75%
– Floating rate bonds	38,034,674	35,160,720	3.86%
– Equity	3,368,177	3,505,598	0.38%
– Warrants	284,717	222,822	0.02%
Total financial investments	**959,000,297**	**906,237,449**	**99.38%**
Forward exchange contracts			
– Euro to Sterling	–	83,436	0.01%
– Euro to U.S. Dollar	–	(59,939)	(0.01%)
– Sterling to U.S. Dollar	–	(30,918,881)	(3.39%)
– U.S. Dollar to Euro	–	1,802,438	0.20%
– U.S. Dollar to Sterling	–	3,335,725	0.37%
	–	**(25,757,221)**	**(2.82%)**

	COST	**FAIR VALUE**	**FAIR VALUE AS % OF NET ASSETS**
Geographic diversity of investment portfolio (domicile of issuer)			
Caribbean	34,990,633	32,098,883	3.52%
North America	739,607,621	698,022,815	76.55%
Europe	184,402,043	176,115,751	19.31%
	959,000,297	**906,237,449**	**99.38%**

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments (CONTINUED)

INDUSTRY DIVERSITY OF INVESTMENT PORTFOLIO	**31 DECEMBER 2019**		**31 DECEMBER 2018**	
(EXPRESSED IN U.S. DOLLARS)	**COST**	**FAIR VALUE**	**COST**	**FAIR VALUE**
Aerospace & Defence	5,539,691	5,585,895	8,772,109	8,358,920
Air Transport	606,388	614,759	–	–
Automotive	7,853,974	7,963,723	10,361,324	10,170,715
Broadcast Radio & Television	15,393,385	16,193,035	31,228,235	27,808,579
Business Equipment & Services	42,961,842	42,405,859	94,704,293	88,595,550
Building & Development	20,329,662	20,475,968	33,911,333	32,512,636
Cable & Satellite Television	24,468,057	24,773,189	47,961,730	46,315,417
Chemicals & Plastics	10,812,762	10,787,106	33,709,624	32,337,886
Clothing & Textiles	1,124,613	1,073,388	919,409	890,011
Conglomerates	–	–	831,285	801,804
Containers & Glass Products	24,669,420	24,554,571	34,958,309	33,463,781
Cosmetics/Toiletries	–	–	5,297,428	4,989,492
Drugs	19,422,141	18,765,747	45,350,327	43,180,644
Ecological Services & Equipment	1,880,752	1,794,592	6,341,689	6,082,071
Electronics/Electrical	43,871,158	42,868,772	81,172,484	76,202,178
Equipment Leasing	–	–	4,076,319	3,833,890
Financial Intermediaries	17,500,643	17,196,516	49,563,689	46,234,731
Food Products	2,552,418	2,445,335	15,842,024	14,603,633
Food Service	2,092,615	2,105,100	8,236,407	7,982,459
Food/Drug Retailers	4,994,130	5,153,363	7,334,600	7,084,538
Health Care	57,343,238	55,717,618	66,109,359	62,689,059
Home Furnishings	–	–	2,081,514	1,915,685
Hotels & Casinos	26,928,663	26,867,568	65,591,760	62,313,391
Industrial Equipment	14,526,073	14,472,480	48,253,843	45,815,829
Insurance	15,527,764	15,619,614	8,968,574	8,580,835
Leisure Goods/Activities/Movies	25,935,136	26,019,660	40,781,569	38,884,095
Nonferrous Metals & Minerals	2,089,774	1,802,995	–	–
Oil & Gas	40,204,704	36,212,161	40,446,060	36,384,499
Publishing	1,607,574	1,276,011	4,574,708	4,126,418
Rail Industries	1,114,400	1,129,598	–	–
Retailers (except food and drug)	26,280,028	26,033,313	34,183,938	32,462,771
Steel	8,681,042	8,655,858	10,252,887	9,841,234
Surface Transport	1,313,894	1,322,132	4,199,555	4,017,982
Telecommunications/Cellular Communications	35,096,018	34,149,268	68,175,758	63,743,791
Utilities	31,837,403	31,599,156	44,808,154	44,012,925
	534,559,362	**525,634,350**	**959,000,297**	**906,237,449**

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments (CONTINUED)

As at 31 December 2019, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE	% OF NAV
Altice France			**7,862,950**	**1.36%**
Altice France 1L T/L-B13 (7/18)	France	Cable & Satellite Television	4,171,359	0.73%
Altice France Sa 3.375% 01/15/28 Sr:Regs	France	Cable & Satellite Television	593,118	0.10%
Altice France Sa 5.500% 01/15/28 Sr:Regs	France	Cable & Satellite Television	2,260,610	0.39%
SFRFP T/L B12 1L USD	France	Cable & Satellite Television	837,863	0.14%
Intelsat Jackson			**6,929,733**	**1.20%**
Intelsat Jackson Holdings	Luxembourg	Telecommunications/Cellular Communications	3,513,648	0.61%
Intelsat Jackson Holdings	Luxembourg	Telecommunications/Cellular Communications	2,910,088	0.50%
Intelsat Jackson Holdings	Luxembourg	Telecommunications/Cellular Communications	505,997	0.09%
Bass Pro Group			**6,462,807**	**1.12%**
Bass Pro T/L-B 1L USD	United States	Retailers (except food and drug)	6,462,807	1.12%
Staples Inc			**6,311,334**	**1.09%**
SPLS TL B1 1L USD	United States	Retailers (except food and drug)	4,526,834	0.78%
STAPLES INC 7.500% 04/15/26 SR:REGS	United States	Retailers (except food and drug)	1,784,500	0.31%
EG FINCO			**5,789,515**	**1.00%**
OPTFIN T/L 2L USD	United States	Retailers (except food and drug)	341,842	0.06%
OPTFIN T/L B 1L GBP	United Kingdom	Retailers (except food and drug)	2,543,185	0.44%
OPTFIN T/L B1 1L EUR	United Kingdom	Retailers (except food and drug)	2,904,488	0.50%
Rackspace Hosting			**5,778,384**	**1.00%**
Rackspace Hosting Inc	United States	Electronics/Electrical	5,778,384	1.00%
Total			**39,134,723**	**6.77%**

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments (CONTINUED)

As at 31 December 2018, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE	% OF NAV
Bausch Health Companies			**14,274,056**	**1.57%**
Valeant 5/18 T/L-B	Canada	Drugs	8,630,137	0.95%
BAUSCH HEALTH 1L T/L-B 11/18	Canada	Drugs	1,991,644	0.22%
BAUSCH HEALTH COS INC 7.000% 03/15/24 SR:144A	Canada	Drugs	1,848,300	0.20%
BAUSCH HEALTH COS INC 6.500% 03/15/22 SR:144A	Canada	Drugs	1,803,975	0.20%
Techem			**11,284,750**	**1.24%**
Techem 1L T/L-B EUR	Germany	Industrial Equipment	11,284,750	1.24%
Altice France			**10,603,685**	**1.16%**
Sfrfp T/L B 11 1L EUR	France	Cable & Satellite Television	4,750,760	0.52%
Altice France 1L T/L-B13 (7/18)	France	Cable & Satellite Television	5,852,925	0.64%
Univision Communications			**10,374,460**	**1.14%**
Univision Communications	United States	Broadcast Radio & Television	7,644,099	0.84%
Univision Communications 5.125% 02/15/25 SR:Regs	United States	Broadcast Radio &Television	1,873,463	0.21%
Univision Communications 5.125% 02/15/25 SR:Regs	United States	Broadcast Radio &Television	856,898	0.09%
Scientific Games International			**10,105,799**	**1.11%**
Scientific Games International	United States	Hotels & Casinos	10,105,799	1.11%
Bass Pro Group			**9,696,557**	**1.06%**
Basspr T/L-B 1L USD	United States	Retailers (except food and drug)	9,696,557	1.06%
Total			**66,339,307**	**7.28%**

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments (CONTINUED)

As at 31 December 2019, the below were the largest 50 investments based on the NAV:

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE $	%
Bass Pro 1L T/L-B	United States	Retailers (except food and drug)	6,462,807	1.12%
Rackspace Hosting Inc	United States	Electronics/Electrical	5,778,384	1.00%
MPH Acquisition Holdings	United States	Health Care	5,503,729	0.95%
Team Health Holdings Inc	United States	Health Care	4,842,395	0.84%
Mcafee T/L-B 1L USD	United States	Electronics/Electrical	4,775,225	0.83%
Sedgwick 1L T/L-B 11/18	United States	Insurance	4,740,630	0.82%
Bcprap T/L- 1L USD	United States	Oil & Gas	4,722,689	0.82%
Lucid Energy Group	United States	Oil & Gas	4,709,787	0.81%
Sprint Communications 1L T/L-B	United States	Telecommunications/Cellular Communications	4,657,287	0.81%
Garda World 1L T/L-B 10/19	Canada	Business Equipment & Services	4,570,588	0.79%
SPLS T/L 1L USD	United States	Retailers (except food and drug)	4,526,834	0.78%
CH Hold T/L-B 1L USD	United States	Automotive	4,490,893	0.78%
Endo Pharmaceutical 1L T/L-B	United States	Drugs	4,468,710	0.77%
Berry Plastics Group Inc	United States	Containers & Glass Products	4,452,299	0.77%
BCP Renaissance Parent	United States	Oil & Gas	4,446,422	0.77%
DTZ US Borrower LLC	United States	Building & Development	4,405,180	0.76%
Reynolds Group Holdings	United States	Containers & Glass Products	4,313,607	0.75%
Altice France 1L T/L-B13 (7/18)	France	Cable & Satellite Television	4,171,359	0.72%
Formula One 1L T/L-B (1/18)	United Kingdom	Leisure Goods/Activities/Movies	4,144,207	0.72%
Prime Security Services Bor	United States	Business Equipment & Services	4,077,940	0.71%
Applied Systems Inc 1L T/L-B	United States	Electronics/Electrical	4,065,155	0.70%
Berlin Packaging LLC	United States	Containers & Glass Products	4,059,324	0.70%
Medallion Midland Acquisition LLC	United States	Oil & Gas	3,972,891	0.69%
Dakota Holding Corp	United States	Business Equipment & Services	3,966,946	0.69%
Brookfield Wec Holdings	United States	Utilities	3,954,236	0.68%
Seaworld 1L T/L-B5	United States	Leisure Goods/Activities/Movies	3,914,874	0.68%
Caesars Resort Collection LLC	United States	Hotels & Casinos	3,868,079	0.67%
Envision Healthcare Corpora	United States	Health Care	3,852,127	0.67%
Mohegan Tribal Gaming Authority	United States	Hotels & Casinos	3,804,599	0.66%
Centurylink 1L T/L-B	United States	Telecommunications/Cellular Communications	3,760,148	0.65%
Forterra Finance Llc	United States	Building & Development	3,723,552	0.64%
Ortho-Clinical Diagnostics	United States	Health Care	3,664,354	0.63%
Scientific Games International	United States	Hotels & Casinos	3,611,246	0.62%
Frontier Communications	United States	Telecommunications/Cellular Communications	3,608,285	0.62%
Tempo Acquisition Llc	United States	Business Equipment & Services	3,550,376	0.61%
Intelsat Jackson Hldg	Luxembourg	Telecommunications/Cellular Communications	3,513,648	0.61%
Valeant 5/18 T/L-B	United States	Drugs	3,499,118	0.61%
Panther Bf Aggregator 2	United States	Automotive	3,472,829	0.60%
Capmid T/L B 1L USD	United States	Oil & Gas	3,437,327	0.59%
BJ's Wholesale Club Inc	United States	Retailers (except food and drug)	3,425,143	0.59%
Kron Tl/L B 1L USD	United States	Business Equipment & Services	3,421,182	0.59%
CPN T/L-B9 1L USD	United States	Utilities	3,392,578	0.59%
Traverse Midstream Partners LLC	United States	Oil & Gas	3,387,481	0.59%
Station Casinos Llc	United States	Hotels & Casinos	3,342,306	0.58%
Realogy Group Llc	United States	Building & Development	3,326,584	0.58%
Trident Tpi Holdings Inc	United States	Containers & Glass Products	3,291,190	0.57%
Mauser Packaging Solutions T/L B (Bway)	United States	Containers & Glass Products	3,290,806	0.57%
Hub International Ltd	United States	Insurance	3,269,837	0.57%
TMS International Corp	United States	Steel	3,263,618	0.56%
Nestle Skin 1L T/L-B Eur 7/19	Luxembourg	Health Care	3,236,458	0.56%
				34.99%

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments (CONTINUED)

As at 31 December 2018, the below were the largest 50 investments based on the NAV:

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE $	%
Techem 1L T/L-B EUR	Germany	Industrial Equipment	11,284,750	1.24%
Scientific Games International	United States	Hotels & Casinos	10,105,799	1.11%
Bass Pro 1L T/L-B	United States	Retailers (except food and drug)	9,696,557	1.06%
Endo Pharmaceutical 1L T/L-B	Ireland	Drugs	9,051,605	0.99%
Centurylink 1L T/L-B	United States	Telecommunications/Cellular Communications	8,888,774	0.97%
Valeant 5/18 T/L B	Canada	Drugs	8,630,138	0.95%
Sprint Communications 1L T/L-B	United States	Telecommunications/Cellular Communications	7,857,635	0.86%
Univision Communications Inc 1L T/L-C5	United States	Broadcast Radio & Television	7,644,099	0.84%
Jaguar Holding (Pharmaceutical Product) T/L B	United States	Drugs	7,499,706	0.82%
Seaworld 1L T/L-B5	United States	Leisure Goods/Activities/Movies	7,415,445	0.81%
MPH Acquisition Holdings	United States	Health Care	7,294,444	0.80%
Rackspace Hosting Inc	United States	Electronics/Electrical	7,099,033	0.78%
Twin River Mgt Grp T/L B 1L 30/06/2020	United States	Hotels & Casinos	6,998,276	0.77%
Staples Inc 1L T/L	United States	Retailers (except food and drug)	6,824,826	0.75%
Team Health Holdings Inc	United States	Health Care	6,693,732	0.73%
Transdigm Inc 2018 Term Loan F	United States	Aerospace & Defense	6,514,810	0.71%
Formula One 1L T/L-B (1/18)	United Kingdom	Leisure Goods/Activities/Movies	6,192,961	0.68%
Presidio T/L B 2017	United States	Business Equipment & Services	6,180,061	0.68%
Nautilus Power 1L T/L-B	United States	Utilities	6,160,056	0.68%
LWSN T/L B6 1L USD	United States	Electronics/Electrical	6,088,913	0.67%
Altice France 1L T/L-B13 (7/18)	France	Cable & Satellite Television	5,852,925	0.64%
Mohegan Tribal Gaming Authority	United States	Hotels & Casinos	5,820,476	0.64%
Crosby US Acquisition Corp	United States	Industrial Equipment	5,808,270	0.64%
Nielsen Business Media 1L T/L-B	United States	Leisure Goods/Activities/Movies	5,791,367	0.64%
Syniverse Holdings Inc	United States	Telecommunications/Cellular Communications	5,760,947	0.63%
SS&C Technologies T/L-B3 (2/18)	United States	Electronics/Electrical	5,742,396	0.63%
Verallia SA EUR 1L T/L	France	Containers & Glass Products	5,732,153	0.63%
Amneal Pharma 1L T/L-B (3/18)	United States	Drugs	5,720,564	0.63%
Garda World Security	Canada	Business Equipment & Services	5,683,131	0.62%
RJS Power 1L T/L-B2	United States	Utilities	5,511,592	0.60%
Sedgwick 1L T/L-B 11/18	United States	Insurance	5,455,467	0.60%
TPF II Power LLC T/L B 11/09/2021	United States	Utilities	5,421,474	0.59%
Advant Sal&Markt T/L B DD 11/07/2021	United States	Business Equipment & Services	5,391,923	0.59%
iHeartCommunications Inc	United States	Broadcast Radio and Television	5,260,496	0.58%
BJ's Wholesale Club Inc	United States	Retailers (except food and drug)	5,152,943	0.57%
WSTC TL 1L USD	United States	Business Equipment & Services	5,145,579	0.56%
Berlin Packaging LLC	United States	Containers & Glass Products	5,035,117	0.55%
DTZ US Borrower LLC	United States	Building & Development	4,939,296	0.54%
BCP Renaissance Parent	United States	Oil & Gas	4,923,776	0.54%
Ziggo T/L F (01/17)	Netherlands	Cable & Satellite Television	4,860,197	0.53%
Capital Automotive 1L T/L-B	United States	Building & Development	4,849,320	0.53%
Frontier Communications 1L T/L-B	United States	Telecommunications/Cellular Communications	4,824,831	0.53%
SFRFP TL B11 1L EUR	France	Cable & Satellite Television	4,750,760	0.52%
Change Healthcare Holdings	United States	Business Equipment & Services	4,743,609	0.52%
Albertsons Albertsons 1L T/L-B5	United States	Food/Drug Retailers	4,697,024	0.52%
Cumulus Media 1L T/L-Exit (6/18)	United States	Broadcast Radio & Television	4,681,522	0.51%
Bcprap T/L 1L USD	United States	Oil & Gas	4,615,282	0.51%
Cineworld 1L T/L-B EUR	United States	Leisure Goods/Activities/Movies	4,585,589	0.50%
GTT Communications 1L T/L USD 2/18	United States	Telecommunications/Cellular Communications	4,532,200	0.50%
Lucid Energy Group	United States	Oil & Gas	4,480,598	0.49%
			309,892,444	**33.98%**

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Statement of Operations

(EXPRESSED IN U.S. DOLLARS)	NOTE	1 JANUARY 2019 TO 31 DECEMBER 2019	1 JANUARY 2018 TO 31 DECEMBER 2018
Income			
Interest income net of withholding taxes, 2019: $73,516 (2018: $51,355)	2(b)	42,460,228	56,728,139
Other income from investments		245,421	1,361,869
Total income		**42,705,649**	**58,090,008**
Expenses			
Investment management and services	3	5,420,321	8,768,715
Administration and professional fees	3	2,473,432	2,687,684
Directors' fees and travel expenses	3	245,712	257,354
Total expenses		**8,139,465**	**11,713,753**
Net investment income		**34,566,184**	**46,376,255**
Realised and unrealised gains and losses			
Net realised loss on investments	2(e)	(19,780,304)	(1,955,189)
Net realised loss on derivatives	2(e)	(47,630,216)	(23,370,305)
Total net realised loss		**(67,410,520)**	**(25,325,494)**
Net change in unrealised appreciation/(depreciation) on investments	2(e)	43,880,603	(58,495,641)
Net change in unrealised appreciation/(depreciation) on derivatives	2(e)	62,207,599	(42,884,065)
Total net unrealised appreciation/(depreciation)		**106,088,202**	**(101,379,706)**
Realised and unrealised (loss)/gain on foreign currency	2(e)	(255,846)	1,048,067
Net realised and unrealised gain/(loss)		**38,421,836**	**(125,657,133)**
Net increase/(decrease) in net assets resulting from operations		**72,988,020**	**(79,280,878)**

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets

FOR THE YEAR 1 JANUARY 2019 TO 31 DECEMBER 2019

(EXPRESSED IN U.S. DOLLARS)	VALUE
Net assets as at 1 January 2019	**911,886,137**
Dividends	(38,500,764)
Net movement from share buybacks and share conversions	(368,340,610)
Net increase in net assets resulting from operations	72,988,020
Net assets as at 31 December 2019	**578,032,783**

FOR THE YEAR ENDED 31 DECEMBER 2018

(EXPRESSED IN U.S. DOLLARS)	VALUE
Net assets as at 1 January 2018	**1,308,070,928**
Dividends	(45,768,934)
Net movement from share buybacks and share conversions	(271,134,979)
Net decrease in net assets resulting from operations	(79,280,878)
Net assets as at 31 December 2018	**911,886,137**

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Consolidated Statement of Cash Flows

(EXPRESSED IN U.S. DOLLARS)	1 JANUARY 2019 TO 31 DECEMBER 2019	1 JANUARY 2018 TO 31 DECEMBER 2018
Cash flows from operating activities:		
Net increase/(decrease) in net assets resulting from operations	72,988,020	(79,280,878)
Adjustment to reconcile net increase/(decrease) in net assets resulting from operations to net cash provided by operating activities:		
Net realised loss on investments	19,780,304	1,955,189
Net change in unrealised (appreciation)/depreciation on investments and derivatives	(106,088,202)	101,379,706
Net change in unrealised gain on translation of assets and liabilities	94,887	1,046,615
Amortisation of discounts/premiums	(1,550,354)	–
Changes in receivables for investments sold	17,804,193	(13,943,488)
Changes in interest receivable	2,383,161	(164,573)
Changes in other receivables and prepayments	213,415	(168,788)
Changes in payables for investments purchased	(10,267,190)	(82,546,601)
Changes in payables to Investment Manager and affiliates	(964,131)	(485,676)
Changes in accrued expenses and other liabilities	116,711	(165,398)
Purchase of investments	(317,205,799)	(553,005,975)
Realisation of investments	723,459,553	846,976,906
Net cash provided by operating activities	**400,764,568**	**221,597,039**
Cash flows from financing activities:		
Net movement from share buybacks and share swaps	(365,603,295)	(268,874,985)
Dividends paid	(38,500,764)	(45,768,934)
Net cash used in financing activities	**(404,104,059)**	**(314,643,919)**
Effect of exchange rate changes on cash	(94,887)	(1,046,615)
Net decrease in cash and cash equivalents	**(3,434,378)**	**(94,093,495)**
Cash and cash equivalents at beginning of the year	24,502,094	118,595,589
Cash and cash equivalents at end of the year	**21,067,716**	**24,502,094**

The accompanying notes on pages 75 to 88 form an integral part of the Consolidated Financial Statements

Notes to the Audited Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019

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 UK Listing Authority with a premium listing trading on the Main Market of the LSE.

As required under Article 51 of the Company's Articles of Incorporation, at the AGM held on 7 May 2019 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 at the 2020 AGM and 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.

The Company had established a wholly-owned Luxembourg incorporated subsidiary which was placed into liquidation on 31 December 2019, details of which are contained on page 2.

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 31 December 2019.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying Audited Consolidated Financial Statements have been presented on a going concern basis and 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") Topic946 ("ASC946"). The Board believes that the underlying assumptions are appropriate and that the Company's Consolidated Financial Statements therefore present a true and fair financial position.

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern including reviewing the on-going cash flows and the level of cash balances as of the reporting date as well as taking into consideration the continuation vote on page 12. There is a material uncertainty as to the outcome of this continuation resolution that may cast significant doubt on the Company's ability to continue as a going concern. The Directors have made the assumption that the annual continuation vote to be held in June 2020 will be passed and that the Redemption Offer for the year ended 31 December 2020 will not be triggered.

After making enquiries of the Investment Manager and the Sub-Administrator, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least one year from the date these financial statements were signed. Accordingly, the Directors continued to adopt a going concern basis in preparing these financial statements.

The Audited Consolidated Financial Statements comprise the financial statements of the Company and its wholly owned subsidiary undertakings as at 31 December 2019. 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.

After consultation with Legal counsel and Tax advisors the Board resolved it would be best to streamline the structure by dissolving the Luxembourg subsidiaries. The voluntary winding-up process was comprised of a three-step plan detailed as follows:

1st established the dissolution of the companies and on 10 October 2019 transferred the portfolio held in Lux 2 at market value to the Company,

2nd appointment of the liquidator (JTC Signes Services S.A.) on 18 December 2019;

3rd closing of the liquidation and filing with Luxembourg authorities on 31 December 2019.

The results of the subsidiary undertakings are included in the Consolidated Statement of Operations. All intra-group balances, transactions income and expenses are eliminated in full at year-end.

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Critical accounting judgement and 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.

Critical accounting estimates

The area where estimates are significant to the financial statements is valuation of investments in Note 2(e).

Critical judgements

The functional currency for the Company and all its wholly owned subsidiaries is U.S. Dollars because this is the currency of the primary economic environment in which they operate.

At no point was there a loss of control over the subsidiaries despite the appointment of the liquidator. The agreement with the liquidator and Luxembourg law allowed the Company to terminate the liquidator and the liquidator will take instructions from the company therefore, consolidation of the subsidiaries was still appropriate at end of 31 December 2019.

(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 is paid 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 measured at fair value are translated using spot rates as at the date when fair value is determined. 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 31 December 2019 were 1.32475 USD: 1GBP and 1.12250 USD: 1EUR (31 December 2018 were 1.27360 USD: 1GBP and 1.14315 USD: 1EUR).

(e) Fair Value of Financial Instruments and derivatives

A financial instrument is defined by FASB ASC 825 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 31 December 2019 to estimate the fair value of each class of financial instruments:

– Valuation of financial investments – The loans, warrants 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. Level 2 and 3 equity and warrant investments are carried at fair value as determined by the Investment Manager. Level 1 equity investments are valued using quoted prices.

– 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.

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

– Interest receivables – The net realisable value reasonably approximates fair value.

– 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. Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

The following table details the Company's financial instruments that were accounted for at fair value as at 31 December 2019.

FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 31 DECEMBER 2019

FINANCIAL INVESTMENTS	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Floating rate senior secured loans	–	472,325,980	21,524,049	493,850,029
Fixed rate bonds/corporate loans	–	15,757,823	2,266,824	18,024,647
Floating rate bonds/corporate loans	–	6,768,853	–	6,768,853
Equity	1,503,253	419,982	2,966,980	4,890,215
Warrants	–	389,937	1,710,669	2,100,606
Total financial investments	**1,503,253**	**495,662,575**	**28,468,522**	**525,634,350**

	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Balance at start of the year	286,629	856,659,155	49,291,665	906,237,449
Purchases during the year[1]	1,561,142	321,227,657	12,973,073	335,761,872
Sales during the year[1]	–	(713,803,223)	(28,212,403)	(742,015,626)
Realised loss on investments	–	(19,755,825)	(24,479)	(19,780,304)
Unrealised loss on revaluation	(344,518)	41,679,226	2,545,895	43,880,603
Amortization	–	1,550,356	–	1,550,356
Transfer from Level 2 to Level 3	–	(12,488,548)	12,488,548	–
Transfer from Level 3 to Level 2	–	20,593,777	(20,593,777)	–
Balance at end of the year	**1,503,253**	**495,662,575**	**28,468,522**	**525,634,350**

1 Included in these figures is $18,556,073 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 74.

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

DERIVATIVES AT FAIR VALUE AS AT 31 DECEMBER 2019

FINANCIAL ASSETS	NO. OF CONTRACTS	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Derivatives *(for hedging purposes only)*	33	–	42,725,487	–	42,725,487
FINANCIAL LIABILITIES					
Derivatives *(for hedging purposes only)*	48	–	(6,275,110)	–	(6,275,110)
Total	**81**	**–**	**36,450,377**	**–**	**36,450,377**

FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 31 DECEMBER 2018

FINANCIAL INVESTMENTS	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Floating rate senior secured loans	–	779,474,905	44,609,335	824,084,240
Fixed rate bonds/corporate loans	–	41,548,719	1,715,350	43,264,069
Floating rate bonds/corporate loans	–	35,160,720	–	35,160,720
Equity	286,629	251,989	2,966,980	3,505,598
Warrants	–	222,822	–	222,822
Total financial investments	**286,629**	**856,659,155**	**49,291,665**	**906,237,449**

	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Balance at start of the year	–	1,227,274,656	33,384,554	1,260,659,210
Purchases during the year[1]	330,947	669,643,673	55,983,840	725,958,460
Sales during the year[1]	–	(983,606,146)	(36,323,245)	(1,019,929,391)
Realised loss on investments	–	(2,390,019)	434,830	(1,955,189)
Unrealised loss on revaluation	(44,318)	(51,799,366)	(6,651,957)	(58,495,641)
Transfer from Level 2 to Level 3	–	(57,455,042)	57,455,042	–
Transfer from Level 3 to Level 2	–	54,991,399	(54,991,399)	–
Balance at end of the year	**286,629**	**856,659,155**	**49,291,665**	**906,237,449**

1 Included in these figures is $172,952,485 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 74.

DERIVATIVES AT FAIR VALUE AS AT 31 DECEMBER 2018

FINANCIAL ASSETS	NO. OF CONTRACTS	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Derivatives *(for hedging purposes only)*	36	–	2,004,360	–	2,004,360
FINANCIAL LIABILITIES					
Derivatives *(for hedging purposes only)*	37	–	(27,761,581)	–	(27,761,581)
Total	**73**	**–**	**(25,757,221)**	**–**	**(25,757,221)**

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 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 Consolidated Statement of Assets and Liabilities. As at 31 December 2019, there were two counterparties for the forward contracts (31 December 2018: two).

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

The following tables summarise the significant unobservable inputs the Company used to value its investments categorised within Level 3 at 31 December 2019. The tables are not intended to be all-inclusive but instead capture the significant unobservable inputs relevant to the determination of fair values.

SECTOR	FAIR VALUE ($)	PRIMARY VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE/INPUT*
Bank Debt Investments	21,524,049	Market Information	Unadjusted Broker Quote	1
Equity	4,677,649	Market Comparables	EBITDA multiple	4-11
Corporate Bonds	2,266,824	Market Information	Enterprise Value	N/A
Total	**28,468,522**			

* Bank Debt Investments with a single broker quote result in Level 3 classification. Unobservable inputs from the broker quote were not included because the Company does not develop the quantitative inputs and they are not readily available. The EBITDA multiple increase/(decrease) results in an increase/(decrease) in the valuation of the equity.

UNOBSERVABLE INPUTS AS AT 31 DECEMBER 2018

SECTOR	FAIR VALUE ($)	PRIMARY VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE/INPUT*
Bank Debt Investments	44,609,335	Market Information	Unadjusted Broker Quote	1
Equity	2,966,980	Market Comparables	EBITDA multiple	5-13
Corporate Bonds	1,715,350	Market Information	Enterprise Value	N/A
Total	**49,291,665**			

* Bank Debt Investments with a single broker quote result in Level 3 classification. Unobservable inputs from the broker quote were not included because the Company does not develop the quantitative inputs and they are not readily available. The EBITDA multiple increase/(decrease) results in an increase/(decrease) in the valuation of the equity.

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

PRIMARY UNDERLYING RISK	FOR THE YEAR ENDED 31 DECEMBER 2019 ($)	FOR THE YEAR ENDED 31 DECEMBER 2018 ($)
Net realised loss on derivatives	(47,630,216)	(23,370,305)
Net change in unrealised (appreciation)/depreciation on derivatives	62,207,599	(42,884,065)
Total	**14,577,383**	**(66,254,370)**

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 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 31 December 2019 the AIFM designated 10 (31 December 2018: 18) of its floating rate senior secured loans at Level 3. With respect to the level 3 equity position, the Investment Manager's Investment Committee has derived the fair value, based on comparable companies in similar industries. Level 1 positions are listed on an exchange. Level 2 positions are observable pricing inputs in active markets and fair value is determined through use of models or other valuation methodologies.

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 by type of investment is as follows:

FOR THE YEAR ENDED 31 DECEMBER 2019
(EXPRESSED IN U.S. DOLLARS)

Realised gain on investments	6,514,187
Realised loss on investments	(26,294,491)
	(19,780,304)
Realised gain on derivatives	106,522,249
Realised loss on derivatives	(154,152,465)
	(47,630,216)
Unrealised gain on investments	52,801,948
Unrealised loss on investments	(8,921,345)
	43,880,603
Unrealised gain on derivatives	84,252,646
Unrealised loss on derivatives	(22,045,047)
	62,207,599
Realised and unrealised gain on foreign currency transactions	1,586,276
Realised and unrealised loss on foreign currency transactions	(1,842,122)
	(255,846)

The net realised and unrealised gain/(loss) on investments shown in the Consolidated Statement of Operations for the year ended 31 December 2018 by type of investment is as follows:

FOR THE YEAR ENDED 31 DECEMBER 2018
(EXPRESSED IN U.S. DOLLARS)

Realised gain on investments	9,259,671
Realised loss on investments	(11,214,860)
	(1,955,189)
Realised gain on derivatives	162,582,313
Realised loss on derivatives	(185,952,618)
	(23,370,305)
Unrealised gain on investments	5,127,917
Unrealised loss on investments	(63,623,558)
	(58,495,641)
Unrealised gain on derivatives	10,107,400
Unrealised loss on derivatives	(52,991,465)
	(42,884,065)
Realised and unrealised gain on foreign currency transactions	3,880,862
Realised and unrealised loss on foreign currency transactions	(2,832,795)
	1,048,067

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Consolidated Statement of Assets and Liabilities at fair value in accordance with US GAAP, with changes in fair value recognised within the Consolidated Statement of Operations in each reporting year. 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.

(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 Consolidated Statement of Operations in each reporting year.

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.

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Group filed tax returns for its Luxembourg entities. Corporate taxes at the Luxembourg subsidiaries' level totalled €72,374 (31 December 2018: €31,371) and as these amounts are not considered material by the Directors, they have not been separately disclosed on the Consolidated Statement of Operations. Following the liquidation of the Luxembourg subsidiaries, it is expected that the withholding taxes will increase in 2020.

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. The Company guaranteed to the Liquidator to pay surplus of 1) tax liabilities, 2) costs and expenses related to the liquidation.

As of 31 December 2019, 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 2018: 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 classification 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. On 1 October 2019, the IMA was amended to reflect a reduction in the Investment Manager's fee.

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.

As per the IMA dated 17 July 2014, the Manager was entitled to a management fee, which accrued daily, and was payable quarterly in arrears. From 1 January 2019 to 30 September 2019 at the following rates 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%

The IMA was amended effective 1 October 2019 and the Investment Manager thereafter is entitled to a management fee of 0.65% per annum of the Company's NAV.

For the year ended 31 December 2019, the management fee expense was $5,420,321 (31 December 2018: $8,768,715), of which $975,430 (31 December 2018: $1,939,561) was unpaid at the year end.

The Manager is not entitled to a performance fee.

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS (continued)

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 ("Administrator") and U.S. Bank Global Fund Services (Ireland) 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 Administration and Sub-Administration Agreement and subject to an annual minimum of $75,000.

For the year ended 31 December 2019, the administration fee was $421,132 (31 December 2018: $543,818) of which $30,657 (31 December 2018: $40,187) was unpaid at the year end.

From 1 January 2019 to 21 April 2019, Carey Commercial Limited was the Company Secretary. Effective 22 April 2019, Praxis Fund Services Limited was appointed the Company Secretary and is entitled to an annual fee of £80,000 plus out of pocket expenses.

For the year ended 31 December 2019, the secretarial fee (both Carey Commercial Limited and Praxis Fund Services Limited) was $173,731 (31 December 2018: $168,666), of which $12,279 (31 December 2018: $46,537) related to administration of the buybacks, of which $25,977 (31 December 2018: $25,166) was unpaid at the year end.

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

The Custodian fees for the year ended 31 December 2019 were $392,546 (31 December 2018: $346,322) of which $130,521 (31 December 2018: $42,259) was unpaid. Effective 1 January 2020, the Company entered into an amendment agreement to reduce the Administration and Custodian fees.

Registrar's Agreement

Link Market Services (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 register during the fee period, with a minimum charge per annum of £9,000. For the year ended 31 December 2019, the Registrars fees amounted to $144,803 (31 December 2018: $96,032). Of these, $20,006 (31 December 2018: $5,594) was unpaid at the year end.

Corporate Broker Agreement

Effective 1 January 2019, Numis Securities Limited were appointed the Company's Corporate Broker and Financial Advisors. Numis Securities Limited are entitled to an annual retainer fee of £69,000 p.a.

Directors

The Directors are related parties and are remunerated for their services at a fee of £40,000 per annum each (£50,000 for the Chairman). In addition, the Chairman of the Audit and Risk Committee receives an additional £6,000 for services in this role. The Chairman of the Management Engagement Committee and the Chairman of the Remuneration Committee receive an additional £3,000 each per annum and the Senior Independent Director receives an additional £3,000 per annum. The Directors' fee for the two Luxembourg subsidiaries for the year ended 31 December 2019, whose Directors are unrelated to the Guernsey Board members, is included within the subsidiaries' Administration fees. Of these, none were prepaid or owing at year end. For the year ended 31 December 2019, the Guernsey Directors' fees and travel expenses amounted to $245,712 (31 December 2018: $257,354). Of these, $Nil were owing at the year end (31 December 2018: $Nil). A one off payment of £5,000 was made to David Staples during the year as described in the "Directors' Remuneration Report" on page 51.

As at 31 December 2019, Mr Battey, Mr Dorey, Mrs Platts and Mr Staples held 30,077, 20,000, 10,069 and 25,000 Sterling Ordinary Shares in the Company respectively (31 December 2018: Mr Battey, Mr Dorey, Mrs Platts and Mr Staples held 30,077, 20,000, 10,069 and 25,000 Sterling Ordinary Shares in the Company respectively). During the year, Mr Dorey's wife held 100,000 U.S. Dollar Ordinary Shares.

During the year ended December 2019, the Directors received the following dividend payments on their shares held: Mr Battey £1,453; Mr Dorey £966; Mrs Platts £486; Mr Staples £1,208 and Mr Dorey's wife received $4,970.

FOR THE YEAR ENDED 31 DECEMBER 2019

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 year.

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

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 minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out by the Investment Manager.

All the Company's 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.

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 4 – RISK FACTORS (continued)

Credit Risk (continued)

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.

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 the 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 31 December 2019, there were no such outstanding participation commitments in the Company.

Other Risks

Legal, tax and regulatory changes could occur 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 U.S., better rated, performing issuers and majority of investments being in the U.S. 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 by buying back its own shares in line with its stated policy.

NOTE 5 – CONTINGENCIES

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

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 6 – SHARE CAPITAL (continued)

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 such 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.

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 31 December 2019 (31 December 2018: No Euro Ordinary Shares, no B Shares and no C Shares).

FROM 1 JANUARY 2019 TO 31 DECEMBER 2019	U.S. DOLLAR ORDINARY SHARES	STERLING ORDINARY SHARES	TOTAL
Balance as at 1 January 2019	**57,929,350**	**730,289,944**	**788,219,294**
Monthly conversions[1]	(18,749,182)	15,174,710	(3,574,472)
Share buybacks	(11,468,782)	(312,188,347)	(323,657,129)
Balance as at 31 December 2019[2]	**27,711,386**	**433,276,307**	**460,987,693**

FROM 1 JANUARY 2018 TO 31 DECEMBER 2018	U.S. DOLLAR ORDINARY SHARES	STERLING ORDINARY SHARES	TOTAL
Balance as at 1 January 2018	**43,227,792**	**964,088,627**	**1,007,316,419**
Monthly conversions[1]	16,762,863	(13,243,270)	3,519,593
Share buybacks	(2,061,305)	(220,555,413)	(222,616,718)
Balance as at 31 December 2018[2]	**57,929,350**	**730,289,944**	**788,219,294**

Treasury Shares

As at 31 December 2019, the Company held the following shares in treasury.

	31 DECEMBER 2019	31 DECEMBER 2018
Sterling Ordinary Treasury Shares[3]	75,000,000	75,000,000
U.S. Dollar Ordinary Treasury Shares[3]	1,342,627	1,342,627

1 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.

2 Balance of issued shares (less Treasury shares) used to calculate NAV per share.

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

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 7 – FINANCIAL HIGHLIGHTS

31 DECEMBER 2019	U.S. DOLLAR ORDINARY SHARE AS AT 31 DECEMBER 2019 (USD)	STERLING ORDINARY SHARE AS AT 31 DECEMBER 2019 (GBP)
Per share operating performance		
NAV per share at the beginning of the year	0.9468	0.9215
Share buybacks and share swaps during the year	0.0047	0.0232
Income from investment operations[(a)]		
Net income per share for the year[(b)]	0.0457	0.0440
Net realised and unrealised loss from investments	0.0431	0.0365
Foreign currency translation	–	(0.0169)
Total gain from operations	**0.0888**	**0.0636**
Distributions per share during the year	(0.0531)	(0.0489)
NAV per share at the end of the year	**0.9872**	**0.9594**
NAV Total return[1, (b)]	9.43%	9.27%
Ratios to average net assets[(b)]		
Net investment income	4.69%	4.66%
Expenses	1.08%	1.10%

(a) The average number of shares outstanding for the year 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.

1 The NAV total return is the % of change in NAV per share from the start of the year. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

31 DECEMBER 2018	U.S. DOLLAR ORDINARY SHARE AS AT 31 DECEMBER 2018 (USD)	STERLING ORDINARY SHARE AS AT 31 DECEMBER 2018 (GBP)
Per share operating performance		
NAV per share at the beginning of the year	0.9896	0.9702
Share buybacks and share swaps during the year	0.0104	0.0049
Income from investment operations[(a)]		
Net income per share for the year[(b)]	0.0405	0.0385
Net realised and unrealised loss from investments	(0.0554)	(0.0368)
Foreign currency translation	–	(0.0173)
Total loss from operations	**(0.0149)**	**(0.0156)**
Distributions per share during the year	(0.0383)	(0.0380)
NAV per share at the end of the year	**0.9468**	**0.9215**
NAV Total return[1, (b)]	**(0.60%)**	**(1.33%)**
Ratios to average net assets[(b)]		
Net investment income	4.12%	4.00%
Expenses	0.98%	1.01%

(a) The average number of shares outstanding for the year 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.

1 The NAV total return is the % of change in NAV per share from the start of the period. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend.

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 8 – SUBSEQUENT EVENTS

Since the year ended 31 December 2019 and up to 3 April 2020 being the last practicable date prior to publishing, the Company has repurchased 37,537,281 Sterling Ordinary Shares and 1,717,000 U.S. Dollar Ordinary Shares for cancellation.

The Company held an EGM on 3 March 2020 where it sought shareholder approval to renew the authority for the Company to make market purchases of its own Shares, which was duly granted.

Effective 1 January 2020, the Company entered into an amendment agreement reducing the Administration, Sub-Administration and Custody fees.

The Investment Manager is monitoring the ongoing developments related to COVID-19 (Novel Coronavirus) with a particular focus on two areas: the safety and health of its employees and clients, and the ability to continue to conduct effectively its investment and business operations (including all critical services).

The Investment Manager currently has not experienced a significant impact on its operating model. Looking back, the Investment Manager notes that the economic impact of the 2003 SARS outbreak was manageable overall and short-term in nature but acknowledges it is too early to predict the full extent of the current COVID-19 outbreak with high confidence. The Investment Manager will continue to watch the effectiveness of efforts to contain the spread of the COVID-19 virus and the potential long-term implications on global economies and continue to monitor and adapt as necessary the firm's operations and processes to most effectively manage portfolios.

The recent outbreak of the COVID-19 pandemic in many countries, which is a rapidly evolving situation, has disrupted global travel and supply chains, and has adversely impacted global commercial activity, the transportation industry and various financial sectors. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse effect on economic and market conditions and trigger a period of global economic slowdown. Such conditions (which may be across industries, sectors or geographies) may impact financial performance of the Company.

Alternative Investment Fund Managers Directive Disclosure

Changes to Article 23(1) Disclosures

Directive 2011/61/EU on Alternative Investment Fund Managers Directive ("AIFMD") requires certain information to be made available to investors in alternative investment funds ("AIFs") before they invest and requires that material changes to this information be disclosed in the annual report of each AIF.

There have been no material changes (other than those reflected in the financial statements) to this information requiring disclosure.

Leverage

For the purposes of this disclosure, leverage is any method by which an AIF's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means.

The AIFMD requires that each leverage ratio be expressed as the ratio between an AIF's exposure and its net asset value ("NAV"), and prescribes two required methodologies, the gross methodology and the commitment methodology, for calculating such exposure. Using the methodologies prescribed under the AIFMD, the leverage of NB Global Floating Rate Income Fund Limited (the "Fund") as at 31 December 2019 is disclosed below:

Leverage calculated pursuant to the gross methodology:	1.75
Leverage calculated pursuant to the commitment methodology:	1.77

Liquidity and risk management systems and profile

Current risk profile risk management systems

The portfolio managers and risk management professionals of Neuberger Berman Investment Advisers LLC (the "AIFM") regularly review the investment performance and the portfolio composition of the Company in the light of the Company's investment objective, policy and strategy; the principal risks and investment or economic uncertainties that have been identified as relevant to the Fund; internal risk measures and the interests and profile of investors.

The AIFM assesses the Fund's current and prospective need for liquidity on an on-going basis and ensures that liquidity is available when required. The risk profile of the Fund calculated by the AIFM was as follows:

Market risk profile

The market risk indicators calculated by the AIFM as at 31 December 2019 are listed in the table here below:

	< 5 YRS	5 – 15 YRS	> 15 YRS	RISK MEASURE DESCRIPTION
Net DV01	USD 15,617	USD 2,195	0	Change of 1 bps of rate
Net CS01	USD 111,469	USD 2,123	0	Change of 1 bps for spread

The expected annual investment return/IRR in normal market conditions (in %)	0

	HISTORICAL SIMULATION	MONTE CARLO SIMULATION	PARAMETRIC SIMULATION
VAR[1]	N/A	1.32 %	N/A

1 Value at Risk.

Alternative Investment Fund Managers Directive Disclosure (continued)

Counterparty risk profile

The top five counterparties to which the Fund had the greatest mark-to-market net counterparty credit exposure, measured as a % of the NAV of the Fund are listed in the table below:

RANKING	NAME OF COUNTERPARTY	NAV PERCENTAGE OF THE TOTAL EXPOSURE VALUE OF THE COUNTERPARTY
First counterparty exposure	UBS AG	7.39%
Second counterparty exposure	U.S. Bank	2.53%
Third counterparty exposure	Altice France	1.22%
Fourth counterparty exposure	Intelsat Jackson Hlgs	1.22%
Fifth counterparty exposure	Basspr USD	1.12%

Westpac Banking Corporation had a mark-to-market credit exposure to the Fund equivalent to 1.09% of the Fund's NAV.

Liquidity Profile

(a) Portfolio Liquidity Profile

55% of the portfolio can be liquidated within one day or less in normal market conditions and 45% of the portfolio can be liquidated in 2 to 7 days in normal market conditions.

The Fund had USD 21,067,716 unencumbered cash available to it.

(b) Investor Liquidity Profile

0.4% of the investor equity in the Fund can be redeemed within a day, 2.5% of the investor equity can be redeemed within 2 to 7 days, 9.58% of the investor equity can be redeemed within 8 to 30 days, 25% of the investor equity can be redeemed within 31 to 90 days and 62.52% of the investor equity can be redeemed within 91 to 180 days, in normal market conditions.

(c) Investor Redemption

Does the Fund provide investors with withdrawal/redemption rights in the ordinary course?	No

Report on Remuneration

The Neuberger Berman Compensation Committee is responsible for the compensation practices within the Neuberger Berman group, and Neuberger Berman also operates a structure throughout the group to ensure appropriate involvement and oversight of the compensation process, so that compensation within the group rewards success whilst reflecting appropriate behaviours.

Neuberger Berman recognises the need to ensure that compensation arrangements do not give rise to conflicts of interest, and this is achieved through the compensation policies as well as through the operation of specific policies governing conflicts of interests.

Neuberger Berman's compensation philosophy is one that focuses on rewarding performance and incentivising employees. Employees at Neuberger Berman may receive compensation in the form of base salary, discretionary bonuses and/or production compensation. Investment professionals receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including the aggregate investment performance of all strategies managed by the individual (including the three-year track record in order to emphasise long-term performance), effective risk management, leadership and team building, and overall contribution to the success of Neuberger Berman.

Neuberger Berman considers a variety of factors in determining fixed and variable compensation for employees, including firm performance, individual performance, overall contribution to the team, collaboration with colleagues across the firm, effective partnering with clients to achieve goals, risk management and the overall investment performance. Neuberger Berman strives to create a compensation process that is fair, transparent, and competitive with the market.

A portion of bonuses may be awarded in the form of contingent or deferred cash compensation, including under the "Contingent Compensation Plan", which serves as a means to further align the interests of employees with the interest of clients, as well as rewarding continued employment. Under the Contingent Compensation Plan a percentage of a participant's compensation is awarded in deferred contingent form. Contingent amounts take the form of a notional investment based on a portfolio of Neuberger Berman investment strategies and/or a contingent equity award, and Neuberger Berman believes that this gives each participant further incentive to operate as a prudent risk manager and to collaborate with colleagues to maximise performance across all business areas. The programmes specify vesting and forfeiture terms, including that vesting is normally dependent on continued employment and contingent amounts can be forfeited in cases including misconduct or the participants participating in detrimental activity.

The proportion of the total remuneration of the staff of the AIFM attributable to the Fund, calculated with reference to the proportion of the value of the assets of the Fund managed by the AIFM to the value of all assets managed by the AIFM, was $968,797 representing $212,207 of fixed compensation and $756,591 of variable compensation. There were 1,007 of staff of the AIFM who shared in the remuneration paid by the AIFM.

Compensation by the AIFM to senior management and staff whose actions had a material impact on the risk profile on the Fund in respect of 2019 was $289,067,975 in relation to senior management and $1,011,551 in respect of 'risk takers'. The compensation figure for senior management has not been apportioned, while the compensation figure for risk takers has been apportioned by reference to the number of AIFs whose risk profile was materially impacted by each individual staff member.

Neuberger Berman Investment Advisers LLC
8 April 2020

Contact Details

Directors

Rupert Dorey – Chairman
Sandra Platts
Richard Battey
David Staples

All c/o the Company's registered office.

Registered Office

Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 1GR

Company Secretary

Praxis Fund Services 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

Custodian and Principal Bankers

US Bank National Association

Sub-Administrator

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

Financial Adviser and Corporate Broker

Numis Securities Limited

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

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

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

Annual Reports

Copies of the Company's annual reports may be obtained from the Company Secretary or by visiting 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. A schedule of dates for election can be found on the Company's website.

Company Numbers

Sterling Ordinary Shares

LSE ISIN code: GG00B3KX4Q34
Bloomberg code: NBLS: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
www.theaic.co.uk

Dividend Re-investment Plan

The Registrar also manages a Dividend Re-Investment Plan ("DRIP") 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 or by phoning +44(0)371 664 0445. Calls cost 12p per minute plus network charges +44(0)20 3367 2699 (from outside the UK). Lines are open 8 a.m. to 4:30 p.m. Monday to Friday (excluding UK bank holidays).