

NB Distressed Debt Investment Fund Limited Global Shares

NEUBERGER BERMAN

31 March 2016

FUND OBJECTIVE

NB Distressed Debt Investment Fund Limited ("NBDDIF") is a Guernsey-incorporated closed-ended investment company launched in June 2010. NBDDIF's primary objective is to provide investors with attractive risk-adjusted returns through long-biased, opportunistic stressed, distressed and special situation credit-related investments while seeking to limit downside risk.

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

The New Global Share Class ("NBDG") was created in March 2014 and aims to capture the growing opportunity in distressed debt globally. NBDG is subject to an investment period ending on 31 March 2017, following which the harvest period will commence.

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

MANAGER COMMENTARY

Summary

In the first quarter, challenging market conditions continued as a lack of liquidity and potential sellers put pressure on pricing. We believe the fundamental value of our positions will be realised over time.

We continue to focus on debt collateralised by hard assets at attractive valuations and actively managing the current investments in our portfolio in order to generate profitable realisations through significant events (asset sales, legal outcomes, foreclosures, etc.). We remain positive about the investments in the portfolio and believe we can generate significant returns from current mark-to-market valuations.

During the quarter, capital markets experienced significant volatility as commodity prices rebounded in the second half of the quarter to recoup the losses at the beginning of the period. Without a bid, credit and equity markets experienced a steep decline during January and early February. Mid-February was the low point for most markets after which the equity and liquid credit markets began to recover. Commodities followed suit though, remaining depressed versus historical levels.

Our market continues to experience a lack of liquidity as funds remain cautious and investment banks continue to pull back their proprietary investing activities due to regulatory changes. We continue to believe that the opportunity set in distressed debt and post-reorganisation securities of companies with tangible assets is attractive, particularly in the energy, power generation, transportation, and commercial and residential real estate sectors. During the quarter we purchased a new investment in bank debt of an Australian wind farm company, added to an existing investment in a building and development company and purchased additional bank debt in a shipping company, all at what we believe to be attractive prices.

Portfolio

As of 31 March 2016, 85.9% of NBDG's NAV was invested in distressed assets. 14.1% of NAV was held in cash and cash equivalents, net of accruals and is available for new investments and working capital. NBDG is invested in 27 issuers across 11 industries. The largest sectors are lodging & casinos, utilities, shipping, oil and gas, and surface transportation.

NBDG's NAV per share decreased 4.0% in the first quarter to 70.48p from 73.41p (adjusted 31/12/15 NAV). We believe that performance versus other distressed debt managers can be indicated by relevant distressed market indices including the HFRI Distressed/Restructuring Index², which declined 1.3% in the first quarter, and the performance of defaulted loans in the S&P/LSTA Index³, which declined 5.7% in the first quarter. An indicator of the disruption in lower quality credit markets is that the Credit Suisse⁴ and BofA Merrill Lynch⁵ U.S. distressed high yield indices returned (7.1%) and 3.4%, respectively, during the first quarter.

The primary drivers of NBDG's decline in NAV were mark-to-market declines in utilities, shipping, nonferrous metals/minerals, building and development, and industrial investments partially mitigated by unrealised gains in, gaming, commercial real estate investments, and a single power plant investment described below and on the next page.

KEY STATISTICS (as at 31 March 2016)¹

NAV Per Share:	GBP 0.7048
Share Price:	GBP 0.6400
Share Price (Discount) / Premium vs. NAV	(9.19)%
Market Cap	GBP 66.90m

KEY INFORMATION

Fund Type:	Closed-ended Investment Company
Launch Date:	10 June 2010
Base Currency:	GBP
NAV Frequency:	Daily
Domicile:	Guernsey
Year End:	31 December
Management Fee:	1.5%
Bloomberg Ticker:	NBDG
ISIN:	GG00BH7JH183
Website:	www.nbddf.com

FUND MANAGERS



MICHAEL HOLMBERG

27 years investment experience



BRENDAN MCDERMOTT

12 years investment experience



RAVI SONI

11 years investment experience

DIRECTORS

John Hallam (Chairman)

Sarah Evans

Michael Holmberg

Christopher Sherwell

Stephen Vakil

Data as at 31 March 2016. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

1. Source: Bloomberg, except where otherwise stated.

2. The HFRI Distressed/Restructuring Index reflects distressed restructuring strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceedings or financial market perception of near term proceedings (provided by Hedge Fund Research, Inc.).

3. This refers to the D-rated cohort of the S&P/LSTA Leveraged Loan Index indicating defaulted loans. The S&P/LSTA Leveraged Loan Index is designed to mirror the investible universe of the \$US-denominated leveraged loan market.

4. Credit Suisse High Yield Index is designed to mirror the investible universe of the \$US-denominated high yield debt market. The distressed/default rating index includes issuers who have filed for bankruptcy protection or missed a coupon payment and the grace period has expired; Standard & Poor rating is D, CC or C and/or Moody's rating is Ca or C (provided by Credit Suisse).

5. The BofA Merrill Lynch US Distressed High Yield Index is a subset of the BofA Merrill Lynch US High Yield Index including all securities with an option-adjusted spread greater than or equal to 1,000 basis points. The BofA Merrill Lynch US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market (Data source: Bloomberg).

Please see disclaimer on final page

For Professional Client Use Only

Portfolio (continued)

Certain notable corporate events involving NBDG's existing investments during the quarter are highlighted below¹:

- As previously reported, an east coast power plant announced that it reached an agreement to sell its core asset. The sale closed in the first quarter and we received the first payment from the sales proceeds. We expect a second payment in February 2017 from escrow releases.
- Negotiations within different equity classes were resolved for an east coast lodging and casino equity investment. The company is close to finalising a corporate recapitalisation to simplify its financial structure to move closer to a sale of the property.
- An equity investment in a shipping company completed a balance sheet recapitalisation whereby existing shareholders provided a new second lien facility to give the company incremental liquidity.
- A shipping company announced it is undertaking corporate changes to improve liquidity in its public shares. The equity is currently listed on the Danish stock exchange and the company is contemplating a US equity listing which would be a positive event for the liquidity of the shares.

Market Update

Market conditions continue to present NBDG with a pipeline of stressed and distressed opportunities across a broad spectrum of sectors as described below.

Credit spreads continued to widen in the first quarter as the number of distressed issuers increased to 344 at 31 March 2016 with \$317 billion of par value distressed from 177 distressed issuers at 31 March 2015 with \$121 billion of par distressed high yield bonds. Sectors with greater than 15% distressed issuers (measured as OAS > 1,000 bps) are Basic Industry, Capital Goods, Energy, Retail, Services, Technology, Telecom and Transportation. We find the majority of hard asset sectors attractive, presenting NBDG with a larger opportunity set of distressed opportunities to pursue².

In Europe, €1.1 billion of non-performing loans currently sit on European Union banks' balance sheets, according to the IMF³. Italy announced it is restructuring its banking system, creating a €5 billion fund to offload and ultimately dispose of the bad loans. Other European banks have been announcing plans to offload non-performing loans portfolios. European regulators realise the high level of non-performing loans are a drag on economic activity and are working to create solutions that enable the banks to ultimately dispose of them⁴.

Exits

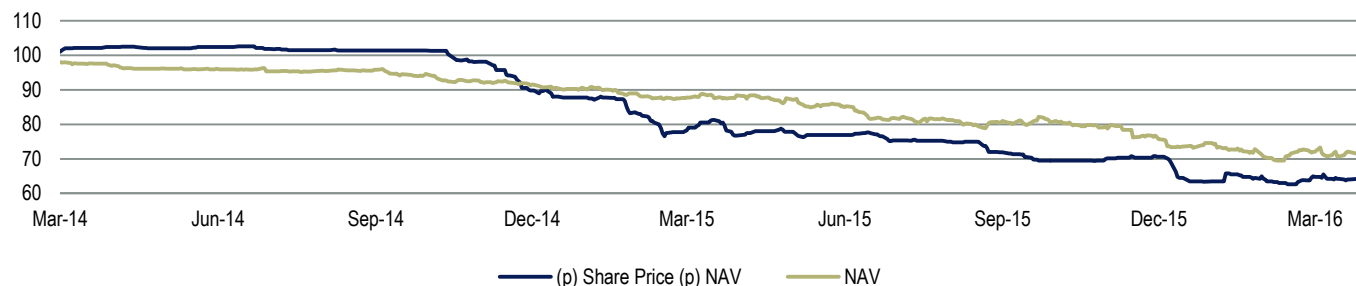
There were no exits in the quarter.

Share Buy-Backs

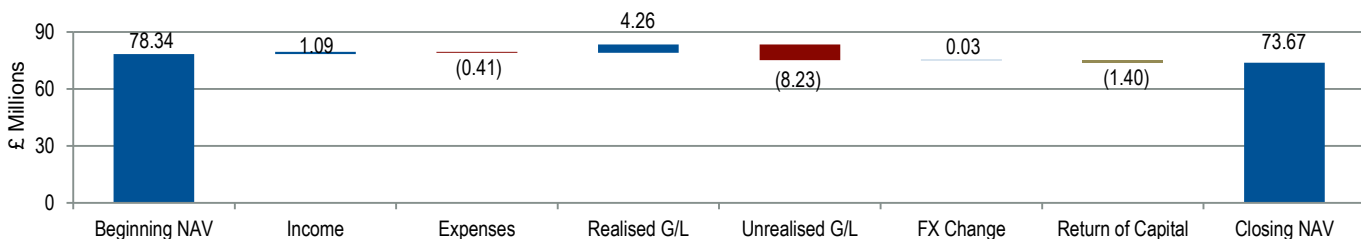
Under the authorised share buy-back policy, 2,192,000 shares of NBDG were purchased during the quarter in the open market at a cost of £1,404,294. The average discount to NAV on share buy-backs was 10.70% during the quarter⁵. Total shares in treasury as of quarter end are 6,257,000.

See www.nbddif.com for further information.

SHARE PRICE / NAV⁶



NAV BRIDGE - 31 DECEMBER 2015 TO 31 MARCH 2016



Source: Neuberger Berman.

Beginning NAV is based on adjusted NAV from Audited Financials year-end figures.

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

Return of Capital includes distributions and buy backs

Figures presented are based on quarter to date financial information. This NAV bridge has not been audited and figures are subject to changes.

Data as at 31 March 2016. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

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

2. Source: BofA Merrill Lynch U.S. High Yield Master II Constrained Index

3. Source: IMF website

4. Source: IMF Staff Discussion Note, "A Strategy for Resolving Europe's Problem Loans; European Banking Authority, "2015 EU wide transparency exercise report" dated November 24, 2015.

5. Source: Stifel Nicolaus Europe Limited

6. Source: Bloomberg.

TOP 10 HOLDINGS¹

Holding	Industry	Purchased Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casino	Post-Reorg Equity	Post-Reorg	US	9.6%	Casino
2	Commercial Mortgage	Secured Loan	Current	Netherlands	6.2%	Commercial real estate
3	Building & Development	Post-Reorg Equity	Post-Reorg	US	6.2%	Residential real estate
4	Lodging & Casino	Secured Loan	Defaulted	Spain	5.9%	Hotels
5	Shipping	Secured Loan	Post-Reorg	Denmark	5.3%	Maritime vessels
6	Lodging & Casino	Secured Loan	Current	US	5.0%	Casino/hotel real estate
7	Utilities	Secured Loan	Current	Australia	4.8%	Power plants
8	Surface Transportation	Secured Loan	Current	US	4.6%	Infrastructure assets
9	Nonferrous Metals/Minerals	Post-Reorg Equity	Post-Reorg	US	3.9%	Manufacturing/distribution real estate
10	Utilities	Secured Loan	Current	US	3.5%	Power plants
Total					55%	

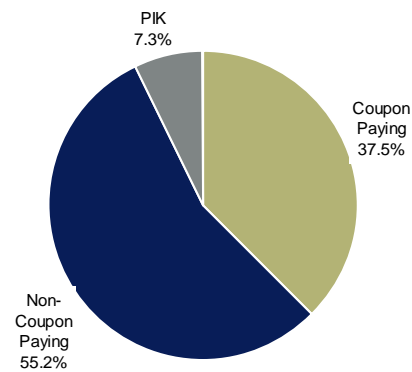
COUNTRY BREAKDOWN^{2,3} (%)

U.S.A	51.5%
United Kingdom	16.0%
Spain	8.4%
Denmark	8.3%
Australia	6.8%
Netherlands	6.2%
Marshall Islands	2.8%

CURRENCY BREAKDOWN^{2,3} (%)

USD	64.9%
EUR	14.8%
GBP	12.3%
DKK	5.3%
AUD	2.7%

COUPON PAYMENTS (excluding cash)²



SECTOR BREAKDOWN^{2,3} (%)

Lodging & Casinos	22.8%
Utilities	12.0%
Shipping	9.7%
Oil and Gas	9.2%
Surface Transport	9.1%
Commercial Mortgage	6.2%
Building & Development	6.2%
Nonferrous Metals/Minerals	3.9%
Industrials	3.5%
AirTransport	1.1%
Chemicals & Plastics	0.4%
Restricted Cash	1.9%
Cash, Equivalents & Net Accruals	14.1%

Data as at 31 March 2016. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDG.

2. Categorisations determined by Neuberger Berman and percentages determined by U.S. Bancorp Fund Services (Guernsey) Limited / Quintillion Limited, as administrator to NBDDIF, based on market value as of 31 March 2016. Excludes cash and short term investments.
3. Categorisations determined by Neuberger Berman; percentages determined by Neuberger Berman and U.S. Bancorp Fund Services (Guernsey) Limited / Quintillion Limited as Fund Administrator. Please note that irrespective of the "sector" in which an investment is made, the underlying assets constituting the collateral for the investment comprise real estate assets in a majority of cases. As a result, NBDG's overall exposure to the real estate sector may be more than its actual direct exposure to that sector.
4. Includes cash and accruals.

This document is intended only for the person to whom it has been delivered. No part of this document may be reproduced in any manner without the written permission of NB Distressed Debt Investment Fund Limited ("NBDDIF").

The securities described in this document may not be eligible for sale in some states or countries and it may not be suitable for all types of investors. This document is only directed at: (a) persons outside the European Economic Area ("EEA") to whom it is lawful to communicate, (b) persons in member states of the EEA who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors") and to whom this document may lawfully be communicated; (c) persons in the United Kingdom who are Qualified Investors and who (i) have professional experience in matters relating to investments so as to qualify them as "investment professionals" under Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) fall within Article 49(2)(a) to (d) of the Order; or (d) other persons to whom it may otherwise lawfully be communicated (all such persons referred to in (a), (b), (c) and (d) together being "Relevant Persons"). Any investment or investment activity to which this document relates is available only to and will only be engaged in with such persons. This document must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors.

Further, this document is not for release, publication or distribution, directly or indirectly, in whole or in part, to US Persons (as defined in Rule 902 of Regulation S under the US Securities Act of 1933) or into the United States, Australia, Canada, Japan or any other jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdictions. The information provided in this material should not be considered a recommendation to buy, sell or hold any particular security. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision. This document is not intended to be an investment advertisement or sales instrument; it constitutes neither an offer nor an attempt to solicit offers for the securities described herein and prospective investors should not subscribe or purchase securities described in this document on the basis of the information in this document. This document was prepared using the financial information available to NBDDIF as at the date of this document.

This information is believed to be accurate but has not been audited by a third party. The information contained in this document will not be updated. This document describes past performance, which may not be indicative of future results. No representation or warranty is given to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns, if any. Each of NBDDIF, Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC and their affiliates and their respective officers, employees or agents expressly disclaims any and all liability which may be based on this document and any errors therein or omissions therefrom. This report includes candid statements and observations regarding investment strategies, individual securities, and economic and market conditions; however, there is no guarantee that these statements, opinions or forecasts will prove to be correct. These comments may also include the expression of opinions that are speculative in nature and should not be relied on as statements of fact. The views and opinions expressed herein include forward-looking statements which may or may not be accurate over the long term. Forward-looking statements can be identified by words like "believe", "expect", "anticipate", or similar expressions. You should not place undue reliance on forward-looking statements, which are current as of the date of this report. We disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. While we believe we have a reasonable basis for our appraisals and we have confidence in our opinions, actual results may differ materially from those we anticipate. Neuberger Berman is a registered trademark. © 2016 Neuberger Berman.