NB Distressed Debt Investment Fund Limited
New Global Shares

NEUBERGER | BERMAN

December 31, 2015

FUND OBJECTIVE

NB Distressed Debt Investment Fund Limited ("NBDDIF") is a Guernsey-incorporated closed-ended investment company that 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 classes.

MANAGER COMMENTARY

Summary

In the fourth quarter of 2015, the NBDG NAV was impacted by mark-to-market volatility; however we believe that, on the whole, the true fundamental value of our positions will be realised over time given the quality of the underlying assets. Our portfolio also remains well diversified by sector.

Volatility across global markets, caused in large party by a decline in commodity prices and heightened risk aversion, led to a lack of buyers and increasingly limited liquidity across credits markets in the quarter. Mark-to-market volatility resulting from a lack of liquidity was compounded by forced selling from hedge funds which were under pressure to raise cash in order to meet redemptions. We believe that NBDG is structured to withstand illiquid markets and we will seek to profit from them. We believe our investment thesis remains intact, that distressed debt markets will recover and thus, we are selectively adding to our positions and initiating new positions at what we believe to be attractive levels.

We believe that the opportunity set in distressed debt and post-reorganisation securities of companies with tangible assets has become even more attractive, particularly in the energy, power generation, transportation, and commercial and residential real estate sectors. 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 attractive returns from current mark-to-market valuations.

Portfolio

As of 31 December 2015, 81.4% of NBDG's NAV was invested in distressed assets with 18.6% held in cash and available for new investments and working capital. NBDG had investments in 27 issuers across 11 industries. The largest sector concentrations were in lodging & casinos, utilities, shipping, surface transport and oil & gas.

NBDG's NAV per share decreased 8.4% in the fourth quarter, to 74.59 pence from 81.45 pence. Volatility in global markets continues to impact valuations on almost all financial instruments. The increase in volatility has been caused by a number factors including the lack of liquidity in the leveraged loan and high yield bond markets and severe price declines in oil and other commodities.

We believe that performance relative to other distressed debt managers is best indicated by relevant distressed market indices including the HFRI Distressed/Restructuring Index[2], which declined 3.2% in the fourth quarter, and the performance of defaulted loans in the S&P/LSTA Index[3], which declined 18.1% in the fourth quarter. Other indications of the volatility in lower quality credit markets include the Credit Suisse[4] and Bank of America Merrill Lynch[5] distressed high yield indices, which returned (18.1%) and (15.9%), respectively, during the fourth quarter.

NBDG's NAV was impacted during the quarter by significant gains/losses in energy and utilities, post reorganisation equities and infrastructure investments. Significant events were:

- Exploration & Production (E&P) investments were negatively impacted by further declines in underlying commodity prices. WTI oil prices were down approximately 18% during the fourth quarter while the Henry Hub (US Benchmark) natural gas prices fell approximately 7%. Unlike other sectors in the portfolio that have been marked down and we expect to recover, some portion of this decline could be permanent.
- A California Supreme Court ruling will potentially delay development of one of the real estate investments in the portfolio. The market price dropped as a result of the ruling in addition to a lack of liquidity in the post-reorganisation equity markets.
- As previously reported, one of NBDG's utility investments announced that it reached an agreement to sell its core asset, a combined-cycle natural gas power plant in the eastern USA to a large power generating company. The bid price for the LLC units rose 12% during the quarter.

Market Update[6]

Market conditions continue to present NBDG with a pipeline of stressed and distressed opportunities across a broad spectrum of sectors including real estate, infrastructure, energy, and transportation.

The number of high-yield bonds trading at distressed levels more than doubled in 2015 to the highest level since 2009. The amount of debt trading with composite spreads of 1,000 bps or higher increased to about $180 billion in 228 issuers (as of 16 November 2015) from $66.8 billion in 103 issuers in the same period of 2014. In addition to the commodity related industries, the Lodging and Casinos, Transportation, Capital Goods, and Telecom sectors all have more than 15% of face value of high yield issuers with Option Adjusted Spreads (OAS) of >1,000 bps.

FUND MANAGERS

MICHAEL HOLMBERG
27 years investment experience

BRENDAN MCDERMOTT
12 years investment experience

RAVI SONI
11 years investment experience

KEY STATISTICS (as at December 31, 2015)[1]

NAV Per Share:	GBP 74.590
Share Price:	GBP 63.375
Share Price (Discount) / Premium vs. NAV	(15.04)%
Market Cap	£67.63m

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.nbddif.com

DIRECTORS

John Hallam (Chairman)
Sarah Evans
Michael Holmberg
Christopher Sherwell
Stephen Vakil (effective 5 February 2016)

Data as at December 31, 2015. Past performance is not indicative of future returns. All comments unless otherwise stated relate to NBDX.

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 proceeding 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 ("OAS") 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).*
6. *Source: LCD News December 21, 2015; 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; Deutsche Bank Markets Research Year-Ahead outlook 2016 December 8, 2015.*
7. *The term 'weighted average IRR', as used in this fact sheet, is determined by Neuberger Berman by calculating, for each investment exit, (A) the investment exit's original purchase price, divided by (B) the total of all investment exits' original purchase prices, multiplied by (C) the IRR for the applicable investment exit. Neuberger Berman then calculates the sum of the figures calculated in the prior sentence for all of investment exits for the share class. The weighted average IRR inception to date in the September 30, 2015 factsheet was 17%. The correct weighted average IRR was 41% as of September 30, 2015.*

Finally, European Union banks still have an estimated €826bn of non-performing loans (NPLs) currently sitting on the balance sheets of banks supervised by the Single Supervisory Mechanism (SSM) of the ECB. Non-performing loans in Europe amount to almost 6% of total loans and advances of Europe's banks compared to an equivalent figure of 3% for the U.S. banking industry. Banks have been announcing plans to offload non-performing loans portfolios and demand continues to be significant from opportunistic credit funds like ours. European banks supervised by the SSM would need to reduce non-performing loans by an additional €400bn to achieve similar reductions to those in the U.S. We believe that European regulators realise that high non-performing loans are a drag on economic activity and are working to improve the structure to enable the banks to dispose of the NPLs.

Exits

There were no exits in the quarter. From inception to date, NBDG has had six exits with total net gain of £1.5 million and a weighted average IRR[7] of 42%.

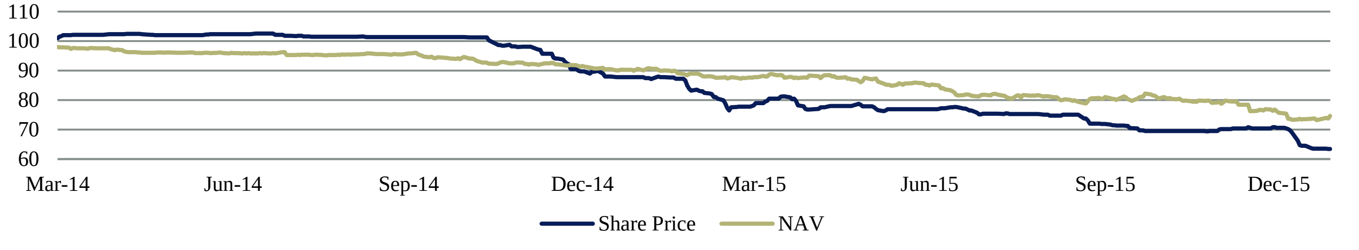
Share Buy Backs

Under the authorised share buy-back policy, 2,055,000 shares of NBDG were purchased during the quarter in the open market at a cost of £1,432,325. Total shares purchased during the year were 4,065,000 and are held in treasury.

TOP 10 HOLDINGS[2]

Holding	Industry	Purchased Instrument	Status	Country	% of NAV	Primary Assets
1	Lodging & Casino	Post-Reorg Equity	Post-Reorg	US	8%	Casino
2	Utilities	Secured Loan	Current	US	6%	Power plants
3	Utilities	Post-Reorg Equity	Post-Reorg	US	6%	Power plants
4	Lodging & Casino	Secured Loan	Defaulted	Spain	6%	Hotels
5	Shipping	Secured Loan	Post-Reorg	Denmark	5%	Maritime vessels
6	Commercial Mortgage	Secured Loan	Current	Netherlands	5%	Commercial real estate
7	Building & Development	Post-Reorg Equity	Post-Reorg	US	5%	Residential real estate
8	Nonferrous Metals/Minerals	Post-Reorg Equity	Post-Reorg	US	4%	Manufacturing/distribution real estate
9	Lodging & Casino	Secured Loan	Current	US	4%	Casino/hotel real estate
10	Surface Transportation	Secured Loan	Current	US	4%	Infrastructure assets
Total					53%	

PERFORMANCE[3]



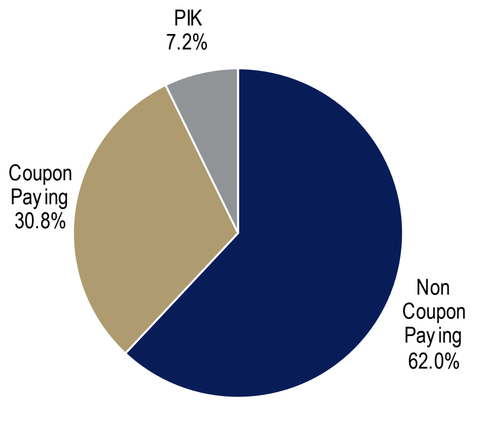
COUNTRY BREAKDOWN[4,5] (%)

United States	56.4%
Great Britain	15.5%
Spain	7.8%
Denmark	6.2%
Netherlands	5.4%
Marshall Islands	4.0%
Australia	1.7%
Accruals	3.1%

CURRENCY BREAKDOWN[4,5] (%)

USD	68.1%
EUR	13.3%
GBP	11.0%
DKK	5.4%
AUD	2.3%

COUPON PAYMENTS (excluding cash)[4]



SECTOR BREAKDOWN[4,5] (%)

Lodging & Casinos	20.3%
Utilities	15.2%
Shipping	11.0%
Surface Transport	8.0%
Oil and Gas	6.7%
Commercial Mortgage	5.4%
Building & Development	5.2%
Nonferrous Metals/Minerals	4.3%
Industrials	3.7%
Air Transport	1.0%
Chemicals & Plastics	0.6%
Restricted Entity Cash and Accruals	0.0%
Distressed Investments	81.4%
Cash, Cash Equivalents and Accruals	18.6%

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1. *The term 'weighted average IRR', as used in this fact sheet, is determined by Neuberger Berman by calculating, for each investment exit, (A) the investment exit's original purchase price, divided by (B) the total of all investment exits' original purchase prices, multiplied by (C) the IRR for the applicable investment exit. Neuberger Berman then calculates the sum of the figures calculated in the prior sentence for all of investment exits for the share class.*
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 December 31, 2015. Excludes cash and short term investments.*
3. *Source: Bloomberg.*
4. *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 may comprise real estate assets in a number 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.*
5. *Includes cash and accruals.*