

NB GLOBAL MONTHLY INCOME FUND LIMITED

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



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

Independent Auditors' Report

The Directors
NB Global Monthly Income Fund Limited:

Opinion

We have audited the financial statements of NB Global Monthly Income Fund Limited (the Company), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 2021, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations, changes in its net assets, and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Board may bring forward a proposal to wind-up the Company should the cash exit offer be taken up by shareholders in full and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Company as of and for the year ended December 31, 2020 were audited by another auditor, who expressed an unmodified opinion on those statements on April 19, 2021.

Responsibilities of Management for the Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

KPMG LLP

Dallas, Texas
April 21, 2022

Statement of Assets and Liabilities

AS AT 31 DECEMBER 2021 AND 31 DECEMBER 2020
(EXPRESSED IN U.S. DOLLARS)

	NOTES	31 DECEMBER 2021	31 DECEMBER 2020
Assets			
Investments, at fair value (2021: cost of \$310,963,360, 2020: cost of \$295,411,529)	2	307,358,954	297,712,245
Derivative assets, at fair value (2021: cost of \$Nil, 2020: cost of \$Nil)	2 (e)	551,564	12,993,970
Cash and cash equivalents			
- Sterling (2021: cost of \$71,815, 2020: cost of \$1,742,815)		73,532	1,795,941
- Euro (2021: cost of \$186,021, 2020: cost of \$3,345,715)		187,093	3,447,099
- U.S. Dollar		11,407,318	10,651,883
Total cash and cash equivalents		11,667,943	15,894,923
		319,578,461	326,601,138
Other assets			
Receivables for investments sold		2,964,458	7,354,637
Interest receivable		2,802,128	2,044,589
Other receivables and prepayments		229,088	130,293
Total other assets		5,995,674	9,529,519
Total assets		325,574,135	336,130,657
Liabilities			
Payables for investments purchased		5,529,950	17,812,405
Payables to Investment Manager and affiliates	3	599,135	567,605
Derivative liabilities, at fair value (2021: proceeds of \$Nil, 2020: proceeds of \$Nil)	2 (e)	2,134,666	108,468
Dividend payable		1,305,719	-
Accrued expenses and other liabilities	3	323,518	233,007
Total liabilities		9,892,988	18,721,485
Total assets less liabilities		315,681,147	317,409,172
Share capital		752,021,562	752,021,562
Accumulated reserves		(436,340,415)	(434,612,390)
Total net assets		315,681,147	317,409,172
Net Asset Value per share		£0.9429	£0.9394

The Financial Statements were approved and authorised for issue by the Board of Directors on 21 April 2022, and signed on its behalf by:



David Staples
Director

The accompanying notes are an integral part of the Financial Statements

Condensed Schedule of Investments

AS AT 31 DECEMBER 2021

(EXPRESSED IN U.S. DOLLARS)

	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Portfolio of investments			
Financial investments			
- Private Debt	68,345,866	68,628,397	21.74%
- Special Situations	11,234,289	9,278,095	2.94%
- CLO Debt Tranches	33,858,274	33,637,153	10.66%
- Global High Yield Bonds	85,843,950	84,704,896	26.83%
- Global Floating Rate Loans	108,561,394	109,185,622	34.59%
- Equity	3,119,587	1,924,791	0.60%
Total financial investments	310,963,360	307,358,954	97.36%
Forward exchange contracts			
- Euro to Sterling	-	(47,220)	(0.01%)
- Sterling to U.S. Dollar	-	(2,133,872)	(0.68%)
- U.S. Dollar to Euro	-	398,842	0.13%
- U.S. Dollar to Sterling	-	199,148	0.06%
	-	(1,583,102)	(0.50%)
	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Geographic diversity of investment portfolio (domicile of issuer)			
Australia/Oceania	3,991,090	3,984,149	1.26%
Caribbean	11,219,336	11,166,755	3.54%
North America	244,254,010	241,149,026	76.39%
Europe	51,498,924	51,059,024	16.17%
	310,963,360	307,358,954	97.36%

The accompanying notes are an integral part of the Financial Statements

Condensed Schedule of Investments (continued)

AS AT 31 DECEMBER 2020 (EXPRESSED IN U.S. DOLLARS)	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Portfolio of investments			
Financial investments			
- Private Debt	33,958,211	34,437,669	10.85%
- Special Situations	20,266,537	18,053,663	5.69%
- CLO Debt Tranches	20,809,276	20,794,373	6.55%
- Global High Yield Bonds	74,211,202	77,741,222	24.49%
- Global Floating Rate Loans	141,682,088	142,807,252	44.99%
- Equity	3,037,230	2,564,191	0.81%
- Warrants	1,446,985	1,313,875	0.41%
Total financial investments	295,411,529	297,712,245	93.79%
Forward exchange contracts			
- Euro to Sterling	-	16,210	0.01%
- Sterling to U.S. Dollar	-	14,695,380	4.63%
- U.S. Dollar to Euro	-	(972,747)	(0.31%)
- U.S. Dollar to Sterling	-	(853,341)	(0.27%)
	-	12,885,502	4.06%
	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Geographic diversity of investment portfolio (domicile of issuer)			
Africa	428,624	439,656	0.14%
Caribbean	21,491,946	21,686,873	6.83%
North America	222,400,952	222,228,205	70.01%
Europe	51,090,007	53,357,511	16.81%
	295,411,529	297,712,245	93.79%

The accompanying notes are an integral part of the Financial Statements

Condensed Schedule of Investments (continued)

INDUSTRY DIVERSITY OF INVESTMENT PORTFOLIO (EXPRESSED IN U.S. DOLLARS)	31 DECEMBER 2021		31 DECEMBER 2020	
	COST	FAIR VALUE	COST	FAIR VALUE
Aerospace & Defence	2,632,038	2,588,263	3,580,931	3,734,342
Air Transport	3,413,326	3,557,457	3,812,001	4,023,735
Automotive	7,744,244	7,751,948	3,638,794	3,907,317
Broadcast Radio & Television	2,119,862	1,972,212	5,569,180	5,315,591
Brokers, Dealers & Investment Houses	1,017,505	1,002,690	-	-
Business Equipment & Services	23,577,127	20,947,052	16,540,266	16,359,847
Building & Development	13,627,368	13,680,036	5,673,567	5,914,375
Cable & Satellite Television	9,727,116	9,534,252	4,176,887	4,287,162
Chemicals & Plastics	5,417,731	5,410,970	7,569,955	7,801,492
Clothing & Textiles	3,139,039	3,177,263	1,089,218	1,113,735
Containers & Glass Products	3,364,469	3,309,094	8,399,895	8,692,676
Drugs	2,224,541	2,166,927	2,336,763	2,340,471
Electronics/Electrical	36,235,879	36,264,483	27,705,664	27,946,069
Equipment Leasing	2,646,689	2,868,831	682,670	892,500
Financial Intermediaries	39,076,219	38,957,891	27,342,736	27,598,620
Food Products	2,199,203	2,238,694	2,561,430	2,673,010
Food Service	5,106,078	5,077,235	2,880,703	2,882,709
Food/Drug Retailers	2,675,165	2,671,627	5,499,763	6,069,074
Health Care	31,480,919	30,717,732	37,928,909	37,490,825
Hotels & Casinos	1,922,801	1,927,294	7,657,376	7,869,935
Industrial Equipment	14,556,294	14,601,519	10,900,236	10,921,898
Insurance	9,007,693	8,995,312	6,924,232	6,983,828
Leisure Goods/Activities/Movies	8,064,803	8,498,939	15,659,107	16,484,850
Nonferrous Metals & Minerals	3,263,537	3,297,688	2,263,628	2,446,675
Oil & Gas	23,584,995	23,779,127	35,132,372	34,351,520
Publishing	2,152,501	2,147,834	-	-
Retailers (except food and drug)	13,053,746	13,290,974	16,257,890	16,500,222
Steel	253,281	248,750	3,224,023	3,142,798
Surface Transport	4,629,321	4,679,610	556,729	700,866
Telecommunications/Cellular Communications	17,096,099	16,850,891	20,333,442	20,090,220
Utilities	15,953,771	15,146,359	9,513,162	9,175,883
	310,963,360	307,358,954	295,411,529	297,712,245

The accompanying notes are an integral part of the Financial Statements

Condensed Schedule of Investments (continued)

As at 31 December 2021, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

SECURITIES (EXPRESSED IN U.S. DOLLARS)	COUNTRY	INDUSTRY	FAIR VALUE	% OF NAV
Intelsat Jackson Holdings SA			5,745,682	1.82%
Intelsat DIP 1L 09/21 DIP	Luxembourg	Telecommunications/Cellular Communications	3,469,942	1.10%
Intelsat Jackson Hldg	Luxembourg	Telecommunications/Cellular Communications	962,182	0.30%
Intelsat Jackson Hldg	Luxembourg	Telecommunications/Cellular Communications	812,395	0.26%
Intelsat Jackson Hldg	Luxembourg	Telecommunications/Cellular Communications	501,163	0.16%
Chariot Buyer LLC			5,218,500	1.65%
Chamberlain Group 2L TL 10/21	United States	Building & Development	5,218,500	1.65%
Constellation			4,757,863	1.52%
Constellation 1L TL-B EUR 07/21	New Zealand	Automotive	3,204,961	1.02%
Constellation 2L TL GBP 07/21	New Zealand	Automotive	779,188	0.25%
Constellation 1L TL-B EUR 07/21	United Kingdom	Automotive	773,714	0.25%
Team Health Holdings Inc			4,530,017	1.43%
Team Health Holdings Inc	United States	Health Care	2,572,216	0.81%
Team Health Holdings Inc 6.375% 02/01/25 SR:144A	United States	Health Care	1,684,838	0.53%
Team Health Holdings Inc 6.375% 02/01/25 SR:REGS	United States	Health Care	272,963	0.09%
CSC Holdings LLC			4,483,125	1.42%
CSC Holdings LLC 5.750% 01/15/30 SR:144A	United States	Cable & Satellite Television	4,483,125	1.42%
Great Outdoors Group LLC			3,965,858	1.26%
Bass Pro 1L TL-B 02/21	United States	Retailers (except food and drug)	3,965,858	1.26%
Uniti Group Inc/CSL Capital LLC			3,951,380	1.25%
Uniti Group Inc/CSL Capital 6.500% 02/15/29 SR:144A	United States	Telecommunications/Cellular Communications	3,951,380	1.25%
EG Group Ltd			3,912,728	1.23%
EG Group Ltd	United Kingdom	Retailers (except food and drug)	2,313,710	0.73%
Optfin TL B 1L GBP	United Kingdom	Retailers (except food and drug)	989,860	0.31%
Optfin TL B1 1L EUR	United Kingdom	Retailers (except food and drug)	609,158	0.19%
Phoenix Newco Inc			3,603,600	1.14%
Parexel 2L TL-B 7/21	United States	Health Care	3,603,600	1.14%
American Airlines Group Inc			3,557,457	1.12%
AAdvantage 1L TL 03/21	United States	Air Transport	2,477,532	0.78%
American Airlines Group 3.750% 03/01/25 SR:144A	United States	Air Transport	1,079,925	0.34%
Brock Holdings III Inc			3,288,557	1.04%
Brock Holdings Notes 15% 04/24/22	United States	Business Equipment & Services	1,896,183	0.60%
Brock Holdings III Inc.	United States	Business Equipment & Services	1,392,374	0.44%
Asurion LLC			3,246,444	1.03%
Asurion 2L TL-B4 07/21	United States	Insurance	2,279,031	0.72%
Asurion LLC	United States	Insurance	967,413	0.31%
CD&R Dock Bidco Ltd			3,212,075	1.03%
CD&R Dock Bidco Ltd	United Kingdom	Food Service	2,888,700	0.92%
CD&R Dock Bidco Ltd	United Kingdom	Food Service	323,375	0.11%
			53,473,286	16.94%

The accompanying notes are an integral part of the Financial Statements

Condensed Schedule of Investments (continued)

As at 31 December 2020, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

SECURITIES (EXPRESSED IN U.S. DOLLARS)	COUNTRY	INDUSTRY	FAIR VALUE	% OF NAV
Intelsat Jackson Holdings SA			5,847,094	1.84%
Intelsat Jackson Holdings	Luxembourg	Telecommunications/Cellular Communications	3,530,407	1.11%
Intelsat Jackson Holdings	Luxembourg	Telecommunications/Cellular Communications	977,063	0.31%
Intelsat DIP 1L 04/20	Luxembourg	Telecommunications/Cellular Communications	830,059	0.26%
Intelsat Jackson Holdings	Luxembourg	Telecommunications/Cellular Communications	509,565	0.16%
Bass Pro Group LLC			5,766,992	1.82%
Bass Pro T/L-B 1L USD	United States	Retailers (except food and drug)	5,766,992	1.82%
VVC Holding Corp			5,170,918	1.63%
Athenahealth 1L T/L-B 1/19	United States	Health Care	3,448,868	1.09%
Athenahealth 2L T/L-B 1/18	United States	Health Care	1,722,050	0.54%
Brock Holdings III Inc.			4,993,182	1.57%
Brock Holdings Notes 15% 10/24/22	United States	Business Equipment & Services	2,619,598	0.82%
Brock Holdings III Inc.	United States	Business Equipment & Services	2,373,584	0.75%
GTT Communications			4,700,706	1.48%
GTT Communications Inc.	United States	Telecommunications/Cellular Communications	2,024,118	0.64%
GTT Communications BV	United States	Telecommunications/Cellular Communications	1,063,466	0.34%
GTT Communications 1L DD 1	United States	Telecommunications/Cellular Communications	1,026,532	0.32%
GTT Communications 1L T/L 1	United States	Telecommunications/Cellular Communications	586,590	0.18%
Kleopatra Holdings			4,663,721	1.47%
Kleopatra Holdings 2 SCA	Germany	Containers & Glass Products	4,663,721	1.47%
Carnival Corp			4,319,501	1.36%
Carnival 1L T/L-06/20	United States	Leisure Goods/Activities/Movies	1,901,594	0.60%
Carnival Corp 7.625% 03/01/26	Panama	Leisure Goods/Activities/Movies	1,291,046	0.41%
Carnival Corp 11.500% 04/01/23	Panama	Leisure Goods/Activities/Movies	965,861	0.30%
Carnival Corp 9.875% 08/01/27	Panama	Leisure Goods/Activities/Movies	161,000	0.05%
EG Finco LTD			4,088,060	1.29%
EG Group 2L TL EUR (3/18)	United Kingdom	Retailers (except food and drug)	2,101,040	0.66%
Optfin TL B 1L GBP	United Kingdom	Retailers (except food and drug)	988,238	0.31%
Optfin TL B1 1L EUR	United Kingdom	Retailers (except food and drug)	650,830	0.21%
Optfin TL 2L USD	United States	Retailers (except food and drug)	347,952	0.11%
Epicor Software Corp			3,691,163	1.16%
Epicor Software 1L T/L-B 07/20	United States	Electronics/Electrical	2,119,818	0.66%
Epicor Software 2L T/L-B 07/20	United States	Electronics/Electrical	1,571,345	0.50%
Aveanna Healthcare LLC			3,466,025	1.09%
Aveanna 1L TL 09/20	United States	Health Care	1,228,788	0.39%
Aveanna 2L TL 02/17	United States	Health Care	995,000	0.31%
Aveanna HEALTHCARE LLC	United States	Health Care	647,497	0.20%
Epic Health 1L TL	United States	Health Care	594,740	0.19%
Granite US Holdings Corp			3,429,314	1.08%
Granite US Holdings Corp	United States	Industrial Equipment	2,596,814	0.82%
Granite US Holdings Corp 110% 10/01/27	United States	Industrial Equipment	832,500	0.26%
Realogy Group			3,322,500	1.05%
Realogy Group LLC	United States	Building & Development	3,322,500	1.05%
Total			53,459,176	16.84%

The accompanying notes are an integral part of the Financial Statements

Condensed Schedule of Investments (continued)

As at 31 December 2021, the below were the largest 50 investments based on the NAV:

SECURITIES (EXPRESSED IN U.S. DOLLARS)	COUNTRY	INDUSTRY	FAIR VALUE \$	%
Chariot Buyer LLC	United States	Building & Development	5,218,500	1.65%
CSC holdings LLC	United States	Cable & Satellite Television	4,483,125	1.42%
Great Outdoors Group LLC	United States	Retailers (except food and drug)	3,965,858	1.26%
Uniti Group Inc/CSL Capital LLC	United States	Telecommunications/Cellular Communications	3,951,380	1.25%
Phoenix newco Inc	United States	Health Care	3,603,600	1.14%
Intelsat Jackson Hldg	Luxembourg	Telecommunications/Cellular Communications	3,469,942	1.10%
Constellation Automotive Ltd	New Zealand	Automotive	3,204,961	1.02%
Traverse Midstream Partners LLC	United States	Oil & Gas	2,973,781	0.94%
Envision Healthcare Corp	United States	Health Care	2,956,848	0.94%
CD&R Dock Bidco Ltd	United Kingdom	Food Service	2,888,700	0.92%
Prairie ECI Acquiror LP	United States	Oil & Gas	2,847,585	0.90%
Cineworld Cinemas Holdings Ltd	United States	Leisure Goods/Activities/Movies	2,840,854	0.90%
Deerfield Duff & Phelps LLC	United States	Business Equipment & Services	2,759,813	0.88%
BCP Renaissance Parent LLC	United States	Oil & Gas	2,654,553	0.84%
Milano Acquisition LLC	United States	Insurance	2,572,904	0.82%
Team Health Holdings Inc	United States	Health Care	2,572,216	0.81%
BCP Raptor LLC	United States	Oil & Gas	2,561,242	0.81%
American Airlines Group Inc	United States	Air Transport	2,477,532	0.78%
EG Group Ltd	United Kingdom	Retailers (except food and drug)	2,313,710	0.73%
Redstone Buyer LLC	United States	Electronics/Electrical	2,290,531	0.73%
Asurion LLC	United States	Insurance	2,279,031	0.72%
BCP Raptor II LLC	United States	Oil & Gas	2,276,000	0.72%
Sophia LP	United States	Electronics/Electrical	2,155,125	0.69%
AA Bond Co Ltd	United States	Financial Intermediaries	2,114,665	0.67%
CQP Holdco LP	United States	Oil & Gas	2,035,313	0.64%
Magnetite CLO Ltd Mgane_15-15X	United States	Financial Intermediaries	2,021,029	0.64%
Woof Intermediate Inc	United States	Food Products	2,011,260	0.64%
MHI Holdings LLC	United States	Industrial Equipment	2,001,074	0.64%
Global Air Lease Co Ltd 6.500% 09/15/24	United States	Equipment Leasing	1,999,963	0.63%
First Brands Group LLC	United States	Automotive	1,990,955	0.63%
Quantum Health Inc	United States	Health Care	1,987,513	0.63%
New Fortress Energy Inc	United States	Utilities	1,925,450	0.61%
Brock Holdings Notes 15% 04/24/22	United States	Business Equipment & Services	1,896,183	0.60%
Kestrel Acquisition LLC	United States	Utilities	1,832,862	0.58%
Ivanti Software Inc	United States	Electronics/Electrical	1,781,602	0.56%
The Edelman Financial Group Inc	United States	Financial Intermediaries	1,772,956	0.56%
Convergeone Holdings Inc	United States	Electronics/Electrical	1,711,394	0.54%
Team Health Holdings Inc 6.375% 02/01/25	United States	Health Care	1,684,838	0.53%
FCG Acquisitions Inc	United States	Industrial Equipment	1,677,795	0.53%
Trinitas CLO Ltd TRNTS_19-10X	United States	Financial Intermediaries	1,657,201	0.52%
Covia Holdings LLC	United States	Nonferrous Metals & Minerals	1,656,820	0.52%
US Silica Co	United States	Nonferrous Metals & Minerals	1,640,869	0.52%
Tibco Software Inc	United States	Electronics/Electrical	1,621,734	0.51%
Crosby US Acquisition Corp	United States	Industrial Equipment	1,615,232	0.51%
Altice France Holding SA	France	Cable & Satellite Television	1,612,500	0.51%
Varsity Brands Holding Co Inc	United States	Clothing & Textiles	1,604,256	0.51%
Sundyne US Purchaser Inc	United States	Industrial Equipment	1,596,618	0.51%
Syncsort Incorporated (clearlake)	United States	Electronics/Electrical	1,596,000	0.51%
Optiv Inc	United States	Electronics/Electrical	1,585,513	0.51%
Comstock Resources Inc	United States	Oil & Gas	1,583,625	0.50%
			117,533,011	37.23%

The accompanying notes are an integral part of the Financial Statements

Condensed Schedule of Investments (continued)

As at 31 December 2020, the below were the largest 50 investments based on the NAV (Audited):

SECURITIES (EXPRESSED IN U.S. DOLLARS)	COUNTRY	INDUSTRY	FAIR VALUE \$	%
Bass Pro 1L T/L-B	United States	Retailers (except food and drug)	5,766,992	1.82%
Kleopatra Holdings 2 SCA	Germany	Containers & Glass Products	4,663,721	1.47%
Intelsat Jackson Hldg	Luxembourg	Telecommunications/Cellular Communications	3,530,407	1.11%
Athenahealth 1L T/L-B 1/19	United States	Health Care	3,448,868	1.09%
Realogy Group LLC	United States	Building & Development	3,322,500	1.05%
Enterprise Merger Sub Inc.	United States	Health Care	3,096,917	0.98%
Eagleclaw	United States	Oil & Gas	2,994,580	0.94%
Rover	United States	Oil & Gas	2,868,510	0.90%
Team Health Holdings Inc.	United States	Health Care	2,866,589	0.90%
Uniti Group Inc.	United States	Telecommunications/Cellular Communications	2,802,750	0.88%
Deerfield Duff & Phelps LLC	United States	Business Equipment & Services	2,786,967	0.88%
Constellation Automotive Limited	United Kingdom	Automotive	2,710,939	0.85%
Caprock Midstream LLC	United States	Oil & Gas	2,689,685	0.85%
Playtika Holding Corp	United States	Leisure Goods/Activities/Movies	2,661,648	0.84%
Brock Holdings III Inc.	United States	Business Equipment & Services	2,619,598	0.83%
Cineworld Cinemas Holdings Ltd	United States	Leisure Goods/Activities/Movies	2,606,311	0.82%
Granite US Holdings Corp	United States	Industrial Equipment	2,596,814	0.82%
Milano Acquisition LLC	United States	Insurance	2,590,666	0.82%
Medallion Midland Acquisition LP	United States	Oil & Gas	2,541,000	0.80%
Casino Guichard Perrachon SA	France	Food/Drug Retailers	2,479,391	0.78%
First Quantum Minerals Ltd	Canada	Nonferrous Metals & Minerals	2,446,675	0.77%
Traverse Midstream Partners LLC	United States	Oil & Gas	2,414,742	0.76%
Brock Holdings III Inc.	United States	Business Equipment & Services	2,373,584	0.75%
Oryx Midstream Holdings LLC	United States	Oil & Gas	2,370,147	0.75%
Mrc Global (US) Inc.	United States	Steel	2,293,423	0.72%
Garda World Security Corp (Ontario)	Canada	Business Equipment & Services	2,287,712	0.72%
Asurion LLC	United States	Insurance	2,211,920	0.70%
Ahead DB Borrower LLC	United States	Electronics/Electrical	2,208,510	0.70%
Tallgrass Energy LP	United States	Oil & Gas	2,203,833	0.69%
Epicor Software Corp	United States	Electronics/Electrical	2,119,818	0.67%
Kestrel Acquisition LLC	United States	Utilities	2,118,511	0.67%
Tenet Healthcare Corporation	United States	Health Care	2,110,000	0.66%
Ortho-Clinical Diagnostics Inc.	United States	Health Care	2,110,000	0.66%
Eg Finco Ltd	United Kingdom	Retailers (except food and drug)	2,101,040	0.66%
Sophia LP	United States	Electronics/Electrical	2,079,000	0.65%
Dedalus Finance Gmbh	Germany	Electronics/Electrical	2,074,106	0.65%
Vivint Inc	United States	Business Equipment & Services	2,058,997	0.65%
Alterra Mountain Co	United States	Leisure Goods/Activities/Movies	2,054,527	0.65%
Lucid Energy Group II Borrower LLC	United States	Oil & Gas	2,034,209	0.64%
GTT Communications Inc.	United States	Telecommunications/Cellular Communications	2,024,118	0.64%
MHI Holdings Llc	United States	Industrial Equipment	2,012,018	0.63%
Woof Intermediate Inc.	United States	Food Products	2,005,000	0.63%
Consolidated Communications Inc.	United States	Telecommunications/Cellular Communications	2,001,344	0.63%
Magnetite CLO Ltd Mgane_15-15X	Cayman Islands	Financial Intermediaries	1,992,168	0.63%
Apidos CLO Apid_20-34X	Cayman Islands	Financial Intermediaries	1,980,478	0.62%
ITT Holdings LLC	United States	Oil & Gas	1,980,000	0.62%
Quantum Health Inc.	United States	Health Care	1,975,000	0.62%
Tech Data Corporation	United States	Electronics/Electrical	1,910,412	0.60%
Antero Midstream Partners LP	United States	Oil & Gas	1,904,078	0.60%
Carnival Corp	United States	Leisure Goods/Activities/Movies	1,901,594	0.60%
			125,001,817	39.37%

The accompanying notes are an integral part of the Financial Statements

Statement of Operations

(EXPRESSED IN U.S. DOLLARS)	NOTE	1 JANUARY 2021 TO 31 DECEMBER 2021	1 JANUARY 2020 TO 31 DECEMBER 2020
Income			
Interest income net of withholding taxes	2(b)	19,835,710	21,445,286
Other income from investments		351,548	279,862
Total income		20,187,258	21,725,148
Expenses			
Investment management and services	3	2,425,841	2,819,518
Administration and professional fees	3	958,444	1,564,479
Directors' fees and travel expenses	3	225,725	216,256
Total expenses		3,610,010	4,600,253
Net investment income		16,577,248	17,124,895
Realised and unrealised gains and losses			
Net realised gain/(loss) on investments	2(e)	3,664,416	(23,498,335)
Net realised gain on derivatives	2(e)	13,249,047	16,710,613
Total net realised gain/(loss)		16,913,463	(6,787,722)
Net change in unrealised (depreciation)/appreciation on investments	2(e)	(3,209,563)	11,225,729
Net change in unrealised depreciation on derivatives	2(e)	(14,468,604)	(23,564,875)
Total net unrealised depreciation		(17,678,167)	(12,339,146)
Realised and unrealised (loss)/gain on foreign currency	2(e)	(294,413)	2,286,890
Net realised and unrealised gain/(loss)		(1,059,117)	(16,839,978)
Net increase in net assets resulting from operations		15,518,131	284,917
Earnings per share		£0.0456	£0.0030

The accompanying notes are an integral part of the Financial Statements

Statement of Changes in Net Assets

FOR THE YEAR 1 JANUARY 2021 TO 31 DECEMBER 2021
(EXPRESSED IN U.S. DOLLARS)

	VALUE
Net assets as at 1 January 2021	317,409,172
Dividends declared	(17,246,156)
Net increase in net assets resulting from operations	15,518,131
Net assets as at 31 December 2021	315,681,147

FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020
(EXPRESSED IN U.S. DOLLARS)

	VALUE
Net assets as at 1 January 2020	578,032,783
Dividends paid/declared	(21,235,175)
Net movement from share buybacks and share conversions	(239,673,353)
Net increase in net assets resulting from operations	284,917
Net assets as at 31 December 2020	317,409,172

The accompanying notes are an integral part of the Financial Statements

Statement of Cash Flows

(EXPRESSED IN U.S. DOLLARS)	NOTE	1 JANUARY 2021 TO 31 DECEMBER 2021	1 JANUARY 2020 TO 31 DECEMBER 2020
Cash flows from operating activities:			
Net increase in net assets resulting from operations		15,518,131	284,917
Adjustment to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:			
Net realised (gain)/loss on investments		(3,664,416)	23,498,335
Net change in unrealised depreciation on investments and derivatives		17,678,167	12,339,146
Net change in unrealised gain on translation of assets and liabilities		(199,927)	(487,799)
Amortisation of discounts/premiums		(547,607)	(737,152)
Changes in receivables for investments sold		4,390,179	2,987,225
Changes in interest receivable ¹		(757,539)	(293,358)
Changes in other receivables and prepayments		(98,795)	(92,903)
Changes in payables for investments purchased		(12,282,455)	6,864,311
Changes in payables to Investment Manager and affiliates		31,530	(407,825)
Changes in accrued expenses and other liabilities		90,511	(96,302)
Purchase of investments ²	2(e)	(280,677,501)	(419,147,028)
Realisation of investments ²	2(e)	272,033,252	635,533,679
Net cash generated from operating activities		11,513,530	260,245,246
Cash flows from financing activities:			
Net movement from share buybacks and share swaps		-	(244,670,663)
Dividends paid		(15,940,437)	(21,235,175)
Net cash used in financing activities		(15,940,437)	(265,905,838)
Effect of exchange rate changes on cash		199,927	487,799
Net decrease in cash and cash equivalents		(4,226,980)	(5,172,793)
Cash and cash equivalents at beginning of the year		15,894,923	21,067,716
Cash and cash equivalents at end of the year		11,667,943	15,894,923

¹ Interest received for the year ended 31 December 2021 totalled \$19,078,171 (2020: \$21,151,928)

² Included in these figures is \$38,785,967 (2020: \$19,518,509) of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year.

The accompanying notes are an integral part of the Financial Statements

For the year ended 31 December 2021

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 previously required under Article 51 of the Company's Articles of Incorporation (applicable at the time), at the AGM held on 11 June 2020 an ordinary resolution was proposed that the Company continues its business as a closed-ended investment company and was duly passed. Following the EGM held on 8 September 2020 where all resolutions were passed, the Company adopted new Articles which no longer require that a continuation vote be proposed. Instead, the Company may, at the Board's absolute discretion, offer to eligible Shareholders the opportunity to tender up to 25 per cent. of their holdings (a "Cash Exit Facility Offer") at a price equal to the prevailing Net Asset Value per Share, less two per cent. If the Board resolves to exercise its discretion (as they expect to do if the Company is trading at a discount to NAV per Ordinary Share of greater than 2 per cent. as at the date of any Cash Exit Facility Offer), the first Cash Exit Facility Offer is expected to close on 30 June 2022 and subsequent Cash Exit Facility Offers every six months thereafter. Further details and the terms and conditions applicable to the first Cash Exit Facility Offer will be published in a Shareholder circular (the "Cash Exit Facility Circular"). In connection with any subsequent Cash Exit Facility Offers, the Company will publish an RIS announcement notifying Shareholders of the Board's decision to make a Cash Exit Facility Offer on the basis of the terms and conditions as previously set out in the Cash Exit Facility Offer. Additionally, from the end of June 2022, the Board intends, subject to market conditions at the time, to propose a wind-up of the Company should its NAV drop beneath £150 million.

The Company's investment objective is to provide its shareholders with consistent levels of monthly income, while maintaining or increasing the Net Asset Value ("NAV") per share over time. To pursue its investment objective, the Company invests in credit assets with the following target portfolio allocations: (i) 50-70% in traditional credit, meaning high yield bonds, floating rate loans and investment grade corporate bonds; and (ii) 30-50% in alternative credit, meaning "special situations" (consisting generally of tradeable but less liquid debt securities, such as stressed credit and CLO debt tranches), mezzanine debt, "club" loan transactions (being syndicated lending opportunities presented through the Company's or Investment Manager's relationship with loan arrangers and/or borrowers) and private corporate loans issued directly to borrowers. Investments in alternative credit will not represent more than 50% of Net Asset Value at the time of investment.

The Company's share capital is denominated in Pound Sterling and consists of 323,268,152 Pound Sterling Ordinary Shares as at 31 December 2021, of which 76,083,114 were held in treasury. Refer to Note 6 for further information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying Financial Statements which give a true and fair view, have been prepared on a going concern basis and in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), The Companies (Guernsey) Law 2008 and the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946 ("ASC 946"). The Board believes that the underlying assumptions are appropriate and that the Company's Financial Statements therefore are fairly presented in accordance with US GAAP.

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, the liquidity of investments and the income deriving from those investments as of the reporting date and have determined that the Company has adequate financial resources to meet its liabilities as they fall due.

However, should there be a cash exit offer at the end of June 2022 and at the end of December 2022 which are taken up by Shareholders in full, the Company's NAV would likely drop below £150m after January 2023, which would result in the Board, subject to market conditions at the time, bringing forward a proposal to wind-up the Company. This currently represents a material uncertainty to the ability of the Company to continue in operation. After making enquiries of the Investment Manager and the Sub-Administrator, the Directors are however, satisfied that the Company has adequate resources to discharge its liabilities as they fall due for at least one year from the date these Financial Statements were approved notwithstanding this material uncertainty.. Accordingly, the Directors continued to adopt a going concern basis in preparing these Financial Statements.

New Accounting Standards

There are no new accounting standards or updates to existing standards that are effective as of 1 January 2021 that would be expected to have a significant impact on the Company.

(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 only area where estimates are significant to the Financial Statements is the valuation of investments in Note 2(e).

For the year ended 31 December 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Critical accounting judgement and estimates (continued)

Critical judgements

The functional currency for the Company is U.S. Dollars because this is the currency of the primary economic environment in which it operates.

The Directors consider that the Company is engaged in a single segment of business, being investment into credit assets with target portfolio allocations as per the Company's investment policy, hence segment reporting is not required.

(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 transactions

Monetary assets and liabilities denominated in a currency other than U.S. Dollars are remeasured in U.S. Dollar equivalents using spot rates as at the reporting date. On initial recognition, a foreign currency transaction is recorded and converted 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 2021 were 1.35440 USD: 1GBP and 1.13720 USD: 1EUR (31 December 2020 were 1.36720 USD: 1GBP and 1.22360 USD: 1EUR).

(e) Fair value of financial instruments and derivatives

The fair value of the Company's assets and liabilities that qualify as financial instruments under FASB ASC 825, Financial Instruments, approximate the carrying amounts presented in the Statement of Assets and Liabilities. 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 2021 to estimate the fair value of each class of financial instruments:

- Valuation of financial investments – The special situations, CLO debt tranches, private debt, global floating rate loans, warrants and bonds are valued at bid price. The Investment Manager and the Directors believe 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 will determine the valuation based on the Investment Manager's fair valuation policy. Any investments made through the secondary market are generally marked based on market quotations, to the extent available, and the Investment Manager will take into account current pricing of the security.
- Cash and cash equivalents – The net realisable value is a reasonable estimate of fair value due to the short-term nature of these instruments.
- Receivables for investments sold – The net realisable value reasonably approximates fair value as they reflect the value at which investments are sold to a willing buyer and settlement period on their balances is short term.
- Interest receivables – The net realisable value reasonably approximates fair value.
- Other receivables – The net realisable value reasonably approximates fair value.
- Private Debt - For the primary issuance of private debt investments, the valuation is based on a discounted cash flow (DCF) approach. For secondary purchases, the valuation is based on unadjusted broker quotes or pricing provided by approved pricing sources.
- Derivatives – The Company estimates fair values of derivatives based on the latest available forward exchange rates.
- Payables for investments purchased – The net carrying 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 carrying value reasonably approximates fair value when repayment period is short-term.
- Accrued expenses and other short-term liabilities – The net carrying value reasonably approximates fair value when repayment period is short-term.

For the year ended 31 December 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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 Company, where possible, 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 2021 the AIFM designated 12 (31 December 2020: 14) of its Global Floating Rate loans, 10 (31 December 2020: 8) of its Private Debt loans, 1 (31 December 2020: 1) Global High Yield Bond, 1 of its Private Equities (31 December 2020: 1) and 18 (31 December 2020: 2) CLO Debt Tranches at Level 3. With respect to the level 3 equity positions, 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.

The following table details the Company's financial instruments that were accounted for at fair value as at 31 December 2021.

FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 31 DECEMBER 2021

FINANCIAL INVESTMENTS	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Private Debt	-	58,188,397	10,440,000	68,628,397
Special Situations	-	9,278,095	-	9,278,095
CLO Debt Tranches	-	14,633,865	19,003,288	33,637,153
Global High Yield	-	82,808,713	1,896,183	84,704,896
Global Floating Rate Loans	-	99,651,520	9,534,102	109,185,622
Equity	532,417	-	1,392,374	1,924,791
Total financial investments	532,417	264,560,590	42,265,947	307,358,954
	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Balance at start of the year	-	264,634,951	33,077,294	297,712,245
Purchases during the year ¹	-	247,783,822	32,893,679	280,677,501
Sales during the year ¹	(1,786,169)	(252,981,184)	(17,265,899)	(272,033,252)
Realised gain on investments	718,759	2,601,123	344,534	3,664,416
Unrealised gain/(loss) on revaluation	152,842	(1,267,566)	(2,094,839)	(3,209,563)
Amortisation	-	547,607	-	547,607
Transfer from Level 3 to Level 1	1,446,985	-	(1,446,985)	-
Transfer from Level 3 to Level 2	-	8,230,079	(8,230,079)	-
Transfer from Level 2 to Level 3	-	(4,988,242)	4,988,242	-
Balance at end of the year	532,417	264,560,590	42,265,947	307,358,954

Due to changes in observable inputs, the Company transferred securities from Level 2 to Level 3, from Level 3 to Level 2 and from Level 3 to Level 1 of the fair value hierarchy. Level 3 assets are valued using single broker quotes or valuation models.

¹ Included in these figures is \$38,785,967 of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year.

DERIVATIVES AT FAIR VALUE AS AT 31 DECEMBER 2021

FINANCIAL ASSETS	NO. OF CONTRACTS	NOTIONAL AMOUNTS	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Derivatives (for hedging purposes only)	5	1,508,873,601	-	551,564	-	551,564
FINANCIAL LIABILITIES						
Derivatives (for hedging purposes only)	12	(1,517,172,656)	-	(2,134,666)	-	(2,134,666)
Total	17	(8,299,055)	-	(1,583,102)	-	(1,583,102)

The Company considers the notional amounts as at 31 December 2021 to be representative of the volume of its derivative activities during the year ended 31 December 2021.

FINANCIAL STATEMENTS | Notes to the Financial Statements

For the year ended 31 December 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The following table details the Company's financial instruments that were accounted for at fair value as at 31 December 2020.

FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 31 DECEMBER 2020

FINANCIAL INVESTMENTS	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Private Debt	-	24,264,306	10,173,363	34,437,669
Special Situations	-	18,053,663	-	18,053,663
CLO Debt Tranches	-	19,694,373	1,100,000	20,794,373
Global High Yield	-	75,121,624	2,619,598	77,741,222
Global Floating Rate Loans	-	127,310,378	15,496,874	142,807,252
Equity	-	190,607	2,373,584	2,564,191
Warrants	-	-	1,313,875	1,313,875
Total financial investments	-	264,634,951	33,077,294	297,712,245

	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Balance at start of the year	1,503,253	495,662,575	28,468,522	525,634,350
Purchases during the year ¹	117,601	391,420,018	27,609,409	419,147,028
Sales during the year ¹	(726,452)	(620,534,224)	(14,273,003)	(635,533,679)
Realised loss on investments	(1,283,238)	(18,420,018)	(3,795,079)	(23,498,335)
Unrealised gain on revaluation	388,836	9,586,606	1,250,287	11,225,729
Amortisation	-	737,152	-	737,152
Transfer from Level 3 to Level 2	-	6,182,842	(6,182,842)	-
Balance at end of the year	-	264,634,951	33,077,294	297,712,245

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

¹ Included in these figures is \$19,518,509 of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year.

DERIVATIVES AT FAIR VALUE AS AT 31 DECEMBER 2020

FINANCIAL ASSETS	NO. OF CONTRACTS	NOTIONAL AMOUNTS	LEVEL 1 (\$)	LEVEL 2 (\$)	LEVEL 3 (\$)	TOTAL (\$)
Derivatives (for hedging purposes only)	14	2,277,246,283	-	12,993,970	-	12,993,970
FINANCIAL LIABILITIES						
Derivatives (for hedging purposes only)	4	(2,220,868,977)	-	(108,468)	-	(108,468)
Total	18	56,377,306	-	12,885,502	-	12,885,502

The Company considers the notional amounts as at 31 December 2020 to be representative of the volume of its derivative activities during the year ended 31 December 2020.

The following tables summarise the significant unobservable inputs the Company used to value its investments categorised within Level 3 at 31 December 2021. The tables are not intended to be all-inclusive but instead capture the significant unobservable inputs relevant to the determination of fair values.

UNOBSERVABLE INPUTS AS AT 31 DECEMBER 2021

SECTOR	FAIR VALUE (\$)	PRIMARY VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE / INPUT*	WEIGHTED AVERAGE
Private Debt	10,440,000	Vendor Pricing	Unadjusted Broker Quote	1	N/A
CLO Debt Tranches	19,003,288	Vendor Pricing	Unadjusted Broker Quote	1	N/A
Global High Yield	1,896,183	Market Approach	Second Lien Quotations	98.63	N/A
Global Floating Rate Loans	9,534,102	Vendor Pricing	Unadjusted Broker Quote	1	N/A
Equity	1,392,374	Market Approach	Enterprise value/EBITDA multiple (EV/EBITDA)	9x	N/A
Total	42,265,947				

* 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.

FINANCIAL STATEMENTS | Notes to the Financial Statements

For the year ended 31 December 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

UNOBSERVABLE INPUTS AS AT 31 DECEMBER 2020

SECTOR	FAIR VALUE (\$)	PRIMARY VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE / INPUT*	WEIGHTED AVERAGE
Private Debt	10,173,363	Vendor Pricing	Unadjusted Broker Quote	1	N/A
CLO Debt Tranches	1,100,000	Vendor Pricing	Unadjusted Broker Quote	1	N/A
Global High Yield	2,619,598	Market Approach	Second Lien Quotations	N/A	N/A
Global Floating Rate Loans	15,496,874	Vendor Pricing	Unadjusted Broker Quote	1	N/A
Equity	2,373,584	Market Comparables	EBITDA multiple	4-18	N/A
Warrants	1,313,875	Vendor Pricing	Exercise Price	N/A	N/A
Total	33,077,294				

* 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.

DERIVATIVE ACTIVITY

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 Statement of Assets and Liabilities. As at 31 December 2021, there were 5 counterparties for the forward contracts (31 December 2020: 5). The Company is subject to enforceable master netting agreements with its counterparties of foreign currency exchange contracts with Royal Bank of Canada of (\$145,582) (31 December 2020: \$260,679), State Street of \$551,564 (31 December 2020: \$14,578), Westpac of (\$1,935,769) (31 December 2020: \$107,572), Goldman Sachs of (\$9,468) (31 December 2020: (\$108,468)) and UBS AG of (\$43,846) (31 December 2020: \$12,611,141). These agreements govern the terms of certain transactions and reduce the counterparty risk associated with relevant transactions by specifying offsetting mechanisms.

The following table, at 31 December 2021, show the gross and net derivatives assets and liabilities by contract type and amount for those derivatives contracts for which netting is permissible.

DESCRIPTION	GROSS AMOUNTS OF RECOGNISED ASSETS (\$)	GROSS AMOUNTS OFFSET IN THE STATEMENTS OF ASSETS AND LIABILITIES (\$)	NET AMOUNTS OF RECOGNISED ASSETS PRESENTED IN THE STATEMENT OF ASSETS AND LIABILITIES (\$)
Forward currency contracts	704,827	(153,263)	551,564
Total	704,827	(153,263)	551,564

DESCRIPTION	GROSS AMOUNTS OF RECOGNISED LIABILITIES (\$)	GROSS AMOUNTS OFFSET IN THE STATEMENTS OF ASSETS AND LIABILITIES (\$)	NET AMOUNTS OF RECOGNISED LIABILITIES PRESENTED IN THE STATEMENT OF ASSETS AND LIABILITIES (\$)
Forward currency contracts	(2,287,929)	153,263	(2,134,666)
Total	(2,287,929)	153,263	(2,134,666)

There is no collateral for forward contracts.

FINANCIAL STATEMENTS | Notes to the Financial Statements

For the year ended 31 December 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

DERIVATIVE ACTIVITY (continued)

The following table, at 31 December 2020, show the gross and net derivatives assets and liabilities by contract type and amount for those derivatives contracts for which netting is permissible.

DESCRIPTION	GROSS AMOUNTS OF RECOGNISED ASSETS (\$)	GROSS AMOUNTS OFFSET IN THE STATEMENTS OF ASSETS AND LIABILITIES (\$)	NET AMOUNTS OF RECOGNISED ASSETS PRESENTED IN THE STATEMENT OF ASSETS AND LIABILITIES (\$)
Forward currency contracts	14,711,590	(1,717,620)	12,993,970
Total	14,711,590	(1,717,620)	12,993,970

DESCRIPTION	GROSS AMOUNTS OF RECOGNISED LIABILITIES (\$)	GROSS AMOUNTS OFFSET IN THE STATEMENTS OF ASSETS AND LIABILITIES (\$)	NET AMOUNTS OF RECOGNISED LIABILITIES PRESENTED IN THE STATEMENT OF ASSETS AND LIABILITIES (\$)
Forward currency contracts	(1,826,088)	1,717,620	(108,468)
Total	(1,826,088)	1,717,620	(108,468)

There is no collateral for forward contracts.

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

	FOR THE YEAR ENDED 31 DECEMBER 2021 (\$)	FOR THE YEAR ENDED 31 DECEMBER 2020 (\$)
Net realised gain on derivatives	13,249,047	16,710,613
Net change in unrealised depreciation on derivatives	(14,468,604)	(23,564,875)
Total	(1,219,557)	(6,854,262)

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

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

The net realised and unrealised gain/(loss) on investments shown in the Statement of Operations For the year ended 31 December 2021 by type of investment is as follows:

FOR THE YEAR ENDED 31 DECEMBER 2021 (EXPRESSED IN U.S. DOLLARS)

Realised gain on investments	8,250,003
Realised loss on investments	(4,585,587)
	3,664,416
Realised gain on derivatives	27,429,337
Realised loss on derivatives	(14,180,290)
	13,249,047
Unrealised gain on investments	8,557,960
Unrealised loss on investments	(11,767,523)
	(3,209,563)
Unrealised gain on derivatives	2,568,251
Unrealised loss on derivatives	(17,036,855)
	(14,468,604)
Realised and unrealised gain on foreign currency transactions	1,271,975
Realised and unrealised loss on foreign currency transactions	(1,566,388)
	(294,413)

FINANCIAL STATEMENTS | Notes to the Financial Statements

For the year ended 31 December 2021

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 Statement of Operations for the year ended 31 December 2020 by type of investment is as follows:

FOR THE YEAR ENDED 31 DECEMBER 2020 (EXPRESSED IN U.S. DOLLARS)

Realised gain on investments	3,438,583
Realised loss on investments	(26,936,918)
	(23,498,335)
Realised gain on derivatives	84,143,012
Realised loss on derivatives	(67,432,399)
	16,710,613
Unrealised gain on investments	17,333,254
Unrealised loss on investments	(6,107,525)
	11,225,729
Unrealised gain on derivatives	30,702,956
Unrealised loss on derivatives	(54,267,831)
	(23,564,875)
Realised and unrealised gain on foreign currency transactions	3,538,994
Realised and unrealised loss on foreign currency transactions	(1,252,104)
	2,286,890

(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.

The Company carries investments on its Statement of Assets and Liabilities at fair value in accordance with US GAAP, with changes in fair value recognised within the Statement of Operations in each reporting period. Quoted investments are valued according to their bid price as at the close of the relevant reporting date. Investments in private securities are priced at the bid price using a pricing service for private loans. Asset backed securities are valued according to their bid price. If a price cannot be ascertained from the above sources, the Company will seek bid prices from third party broker/dealer quotes for the investments. The Directors believe 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 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.

For the year ended 31 December 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Derivative Contracts (continued)

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.

The Company may enter into forward foreign currency contracts to hedge against foreign currency exchange risk and for investment purposes.

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

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

(h) Taxation

The Company is exempt from Guernsey tax on income derived from non-Guernsey sources. However, certain of its underlying investments may generate income that is subject to tax in other jurisdictions, principally in the United States and typically by way of withholding taxes levied on interest and other income paid to the Company. During the year ended 31 December 2021, the Company suffered withholding taxes of \$42,398 (31 December 2020: \$28,741). As of 31 December 2021, withholding taxes receivable (reclaimed) totalled \$135,882 (31 December 2020: \$93,484).

The changes to the Company's discount control mechanisms approved by shareholders at the EGM resulted in the Company becoming an "offshore fund" for UK tax purposes under the UK's offshore fund rules. On 26 January 2021 the Company was approved by HM Revenue and Customs ("HMRC") to be treated as a "reporting fund" for these purposes with effect from the beginning of its accounting period commencing 1 January 2020 and is required to calculate its income in accordance with the relevant rules applicable to offshore reporting funds and report its "excess reportable income" to shareholders. This can be found on the Company's website.

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 Statements comparability among different entities.

As of 31 December 2021, 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 2020: Nil)

(i) Dividends

Dividends are charged in the Statement of Changes in Net Assets in the period in which the dividends are declared.

(j) Expenses

Operating expenses are recognised in the Statement of Operations on an accruals basis. Operating expenses include amounts directly or indirectly incurred by the Company as part of its operations.

(k) Share capital, share buybacks and treasury shares

Any costs incurred by a share buyback and by a sale of shares held in treasury will be charged to that share class. Costs directly attributable to the issue of new shares (that would have been avoided if there had not been a new issue of new shares) are written off against the value of the ordinary share premium. Dividends paid on the ordinary shares are recognised in the Statement of Changes in Equity. The Company's own shares can be repurchased and held in treasury to be reissued in the future or subsequently cancelled. Holders of ordinary shares are entitled to attend, speak and vote at general meetings of the Company. Each ordinary share (excluding shares in treasury) carries one vote. Shares held in treasury do not carry voting rights.

For the year ended 31 December 2021

NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS

Related Party Agreements

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 and was amended again effective 8 September 2020 to reflect further changes to the Investment Manager's fees.

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.

Until 7 September 2020, the Manager was entitled to a management fee of 0.65% per annum of the Company's NAV. The IMA was amended on 8 September 2020 and the Investment Manager thereafter is entitled to the following rates per annum of the Company's NAV:

On first £500m of the NAV	0.75%
On £500m - £750m of the NAV	0.70%
On 750m - £1bn of the NAV	0.65%
Any amount greater than £1bn of the NAV	0.60%

For the year ended 31 December 2021, the management fee expense was \$2,425,841 (31 December 2020: \$2,819,518), of which \$599,135 (31 December 2020: \$567,605) was unpaid at the year end.

The Manager is not entitled to a performance fee.

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 Chair). The Chair of the Audit and Risk Committee receives an additional £6,000 for services in this role. The Chair of the Management Engagement Committee and the Chair of the Remuneration and Nomination Committee receive an additional £3,000 each per annum and the Senior Independent Director receives an additional £3,000 per annum. For the year ended 31 December 2021, the Directors' fees and travel expenses amounted to \$225,725 (31 December 2020: \$216,256). Of these, \$Nil were owing at the year-end (31 December 2020: \$Nil).

As at 31 December 2021, Mr Dorey (inc. spouse) and Mr Staples held 245,671 and 45,000 Sterling Ordinary Shares in the Company respectively (31 December 2020: Mr Dorey (inc. spouse) and Mr Staples held 245,671 and 45,000 Sterling Ordinary Shares in the Company respectively). Mrs Platts resigned as a Director on 14 June 2021. Ms. Duhot did not hold any shares in the Company at 31 December 2021 (31 December 2020: Nil). As at 31 December 2021 Mr Dorey's wife held 80,671 Sterling Ordinary Shares (31 December 2020: 80,671 Sterling Ordinary Shares).

During the year ended December 2021, the Directors received the following dividend payments on their shares held: Mr Dorey £7,722 (2020: £1,698); Mr Staples £2,106 (2020: £1,443) and Mr Dorey's wife received £3,775 (2020: £3,351).

Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC

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

Significant Agreements

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. This agreement was subject to an amendment effective 1 October 2020. Under the terms of the agreement, Sub-Administration services are delegated to U.S. Bank Global Fund Services (Ireland) Limited.

For the year ended 31 December 2021, the administration fee was \$132,403 (31 December 2020: \$237,953) of which \$10,096 (31 December 2020: \$13,538) was unpaid at the year end.

For the year ended 31 December 2021

NOTE 3 - AGREEMENTS AND RELATED PARTIES TRANSACTIONS (continued)

Significant Agreements (continued)

Effective 22 April 2019, Sanne Fund Services (Guernsey) 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 2021, the secretarial fees were \$124,601 (31 December 2020: \$119,184), of which \$30,716 (31 December 2020: \$27,339) 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 2021 were \$41,907 (31 December 2020: \$51,671) and the amount owing to them was \$16,801 (31 December 2020: \$48,454).

Effective 1 January 2020, the Company entered into an amendment agreement to reduce the Administration and Custodian fees, which was further amended effective 1 October 2020 to reflect further reductions to the Administration fees.

Professional fees

Professional fees during the year were \$659,534 (31 December 2020: \$1,155,669).

Registrar's Agreement

Link Market Services (Guernsey) Limited is the appointed registrar of the Company. For the year ended 31 December 2021, the Registrar's fees amounted to \$95,667 (31 December 2020: \$117,436). Of these, \$73,738 (31 December 2020: \$25,769) 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. As at 31 December 2021 Numis Securities Limited are entitled to an annual retainer fee of £50,000 p.a. For the year ended 31 December 2021, the Corporate Broker and Financial Advisors' fees amounted to \$68,846 (31 December 2020: \$89,726). Of these, \$nil (31 December 2020: \$nil) were unpaid at the year end.

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 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 Financial Conduct Authority announced in 2017 it would not compel or persuade panel banks to make LIBOR submissions after 2021.

The Company invests predominantly in floating rate investments; however, it does have material exposure to fixed rate investments, which are subject to interest rate risk through movements in their market price when interest rates change. In preparation for the transition from LIBOR to new reference rates, credit spread adjustments had been worked out well ahead of the transition, so we do not believe there to be any material valuation risk as a result of the shift to a new reference rate (e.g., SOFR in the US and SONIA in the UK). Basically, the concept of a credit spread adjustment is, by design, intended to equalize the total coupon on loans before and after the transition to ensure that no party (borrower or lender) benefits simply from the conversion. Another way to state this is that without a spread adjustment, there would be some value transfer (likely from lenders to borrowers / issuers) upon transition from LIBOR to SOFR- and SONIA-based rates. The spread adjustment is only intended to be used for legacy debt maturing after LIBOR is no longer used. New issues that use a SOFR- or SONIA-based rate do not require a spread adjustment, since the margin over the reference rate can be set at the appropriate level at issuance. Moreover, we have documented the LIBOR-related contract language for securities we hold that reference LIBOR.

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 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.

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.

For the year ended 31 December 2021

NOTE 4 – RISK FACTORS (continued)

Credit Risk (continued)

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.

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 become 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 positioned between the Company and the borrower. As of 31 December 2021, 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 exchange rates. However, the Company seeks to mitigate this by using hedging techniques as disclosed on page 15.

NOTE 5 – CONTINGENCIES

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

For the year ended 31 December 2021

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.

(iv) In respect of a Share of a class denominated in any currency other than U.S. Dollars or Sterling held by the shareholder, such number of votes per Share of such class as shall be determined by the Directors in their absolute discretion upon the issue for the first time of shares of the relevant class.

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

The B Shares are issued on terms 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 U.S. Dollar Ordinary, Euro Ordinary Shares, B Shares or C Shares in issue as at 31 December 2021 or as at 31 December 2020.

As at 31 December 2021, the Company's share capital comprised 323,268,152 Sterling Ordinary Shares ("NBMI") of no par value (of which 76,083,114 were held in treasury). On 3 August 2020, the Company compulsorily converted all U.S. Dollar Ordinary Shares into Sterling Ordinary Shares and subsequently closed the U.S. Dollar Share Class. Further, in tandem with the proposals made at the EGM held on 8 September 2020, the Company offered to its investors a cash exit offer (the meaning of which is given in the EGM Circulated dated 17 August 2020 available on the Company's website) and redeemed 40% of the issued share capital effective 8 September 2020 to those investors who had elected to participate in the cash exit offer.

FROM 1 JANUARY 2021 TO 31 DECEMBER 2021	STERLING ORDINARY SHARES	
Balance as at 1 January 2021		247,185,038
Balance as at 31 December 2021 ²		247,185,038

FROM 1 JANUARY 2020 TO 31 DECEMBER 2020	U.S. DOLLAR ORDINARY SHARES	STERLING ORDINARY SHARES
Balance as at 1 January 2020	27,711,386	433,276,307
Monthly conversions ¹	(1,649,207)	1,372,976
Compulsory Conversion	(24,156,179)	19,487,060
Share buybacks	(1,906,000)	(206,951,305)
Balance as at 31 December 2020 ²	-	247,185,038

¹ The Company offered 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 until the mandatory conversion on 31 July 2020.

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

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For the year ended 31 December 2021

NOTE 6 – SHARE CAPITAL (continued)

Treasury Shares

As at 31 December 2021, the Company held the following shares in treasury:

	31 DECEMBER 2021	31 DECEMBER 2020
Sterling Ordinary Treasury Shares ¹		
Opening number of shares	76,083,114	75,000,000
Shares bought into Treasury	-	1,083,114
Shares sold or cancelled from Treasury	-	-
Closing number of shares	76,083,114	76,083,114

¹ The Company has an approved share buyback programme and may elect to buyback ordinary shares at certain times during the year either for cancellation or to be held as Treasury shares at the absolute discretion of the Directors. There were no shares which were bought back during the year ended 31 December 2021.

The Computation for earnings per share for the years ended 31 December 2021 and 31 December 2020 are as follows:

	31 DECEMBER 2021	31 DECEMBER 2020
Net increase in net assets resulting from operations	£11,283,207	£1,059,758
Divided by weighted average shares outstanding for Sterling Ordinary Shares	247,185,038	353,677,735
Earnings per share for Sterling Ordinary Shares	£0.0456	£0.0030

Note 7 – FINANCIAL HIGHLIGHTS

31 DECEMBER 2021	STERLING ORDINARY SHARES AS AT 31 DECEMBER 2021 (GBP)
Per share operating performance	
NAV per share at the beginning of the year	0.9394
Income from investment operations ^(a)	
Net income per share for the year	0.0488
Net realised and unrealised loss from investments	(0.0022)
Foreign currency translation gain	0.0076
Total gain from operations	0.0542
Distributions per share during the year	(0.0507)
NAV per share at the end of the year	0.9429
NAV Total return ^{1, (b)}	5.89%
Ratios to average net assets ^(b)	
Net investment income	5.13%
On-Going Charges	1.12%

(a) The weighted average number of shares outstanding for the year was used for calculation. See note 6 also.

(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.

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For the year ended 31 December 2021

Note 7 – FINANCIAL HIGHLIGHTS (continued)

31 DECEMBER 2020	STERLING ORDINARY SHARES AS AT 31 DECEMBER 2020 (GBP)
Per share operating performance	
NAV per share at the beginning of the year	0.9594
Share buybacks and share swaps during the year	0.0336
Income from investment operations ^(a)	
Net income per share for the year ^(b)	0.0365
Net realised and unrealised loss from investments	(0.0230)
Foreign currency translation	(0.0221)
Total gain from operations	(0.0086)
Distributions per share during the year	(0.0450)
NAV per share at the end of the year	0.9394
NAV Total return ^{1, (b)}	
	2.99%
Ratios to average net assets ^(b)	
Net investment income	4.09%
On-Going Charges	1.11%

(a) The weighted average number of shares outstanding for the year was used for calculation. See note 6 also.

(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.

NOTE 8 - RECONCILIATION OF NET ASSET VALUE TO PUBLISHED NAV

	STERLING ORDINARY SHARES £
Published net assets at 31 December 2021 (US\$)	317,803,498
Valuation adjustments (US\$)	(2,122,351)
Net assets per Financial Statements (US\$)	315,681,147

NOTE 9 - SUBSEQUENT EVENTS

Dividends declared post year-end amounted to £0.01245 per share.

Directors have been monitoring the developments in Ukraine and undertook a detailed review of the portfolio in March 2022. The Company has no investments or portfolio companies headquartered or with material operations in Russia, Ukraine or neighbouring countries. We therefore do not expect any material impact on the Company but will continue to monitor closely.

The Directors have evaluated subsequent events up to 21st April 2022, which is the date that the Financial Statements were available to be issued and have concluded there are no further items that require disclosure or adjustment to the Financial Statements.