

# Quality of Execution Report

Interest Rate Derivatives – Swaps, forwards and other interest rate derivatives

Period covering 1 January 2020 – 31 December 2020

## Investment Service - Portfolio Management/Reception and Transmission Professional Clients

Class of Instrument	Interest rates derivatives - Swaps, forwards, and other interest rates derivatives				
Notification if < 1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of Passive orders	Percentage of Aggressive orders	Percentage of Directed orders
GOLDMAN SACHS & CO - FOR8UP27PHTHYVLBNG30	89.97	92.19	100.00	0.00	0.00
GOLDMAN SACHS INTERNATIONAL - W22LROWP2IHZNBB6K528	9.19	2.73	100.00	0.00	0.00
CITIGROUP GLOBAL MARKETS INC. - MBNUM2BPBDO7JBLYG310	0.60	4.18	100.00	0.00	0.00
JPMORGAN CHASE BANK NA - 7H6GLXDRUGQFU57RNE97	0.24	0.37	100.00	0.00	0.00
MORGAN STANLEY & CO - 9R7GPTSO7KV3UQJZQ078	0.00	0.53	100.00	0.00	0.00

## Notes:

- The reporting period covered is from 1 January 2020 to 31 December 2020
- Class of Instrument (Interest Rates Derivatives - Swaps, forwards and other interest rate derivatives) contains interest rate and total return swaps
- Notification of < 1 average trade per business day in the previous year is indicated with 'Y' for 'Yes' where there was less than 1 trade on average per business day in 2020. 'N' indicates 'No' there was more than 1 trade on average per business day
- If the Percentage of Aggressive orders is 100%, the trades were executed through a broker who is a systematic internalizer (SI). Any Broker acting as an SI are considered an execution venue

## Investment Service - Order Execution Professional Clients

Class of Instrument <b>Interest rates derivatives - Swaps, forwards, and other interest rates derivatives</b>						
Notification if < 1 average trade per business day in the previous year		<b>Y</b>				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of Passive orders	Percentage of Aggressive orders	Percentage of Directed orders	
JPCB - JPMORGAN CHASE BANK N.A. LONDON BRANCH	92.85	25.00	0.00	100.00	0.00	
GSSI - GOLDMAN SACHS INTERNATIONAL - SYSTEMATIC INTERNALISER	7.15	75.00	0.00	100.00	0.00	

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## Portfolio Management / Reception and Transmission

Neuberger Berman Asset Management Ireland Limited (NBAMIL) has published for each class of financial instrument, that it has either traded in or placed with a counterparty for execution, a summary of its analysis and the conclusions drawn from detailed monitoring of the quality of execution obtained for all client orders during 2020.

The following qualitative information is a summary analysis based on NBAMIL, and relevant Neuberger Berman group affiliates, detailed ongoing monitoring of execution quality for **Interest Rate Derivatives** including **Swaps, forwards and other interest rate derivatives**.

Requirement	
A. an explanation of the relative importance NBAMIL and its group affiliates gave to the execution factors of price, costs, speed, likelihood or execution or any other consideration including qualitative factors when assessing the quality of execution;	<p>NBAMIL’s central focus is the best execution for all NBAMIL clients. The considerations which NBAMIL will take account of when trading interest rate derivatives (swaps, forwards and other interest rate derivatives) are a combination of the following execution factors:</p> <ul style="list-style-type: none"><li>▪ Price – Various costs can include, but are not limited to; commissions, holdings costs and financing costs associated with this asset class. NBAMIL is continually engaged in price discovery with available counterparties.</li><li>▪ Speed of execution – the speed with which counterparties show an executable price. When timing of execution and defined market levels are prioritized by the portfolio managers, the first available price may be taken, as long as it is within expected tolerance limits.</li><li>▪ Market impact – the ability of the counterparty to absorb the trade without impacting the wider market through information leakage.</li><li>▪ Consistency – in respect of pricing, speed of execution, reliability (robustness of electronic systems and ability to show competitive prices during times of high market volatility) and the operational aspects of order execution – interaction with middle-office, system and settlement issues, as well as connectivity.</li><li>▪ Credit risk and counterparty limits (Primarily for swaps) – the counterparty credit rating assessment and adherence to counterparty concentration limits which may be in place.</li></ul> <p>The relative importance of the execution factors above is variable, depending on market conditions and other considerations. That said, the particular combination of total consideration (price of the instrument and costs of execution,</p>

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Requirement	
	<p>both implicit and explicit) and size are usually the most considered factors when setting our execution strategy. Our goal will always be to treat all of our clients fairly in achieving the best possible execution outcome.</p>
<p>B. description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;</p>	<p>NBAMIL and/or any other Neuberger Berman group affiliates do not trade with or have any close links or common ownership with any execution venues or counterparties used to execute orders.</p>
<p>C. a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or nonmonetary benefits received;</p>	<p>NBAMIL and/or any other Neuberger Berman group affiliates will not receive payments, discounts or rebates in its derivative trading arrangements. Certain non-monetary benefits may be given and/or received by NBAMIL employees, but in all cases will comply with internal policies which deal with gifts/entertainment, and potential conflict of interest scenarios that may arise as a result.</p>
<p>D. an explanation of the factors that led to a change in the list of execution venues listed in NBAMIL's execution policy, if such a change occurred;</p>	<p>Having been initially approved, a counterparty will remain on NBAMIL's approved list of execution brokers and be subject to an ongoing monitoring process. This includes, but is not limited to, an assessment of creditworthiness and financial stability, a review of the execution services provided, and the counterparty's ability to trade effectively on our client's behalf. Each counterparty we use are dependent on their execution capabilities fitting the needs of a specific order, such as liquidity, market impact and certainty of execution. Counterparties will be removed from our list where they are found to be consistently delivering poor execution.</p> <p>Similar to trading activity in 2019, during 2020 Goldman Sachs was the main used to trade securities in this asset class.</p>

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Requirement	
E. an explanation of how order execution differs according to client categorisation, where NBAMIL treats categories of clients differently and where it may affect the order execution arrangements;	<p>All NBAMIL clients are treated the same. However, the efficiency of NBAMIL's process can be constrained for certain clients by:</p> <ul style="list-style-type: none"><li>▪ The availability of counterparties due to limited legal arrangements in place (i.e. ISDA Master Agreements and CSA), which may impact the ability to trade efficiently in block trades on behalf of several accounts.</li><li>▪ Counterparty risk limits – where clients require counterparty risk exposure controls, trading could be constrained and mean less flexibility to trade. In some cases, certain trades may be split among several different counterparties in order to limit concentration risk, but this may not provide for best execution.</li></ul>
F. an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;	<p>This is not applicable, as NBAMIL does not trade retail client orders.</p>
G. an explanation of how NBAMIL has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575 – RTS27;	<p>NBAMIL's trade execution is reviewed as part of the Neuberger Berman Best Execution Committee's oversight of execution quality. To complement this review, NBAMIL makes use of a third party independent TCA (transaction Cost Analysis) provider to assist with detailed monitoring of the quality of execution obtained across the counterparties and/or venues where NBAMIL executes and/or places client orders for execution. RTS27 reports are not used in any analysis to establish the quality of execution.</p>

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Requirement	
H. where applicable, an explanation of how NBAMIL has used output of a consolidated tape provider.	This is not applicable, as there are currently no consolidated tape providers in Europe.

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