

# Quality of Execution Report

Equities – Shares & Depository Receipts – Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)

Period covering 1 January 2018 – 31 December 2018

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

Class of Instrument	Equities - Shares & Depository Receipts - Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)				
Notification if < 1 average trade per business day in the previous year	Y				
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
MORGAN STANLEY & CO. LLC - 9R7GPTSO7KV3UQJZQ078	44.22	20.68	0.00	0.00	0.00
CITIGROUP GLOBAL MARKETS INC. - MBNUM2BPBDO7JBLYG310	40.78	55.20	0.00	0.00	0.00
KEEFE, BRUYETTE & WOODS, INC. - 549300OM47DQV01G4854	14.58	3.44	0.00	0.00	0.00
J.P. MORGAN SECURITIES LLC - ZBUT11V806EZRVTWT807	0.42	20.68	0.00	0.00	0.00

Note:

- The reporting period covered is from 1 January 2018 to 31 December 2018
- Class of Instrument (Equities - Shares & Depository Receipts) contains ownership in a corporation and represents a claim on a part of the corporation's assets and earnings
- 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 2017. 'N' indicates 'No' there was more than 1 trade on average per business day
- Tick size liquidity bands 3 and 4 includes trades with an ADNT (average daily number of trades) between 80 and 1999 trades per day. Securities in this band will range from illiquid to more liquid, depending where they fall in daily trading volumes

## Investment Service - Order Execution Professional Clients

Class of Instrument							Equities - Shares & Depository Receipts - Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)						
Notification if < 1 average trade per business day in the previous year							Y						
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			
GSSI - GOLDMAN SACHS INTERNATIONAL - SYSTEMATIC INTERNALISER		100.00		100.00		0.00		100.00		0.00			

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- As the Percentage of Aggressive orders is 100%, these trades were executed through a broker who is a systematic internalizer (SI). The SI status is a new data point captured for 2018 trades. Any Broker acting as an SI was previously categorized as a broker in 2017, and in 2018 are considered an execution venue

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## Portfolio Management / Reception and Transmission

Neuberger Berman Europe Limited (NBEL) 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 2018.

The following qualitative information is a summary analysis based on NBEL, and relevant Neuberger Berman group affiliates, detailed ongoing monitoring of execution quality for **Equities** including **Shares & Depository Receipts – Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)**.

Requirement	
A. an explanation of the relative importance NBEL and its group affiliates gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;	<p>The relative importance of each of these factors within Neuberger Berman’s equity dealing process will vary depending upon a number of criteria, namely:</p> <ol style="list-style-type: none"><li>1. the investment intent of the investment manager who created the order at NBEL;</li><li>2. the characteristics of financial instruments that are the subject of that order; and</li><li>3. the characteristics of the execution venues to which that order can be directed. In this case the systematic internalizer of Goldman Sachs.</li></ol> <p>Each client order that is transacted by NBEL or any other affiliate traders, is inherently unique in its characteristics and market conditions are never constant. The relative importance of the execution factors is therefore variable. That said, the particular combination of total consideration (price of the instrument and costs of execution, both implicit and explicit) and size are usually the most considered factors when setting our execution strategy. When an instrument is less liquid, as some may be in this tick size band, the likelihood of execution becomes a more important consideration. Another factor relevant to best execution is counterparty risk, particularly in the case of instruments which are not settled by delivery versus payment. Under this scenario, NBEL’s assessment of credit risk may impact on the selection of who we trade with.</p>

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Requirement	
<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>NBEL 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>NBEL and/or any other Neuberger Berman group affiliates will not receive payments, discounts or rebates in its equity trading arrangements. Certain non-monetary benefits may be given and/or received by NBEL 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 NBEL's execution policy, if such a change occurred;</p>	<p>Having been initially approved, a counterparty will remain on NBEL'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>E. an explanation of how order execution differs according to client categorisation, where NBEL treats categories of clients differently and where it may affect the order execution arrangements;</p>	<p>All NBEL client orders are treated in the same way</p>

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Requirement	
<p>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>	<p>This is not applicable, as NBEL does not execute retail client orders.</p>
<p>G. an explanation of how NBEL has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575 – RTS27;</p>	<p>NBEL’s trade execution is reviewed as part of the Neuberger Berman Best Execution Committee’s oversight of execution quality. To complement this review, NBEL 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 NBEL executes and/or places client orders for execution.</p>
<p>H. where applicable, an explanation of how NBEL has used output of a consolidated tape provider.</p>	<p>This is not applicable, as there are currently no consolidated tape providers in Europe providing this data.</p>

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