

Quality of Execution Report

Debt instruments - Money market instruments

Period covering 1 January 2017 – 31 December 2017

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

Class of Instrument	Debt instruments - Money markets instruments					
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 - 9R7GPTS07KV3UQJZQ078	25.60	8.45	0.00	0.00	0.00	
RBC CAPITAL MARKETS LLC - ES7IP3U3RHIGC71XBU11	21.86	25.35	0.00	0.00	0.00	
BNP PARIBAS SECURITIES CORP - RCNB60TYUAMMP879YW96	9.30	9.86	0.00	0.00	0.00	
GOLDMAN SACHS & CO - FOR8UP27PHTHYVLBNG30	8.53	11.27	0.00	0.00	0.00	
CITIGROUP GLOBAL MARKETS LIMITED - XKZZ2JZF41MRHTR1V493	6.71	11.27	0.00	0.00	0.00	

### Note:

- The reporting period covered is from 1 January 2017 – 31 December 2017.
- Class of Instrument (Debt instruments – Money market instruments) contains treasury bills.
- 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 there was more than 1 trade on average per business day.

## Quality of Execution Report, period covering 1 January 2017 – 31 December 2017

### 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 2017.

The following qualitative information is a summary analysis based on NBEL, and relevant Neuberger Berman group affiliates, detailed ongoing monitoring of execution quality for **debt instruments – money market instruments**.

#### 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;

NBEL's central focus is the best execution for all NBEL clients. Price is the driving consideration NBEL will take account of when trading money market Instruments. NBEL has a robust price discovery processes in place whereby trades are routed electronically to main counterparties via Bloomberg to ensure best execution.

There will be some situations in this asset class, where best execution is not applicable due to the nature of client directed orders. For such situations, NBEL will be deemed to have complied with its best execution obligations and act in the best interest of its clients by adhering to the clients' specific instruction to invest excess cash in a single defined money-market vehicle via the custodian bank of the client.

Requirement	
<p>(b) a 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 non-monetary benefits received;</p>	<p>NBEL and/or any other Neuberger Berman group affiliates will not receive payments, discounts or rebates in its money-market trading arrangements.</p> <p>However, it may receive certain non-monetary benefits which will comply with internal policies which deal with gift and entertainment scenarios, and the creation of potential conflicts of interest that may arise.</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>NBEL will assess on an on-going basis whether counterparties and/or execution venues are continuing to enable NBEL to consistently meet its best execution obligations. NBEL reviews the criteria applied when originally approving an execution venue and evaluates whether changing market conditions and operational factors have impacted that choice. The monitoring may include access to market liquidity, stability of the company, ability to integrate into the existing infrastructure in order to minimise operational risks and other factors.</p> <p>In this asset class, there may be examples where client directed money market investments are made via the client's custody bank as per the instructions given to NBEL by the client.</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 clients are treated the same. However, the efficiency of NBEL's process can be constrained in this asset class 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>

## Requirement

- Limited venue and/or counterparty availability – certain clients may limit the ability to transact to certain venues or counterparties. In such cases, any decision to execute or place an order with a particular counterparty or venue will be made from the available set of counterparties/venues for that client.
- Client direction to a single counterparty or execution venue.

(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;

This is not applicable, as NBEL does not trade retail client orders.

(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;

NBEL has hired an independent TCA (transaction costs analysis) provider to help with detailed monitoring of the quality of execution obtained across the counterparties where we execute and/or place client orders for execution.

Data published in line with the Delegated Regulation/RTS27 is not yet available for the period under review, so cannot be considered at this time.

Where, for some money market instrument transactions, NBEL is directed where to trade, then this analysis will not apply.

(h) where applicable, an explanation of how NBEL has used output of a consolidated tape provider.

This is not applicable, as there are currently no consolidated tape providers in Europe.