

Quality of Execution Report

Equities - Shares & Depositary Receipts - Tick size liquidity bands 5 and 6

Period covering 1 January 2017 – 31 December 2017

Investment Service - Portfolio Management/Reception and Transmission Professional Clients

Class of Instrument	Equities - Shares & Depositary Receipts - Tick size liquidity bands 5 and 6 (from 2000 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
MERRILL LYNCH PIERCE FENNER & SMITH - 8NAV47T0Y26Q87Y0QP81	60.35	9.55	0.00	0.00	0.00
JP MORGAN SECURITIES LLC - ZBUT11V806EZRVTWT807	15.16	14.01	0.00	0.00	0.00
MACQUARIE CAPITAL FUNDING LLC - 549300670K07JRB5UQ40	6.89	0.64	0.00	0.00	0.00
HSBC SECURITIES (USA) INC - CYYGQCGNHMHPSMRL3R97	5.49	3.18	0.00	0.00	0.00
GOLDMAN SACHS INTERNATIONAL - W22LROWP2IHZNBB6K528	4.35	17.83	0.00	0.00	0.00

Note:

- The reporting period covered is from 1 January 2017 – 31 December 2017.
- Class of Instrument (Equities – Shares & depositary receipts) contain ownership in a corporation and represents a claim on 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 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 **equities** including **shares and depositary receipts**.

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;

The relative importance of each of these factors within Neuberger Berman's equity dealing process will vary depending upon a number of criteria, namely:

1. the investment intent of the investment manager who created the order at NBEL;
2. the characteristics of financial instruments that are the subject of that order; and
3. the characteristics of the execution venues to which that order can be directed.

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, 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.

Requirement

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| (b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders; | 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. |
| (c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received; | 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 are given and received by NBEL, but will comply with internal policies which deal with gift and entertainment scenarios, as well as the creation of any potential conflicts of interest that may arise. |
| (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; | Counterparty's remain on NBEL's approved list of execution brokers subject to an authorisation and ongoing monitoring process, which includes, but is not limited to, the counterparty's creditworthiness and financial stability, a review of the performance of execution services provided, and the counterparty's ability to trade effectively on our client's behalf. |
| (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; | All NBEL clients are treated the same. |

Requirement	
(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;	<p>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.</p> <p>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.</p>
(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.