

**MiFID II – RTS 28 Reporting  
NN Investment Partners C.R., a.s. - 2017**

**Reception and Transmission**

Class of Instrument	Currency Derivatives - Swaps, Forwards & Other currency 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
3TK201V1UJ8J3ZU0QE75 - ING Bank N.V. (local branches)	92.32%	90.91%	0%	100%	0%
TRAL - FXALL	7.68%	9.09%	0%	100%	0%

*Note: Portion of trades is executed via NNIP Advisors B.V. RTS 28 report for NNIP Advisors B.V. can be found at [https://www.nnip.com/NL\\_nl/corporate/Over-ons/Beleid-1.htm](https://www.nnip.com/NL_nl/corporate/Over-ons/Beleid-1.htm)*

**Note: For the purpose of this report NN IP Advisors has also taken into account some of the transactions that have been executed by other NN IP entities in the past but will be executed by NN IP Advisors going forward. This will enable investors to have a better understanding of our best execution practices going forward.**

The summary of the analysis and conclusions drawn from firms' execution monitoring is similar for each class of financial instrument. Therefore we disclose the information regarding 2017 on a consolidated basis.

### **Best Execution within NN IP**

NNIP Advisors and its affiliates ("NN IP") have a duty to act honestly, fairly, professionally and in the best interests of its clients. When executing orders, NN IP takes all reasonable steps to obtain the best result for its clients. NN IP has a duty to ensure that, when executing transactions directly with Brokers or on/with Execution venues, it obtains "best execution".

Within NN IP we have a written policy, the NN IP Broker Selection and Order Execution Policy and procedures, in order to achieve "best execution" for our clients.

A copy of our most recent "best execution policy" is available on our website at:

<https://www.nnip.com/corporate/INT/en/About-us/policies.htm>.

This policy is being updated at least annually and may differ from the summarized process described below. The full policy applicable during the reporting period will be made available to our clients upon request.

During the reporting period NN IP had implemented the following steps in order to achieve "best execution" for our clients:

- Counterparty (Execution venue and broker) approval – Every Counterparty has been approved by Credit Risk Management, Compliance and ultimately by the Brokerage and Trading Review Committee ("BTRC")
- Counterparty Selection- In the Counterparty selection process (as well as their evaluation as discussed below) for trades, NN IP has considered a number of factors, which may include (but does not necessarily involve all of) the following:
  - the quality and effectiveness of a Counterparty's execution policy, if relevant, in order for a Counterparty to reach the best possible result for NN IP's client
  - the Counterparty's ability to provide the best price and to maximize the opportunity for price improvement
  - the Counterparty's ability to provide favourable access to new issues
  - the Counterparty's ability to search for and obtain liquidity to minimize market impact and accommodate unusual market conditions
  - the Counterparty's ability to maintain and commit adequate capital when necessary to complete trades
  - the Counterparty's ability to complete trades, to complete trades quickly and to minimise the number of incomplete trades
  - access to specific markets (e.g. Russia)
  - flexibility: is the Counterparty able to execute unique trading strategies/execute and settle difficult trades as well as unusual trading volumes
  - quality, offering, speed of electronic execution methods and program trading (ability to execute multiple transactions)



## NN investment partners

- discretion: is the Counterparty able to maintain the confidentiality of an order
  - efficiency and accuracy of the Counterparty's clearance and settlement process, including our split across clients
  - timely and accurate provision of execution reports
  - the level to which the Counterparty exercises efforts to satisfy trading needs in a diligent and consistent manner and a proven track-record of the Counterparty (measured by for example hit-ratios)
  - the level to which the Counterparty is responsive to comments or to complaints
  - the Counterparty's ability to engage in after-hours and cross-border trading
  - quality and quantity of information flow, with respect to specific companies, countries and industry and/or regarding specific instruments
  - availability and quality of a Counterparty's own or third-party research or access thereto
  - availability and quality of a Counterparty's traders, strategists, analysts, etc.
  - response time and adequate lines of communication with Counterparty's staff and traders
  - a Counterparty's ability to anticipate on, adopt and have access to alternative trading options with a view on achieving higher quality execution
  - Risk management: limit observation and Counterparty diversification considerations
- Semi-annual Counterparty evaluation - on a semi-annual basis, NN IP investment professionals (e.g. portfolio manager, analyst, trader, etc.) have rated the Counterparties on the Approved Counterparties List according to selection criteria discussed above. In performing a Counterparty's evaluation, the execution quality of such Counterparty have been assessed.
  - Trade-by-trade criteria – NN IP has taken into account criteria specific for each transaction, which included the price and costs, speed and likelihood of execution and settlement of the trade, the size and nature of the order, impact on the market and proprietary risk criteria.
  - Of all aforementioned execution criteria, highest priority has been given to price and costs and speed and likelihood of execution.
  - Governance - the effectiveness and accuracy of the Counterparty Selection and Order Execution Policy, acting in accordance with it and the principles and procedures contained in it has been monitored on a continuing basis by the BTRC (Broker and Trading Review Committee).
  - Monitoring – on a monthly basis the Compliance department monitored the execution transaction on various potential conflicts of interest, as well as market abuse indicators. Annually de Compliance Department drafts a Best Execution Report
  - There has been no change in the list of execution venues.
  - NNIP has not used any data published under 27(10)(a) of Directive 2014/65/EU or of a consolidated tape provider because of the lack of available information.

### Conflicts of Interest related to transaction execution

#### Trade Aggregation and Allocation

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- Pre-allocation - by placing a trade order in the relevant portfolio management system, the portfolio manager, who is separate from the Trading team, indicated which clients he/she wanted to trade for including the target quantities per client, whereby clients with equal mandates were generally treated equally.
- Aggregation of trade orders - in general, trade orders for the same security with the same trading parameters (e.g. same price limits or other limiting instructions) on behalf of multiple clients were aggregated into a block transaction.
- Allocation of transactions - In general, fully or partially executed trade orders for multiple clients are allocated on a prorata basis, based on the target quantity.

The Compliance department has monitored on a monthly basis adherence to the policy and reported its result to the BRTC.

Full details of our Trade Aggregation and Allocation Policy will be made available to our clients upon request.

### **Affiliated Counterparties**

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### **Gifts, Events and Business Meals**

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The Compliance department has monitored on a quarterly basis adherence to the policy and reported its result specific to our trading and investment teams to the BTRC.

### **Compliance Review**

Based on the monitoring activities performed, the Compliance department believes NN IP has adhered to its written policies and procedures during the reporting period.

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**Reception and Transmission**

Class of Instrument	Debt Instruments - Bonds				
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
9KOGW2C2FCIOJQ7FF485 - CESKA SPORITELNA, A.S.	29.47%	13.58%	0%	100%	0%
31570010000000000000 - PPF BANKA A.S.	10.87%	5.75%	0%	100%	0%
3TK20IVIUJ8J3ZU0QE75 - ING Bank N.V. (local branches)	7.34%	11.69%	0%	100%	0%
IYKCAVNFR8QGF00HV840 - KOMERCNI BANKA AS	6.36%	6.44%	0%	100%	0%
XKZZ2JZF41MRHTR1V493 - CITIGROUP GLOBAL MARKETS LIMITED	6.05%	7.43%	0%	100%	0%

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  - flexibility: is the Counterparty able to execute unique trading strategies/execute and settle difficult trades as well as unusual trading volumes
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  - the level to which the Counterparty exercises efforts to satisfy trading needs in a diligent and consistent manner and a proven track-record of the Counterparty (measured by for example hit-ratios)
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  - response time and adequate lines of communication with Counterparty's staff and traders
  - a Counterparty's ability to anticipate on, adopt and have access to alternative trading options with a view on achieving higher quality execution
  - Risk management: limit observation and Counterparty diversification considerations
- Semi-annual Counterparty evaluation - on a semi-annual basis, NN IP investment professionals (e.g. portfolio manager, analyst, trader, etc.) have rated the Counterparties on the Approved Counterparties List according to selection criteria discussed above. In performing a Counterparty's evaluation, the execution quality of such Counterparty have been assessed.
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  - Governance - the effectiveness and accuracy of the Counterparty Selection and Order Execution Policy, acting in accordance with it and the principles and procedures contained in it has been monitored on a continuing basis by the BTRC (Broker and Trading Review Committee).
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  - There has been no change in the list of execution venues.
  - NNIP has not used any data published under 27(10)(a) of Directive 2014/65/EU or of a consolidated tape provider because of the lack of available information.

### Conflicts of Interest related to transaction execution

#### Trade Aggregation and Allocation

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### **Compliance Review**

Based on the monitoring activities performed, the Compliance department believes NN IP has adhered to its written policies and procedures during the reporting period.



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**Order Execution**

Class of Instrument	Equities - Tick size liquidity band 1 & 2				
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
549300UYJKOXE3HB8L79 - WOOD & COMPANY FINANCIAL SERVICES	45.28%	42.86%	N/A	N/A	0%
9KOGW2C2FCIOJQ7FF485 - CESKA SPORITELNA, A.S.	26.90%	28.57%	N/A	N/A	0%
549300RFKNCOX56F8591 - RAIFFEISEN BANK SA	12.57%	8.57%	N/A	N/A	0%
3157001000000009310 - BH SECURITIES AS	7.11%	8.57%	N/A	N/A	0%
31570010000000043842 - J & T BANKA AS	4.12%	4.12%	N/A	N/A	0%

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## NN investment partners

- flexibility: is the Counterparty able to execute unique trading strategies/execute and settle difficult trades as well as unusual trading volumes
  - quality, offering, speed of electronic execution methods and program trading (ability to execute multiple transactions)
  - discretion: is the Counterparty able to maintain the confidentiality of an order
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### Conflicts of Interest related to transaction execution

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**Order Execution**

Class of Instrument	Equities - Tick size liquidity band 3 & 4				
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
549300UYJKOXE3HB8L79 - WOOD & COMPANY FINANCIAL SERVICES	23.35%	25.63%	N/A	N/A	0%
31570010000000043842 - J & T BANKA AS	20.61%	16.35%	N/A	N/A	0%
31570010000000009310 - BH SECURITIES AS	18.01%	9.75%	N/A	N/A	0%
P4GTT6GF1W40CVIMFR43 - PKO SA	12.95%	13.52%	N/A	N/A	0%
9KOGW2C2FCIOJQ7FF485 - CESKA SPORITELNA, A.S.	12.95%	21.86%	N/A	N/A	0%

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- Allocation of transactions - In general, fully or partially executed trade orders for multiple clients are allocated on a prorata basis, based on the target quantity.

The Compliance department has monitored on a monthly basis adherence to the policy and reported its result to the BRTC.

Full details of our Trade Aggregation and Allocation Policy will be made available to our clients upon request.

### **Affiliated Counterparties**

During the reporting period, NN IP has not executed transactions with affiliated counterparties.

Going forward, NN IP Advisors B.V. will execute and transmit orders on behalf of itself and its affiliates. NNIP Advisors B.V. will be compensated for these services by its affiliates. The cost of these provided services provided by NNIP Advisors B.V. will be paid by the affiliates and not by the their clients.

### **Gifts, Events and Business Meals**

Our gifts, entertainment and business meals policy outlines what gifts and entertainment are typically appropriate and permissible. Aside from reporting requirements, employees of NN IP must also request approval from their managers and the Compliance Department for offering or receiving gifts and entertainment over certain limits and to certain individuals (e.g., public officials). There aren't any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received.

The Compliance department has monitored on a quarterly basis adherence to the policy and reported its result specific to our trading and investment teams to the BTRC.

### **Compliance Review**

Based on the monitoring activities performed, the Compliance department believes NN IP has adhered to its written policies and procedures during the reporting period.



**MiFID II – RTS 28 Reporting  
NN Investment Partners C.R., a.s. - 2017**

**Order Execution**

Class of Instrument	Equities - Tick size liquidity band 5 & 6				
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
549300UYJKOXE3HB8L79 - WOOD & COMPANY FINANCIAL SERVICES	40.57%	19.69%	N/A	N/A	0%
P4GTT6GF1W40CVIMFR43 - PKO SA	34.83%	35.23%	N/A	N/A	0%
31570010000000043842 - J & T BANKA AS	12.95%	12.44%	N/A	N/A	0%
9KOGW2C2FCIOJQ7FF485 - CESKA SPORITELNA, A.S.	11.65%	32.64%	N/A	N/A	0%

**Note: For the purpose of this report NN IP Advisors has also taken into account some of the transactions that have been executed by other NN IP entities in the past but will be executed by NN IP Advisors going forward. This will enable investors to have a better understanding of our best execution practices going forward.**

The summary of the analysis and conclusions drawn from firms' execution monitoring is similar for each class of financial instrument. Therefore we disclose the information regarding 2017 on a consolidated basis.

### **Best Execution within NN IP**

NNIP Advisors and its affiliates ("NN IP") have a duty to act honestly, fairly, professionally and in the best interests of its clients. When executing orders, NN IP takes all reasonable steps to obtain the best result for its clients. NN IP has a duty to ensure that, when executing transactions directly with Brokers or on/with Execution venues, it obtains "best execution".

Within NN IP we have a written policy, the NN IP Broker Selection and Order Execution Policy and procedures, in order to achieve "best execution" for our clients.

A copy of our most recent "best execution policy" is available on our website at:

<https://www.nnip.com/corporate/INT/en/About-us/policies.htm>.

This policy is being updated at least annually and may differ from the summarized process described below. The full policy applicable during the reporting period will be made available to our clients upon request.

During the reporting period NN IP had implemented the following steps in order to achieve "best execution" for our clients:

- Counterparty (Execution venue and broker) approval – Every Counterparty has been approved by Credit Risk Management, Compliance and ultimately by the Brokerage and Trading Review Committee ("BTRC")
- Counterparty Selection- In the Counterparty selection process (as well as their evaluation as discussed below) for trades, NN IP has considered a number of factors, which may include (but does not necessarily involve all of) the following:
  - the quality and effectiveness of a Counterparty's execution policy, if relevant, in order for a Counterparty to reach the best possible result for NN IP's client
  - the Counterparty's ability to provide the best price and to maximize the opportunity for price improvement
  - the Counterparty's ability to provide favourable access to new issues
  - the Counterparty's ability to search for and obtain liquidity to minimize market impact and accommodate unusual market conditions
  - the Counterparty's ability to maintain and commit adequate capital when necessary to complete trades
  - the Counterparty's ability to complete trades, to complete trades quickly and to minimise the number of incomplete trades
  - access to specific markets (e.g. Russia)



## NN investment partners

- flexibility: is the Counterparty able to execute unique trading strategies/execute and settle difficult trades as well as unusual trading volumes
  - quality, offering, speed of electronic execution methods and program trading (ability to execute multiple transactions)
  - discretion: is the Counterparty able to maintain the confidentiality of an order
  - efficiency and accuracy of the Counterparty's clearance and settlement process, including our split across clients
  - timely and accurate provision of execution reports
  - the level to which the Counterparty exercises efforts to satisfy trading needs in a diligent and consistent manner and a proven track-record of the Counterparty (measured by for example hit-ratios)
  - the level to which the Counterparty is responsive to comments or to complaints
  - the Counterparty's ability to engage in after-hours and cross-border trading
  - quality and quantity of information flow, with respect to specific companies, countries and industry and/or regarding specific instruments
  - availability and quality of a Counterparty's own or third-party research or access thereto
  - availability and quality of a Counterparty's traders, strategists, analysts, etc.
  - response time and adequate lines of communication with Counterparty's staff and traders
  - a Counterparty's ability to anticipate on, adopt and have access to alternative trading options with a view on achieving higher quality execution
  - Risk management: limit observation and Counterparty diversification considerations
- Semi-annual Counterparty evaluation - on a semi-annual basis, NN IP investment professionals (e.g. portfolio manager, analyst, trader, etc.) have rated the Counterparties on the Approved Counterparties List according to selection criteria discussed above. In performing a Counterparty's evaluation, the execution quality of such Counterparty have been assessed.
  - Trade-by-trade criteria – NN IP has taken into account criteria specific for each transaction, which included the price and costs, speed and likelihood of execution and settlement of the trade, the size and nature of the order, impact on the market and proprietary risk criteria.
  - Of all aforementioned execution criteria, highest priority has been given to price and costs and speed and likelihood of execution.
  - Governance - the effectiveness and accuracy of the Counterparty Selection and Order Execution Policy, acting in accordance with it and the principles and procedures contained in it has been monitored on a continuing basis by the BTRC (Broker and Trading Review Committee).
  - Monitoring – on a monthly basis the Compliance department monitored the execution transaction on various potential conflicts of interest, as well as market abuse indicators. Annually de Compliance Department drafts a Best Execution Report
  - There has been no change in the list of execution venues.
  - NNIP has not used any data published under 27(10)(a) of Directive 2014/65/EU or of a consolidated tape provider because of the lack of available information.

### Conflicts of Interest related to transaction execution

#### Trade Aggregation and Allocation

NN IP has the possibility to aggregate identical client orders. On order to mitigate the potential conflict of interest, e.g. favouring one client over another client, NN IP has a written policy, the NN IP The Trade Aggregation and Allocation Policy. This policy addresses three stages in the trade/investment process:

- Pre-allocation - by placing a trade order in the relevant portfolio management system, the portfolio manager, who is separate from the Trading team, indicated which clients he/she wanted to trade for including the target quantities per client, whereby clients with equal mandates were generally treated equally.

- Aggregation of trade orders - in general, trade orders for the same security with the same trading parameters (e.g. same price limits or other limiting instructions) on behalf of multiple clients were aggregated into a block transaction.
- Allocation of transactions - In general, fully or partially executed trade orders for multiple clients are allocated on a prorata basis, based on the target quantity.

The Compliance department has monitored on a monthly basis adherence to the policy and reported its result to the BRTC.

Full details of our Trade Aggregation and Allocation Policy will be made available to our clients upon request.

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The Compliance department has monitored on a quarterly basis adherence to the policy and reported its result specific to our trading and investment teams to the BTRC.

### **Compliance Review**

Based on the monitoring activities performed, the Compliance department believes NN IP has adhered to its written policies and procedures during the reporting period.