
Barclays Wealth and Investment Management

200 Park Avenue
New York, NY 10166
800.392.5000
www.barclayswealth.com

This brochure provides information about the qualifications and business practices of Barclays Wealth and Investment Management, the wealth and investment management division of Barclays Bank Plc, which functions through Barclays Capital Inc. (“Barclays”). If you have any questions about the contents of this brochure, please contact us at 800.392.5000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional information about Barclays Wealth and Investment Management also is available on the SEC’s website at www.adviserinfo.sec.gov.

September 13, 2012

MATERIAL CHANGES

This section describes the material changes to our Form ADV Part 2A Brochure since the last annual amendment on July 2, 2012.

Portfolio Management Volatility and Options Overlay Program

The Portfolio Management Volatility and Options Overlay Program is a new program provided by Barclays Capital Inc. which offers investment strategies that may be used to seek to enhance existing client portfolios or to generate returns with low correlations to traditional and alternative asset classes. Clients may select from various investment strategies, pursuant to which their account will be managed on a discretionary basis by Barclays. Such investment strategies are managed by portfolio managers who are employees of Barclays (or an affiliate of Barclays). A detailed description of the Portfolio Management Volatility and Options Overlay Program is contained below under “Barclays Advisory Services— Portfolio Management Volatility and Options Overlay Program.”

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ADVISORY BUSINESS

The goal at Barclays Capital Inc. (“BCI”) is to understand the individual circumstances and objectives of BCI’s clients in order to provide them with proactive responses to their wealth and investment management needs at any particular point in time. With this end in mind, BCI maintains two distinct investment advisory businesses: Barclays Wealth and Investment Management (“Barclays”) and Barclays Capital Fund Solutions – Americas (“BCFS – Americas”). This Brochure relates to Barclays.

For over 300 years, Barclays PLC and its subsidiaries (the “Barclays Group”) have managed wealth on behalf of individuals, families and businesses. A unique combination of resources and energy, experience and intelligence, underpins all that the Barclays Group does. BCI is headquartered in New York with 12 registered domestic branch offices and has been registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”) since 2008. The principal owner of BCI is Barclays Group U.S. Inc., a wholly-owned subsidiary of Barclays Bank PLC, which itself is ultimately owned by Barclays PLC.

Barclays Advisory Services

Barclays offers investment advisory services through a variety of different advisory programs and investment products.

Advisory Services – Investment Philosophy Portfolio Multiple Accounts

Barclays provides asset allocation and investment advice for client portfolios through the Investment Philosophy Portfolio Multiple Accounts (“IPPMA”) program. This program is offered on a discretionary (“Discretionary”) basis, where Barclays is delegated authority to make all investment decisions, and on a non-discretionary (“Guided”) basis, where Barclays provides investment recommendations and the client makes all investment decisions. Both offerings entail developing a multi asset class strategic asset allocation (“SAA”) and providing tactical asset allocation (“TAA”) advice for the client’s account. The SAA is a neutral allocation for the client’s account developed in conjunction with the client that takes into account the client’s investment goals, risk tolerance and other information provided by the client. The TAA advice is developed by Barclays and consists of advice to overweight and/or underweight various asset classes to the allocations specified in the SAA. The SAA for a client’s account is set forth in the client’s Investment Policy Statement (“IPS”).

In the Discretionary offering of IPPMA, Barclays will implement SAA and TAA weightings that are deemed by Barclays to be appropriate for a client based on the client’s IPS and other relevant factors using investment products and services that are available through the Barclays platform. In the Guided offering of IPPMA, Barclays will recommend various investment products and services that are available through the Barclays platform to implement the SAA and TAA weightings that are deemed by Barclays to be appropriate for a client based on the client’s IPS and other relevant factors.

Investment products and services available through the Barclays platform include affiliated and unaffiliated investment managers, U.S. exchange-listed exchange traded funds (“ETFs”), mutual funds, other collective investment vehicles including private investment funds for which Barclays may act as investment adviser or placement agent, individual equity and fixed income instruments, structured products and forms of cash and cash equivalents.

Advisory Services – Barclays Wealth Advisor Series

Barclays acts as investment adviser to a range of private investment funds known as Barclays Wealth Advisor Series (“BWAS”). The BWAS funds employ a master-feeder structure comprised of a Cayman Islands exempted limited partnership (the “Master Fund”), a Delaware limited partnership and a Cayman Island exempted limited company (collectively, the “Feeder Funds” and, together with the Master Fund, the “BWAS Funds”). For all BWAS Funds except for the BWAS Multi-Manager International Equity Fund, Barclays acts as investment adviser to the BWAS Funds and delegates discretion and responsibilities

with respect to the management of the BWAS Funds' portfolios to unaffiliated top-tier long-only asset managers ("BWAS Managers") selected by Barclays. For the BWAS Multi-Manager International Equity Fund, Barclays invests the fund's assets in other BWAS Funds as well as certain other investments, including separately managed accounts and private investment funds that may or may not be on the Barclays platform.

Barclays clients that may be investors in the BWAS Funds do not have the ability to impose reasonable restrictions on the investments made by the BWAS Funds. Barclays and the BWAS Managers manage the BWAS Funds in accordance with the investment objectives and constituent documents of each portfolio.

Advisory Services - Alternatives Accommodation Platform

The Alternatives Accommodation Platform is available for clients who have requested access to certain third party private investment funds that are not provided on the Barclays platform, nor are they recommended by Barclays. Access to the Alternatives Accommodation Platform is typically permitted when a new client had a prior relationship with another firm at which they invested in a private investment fund and, for continuity and reporting purposes, would like to transfer their investment to the Barclays platform. The client is responsible for having independently, or with the assistance of advisers other than Barclays, evaluated the merits and risks of investing in the private investment fund and determined that the client is able to bear any risks, including the risk of loss of all or a significant portion of any invested capital.

Barclays provides certain operational and administrative services to facilitate the transfer of the private investment fund position and provide ongoing reporting. In addition, after the private investment fund is transferred, Barclays will conduct limited due diligence and monitor the performance of the private investment fund for a twelve (12) month period ("Evaluation Period"). At or before the end of the Evaluation Period, Barclays will advise the client of its assessment of whether a continued investment in the fund is appropriate for client. In making any recommendations under the Alternatives Accommodation Platform, Barclays will be providing non-discretionary investment advice. Each client will have sole responsibility for making all investment decisions relating to the private investment fund, and a client may accept or decline any recommendation provided by Barclays.

Regardless of the recommendation provided to the client, the limited due diligence and performance monitoring provided by Barclays automatically terminates at the end of the Evaluation Period. If at the end of the Evaluation Period, Barclays recommends that the client retain its investment in the private investment fund, Barclays will terminate the Alternatives Accommodation Platform agreement and request that the client make other arrangements to continue to hold their investment in the fund with Barclays.

Clients do not have the ability to impose reasonable investment restrictions on the investments made by the private investment funds available through the Alternatives Accommodation Platform. Such funds are managed by unaffiliated investment advisers in accordance with the investment objectives and constituent documents of each private investment fund.

Advisory Services – Portfolio Management Volatility and Options Overlay Program

The Portfolio Management Volatility and Options Overlay Program (the "PM Volatility/Overlay Program") is a program provided by Barclays which offers clients the opportunity to select one or more investment strategies (each, a "Strategy") managed on a discretionary basis by portfolio managers who are employees of Barclays ("Portfolio Managers"). Client accounts that utilize Strategies are generally referred to Portfolio Managers through a Barclays Investment Representative (an "IR").

The Strategies use options (listed and over-the-counter (OTC) equity and index options) to (i) seek to enhance existing investment portfolios (comprised of cash, stocks, bonds, ETFs, mutual funds or combinations thereof) (such Strategies are referred to herein as "Dynamic Covered Call Strategies"), or (ii) seek to generate returns with low correlations to traditional and alternative asset classes (such

Strategies are referred to herein as “Volatility Yield Strategies”). Portfolio Managers make investment decisions for clients’ accounts in accordance with the selected Strategy. The standard Strategies available may be customized for clients based on information the clients provide concerning their financial situations, investment objectives and preferences.

A client must designate accounts whose assets serve as collateral (collectively, the “Collateral Account”) for the margin used to finance investments in the client’s PM Volatility/Overlay Program account (sometimes referred to herein as “Program Account”). Clients must represent that their Collateral Accounts are subject to the terms and conditions of the Margin Account Supplement of their Barclays Wealth and Investment Management Client Agreement (the “Margin Account Supplement”).

Portfolio Managers may employ leverage for client accounts that utilize Volatility Yield Strategies through the use of options that have a notional value that exceeds the market value of the combined assets in the client’s Program Account and Collateral Account. For a Program Account that utilizes a Volatility Yield Strategy, the client must specify, in the Barclays Portfolio Management Volatility and Options Overlay Strategy Investment Advisory Agreement (“PM Volatility/Overlay Advisory Agreement”), the value at which he or she wishes the account to be managed (the “Mandate Amount”). The Mandate Amount will be related to the value attributable to the Collateral Account. The higher the Mandate Amount of an account, the greater the exposure the account will have to the designated Strategy and the risks thereof. The Mandate Amount of an account will be used in calculating the fees for accounts utilizing a Volatility Yield Strategy, as described below. The Mandate Amount may change, as described in the PM Volatility/Overlay Advisory Agreement.

If the combined assets in the client’s Program Account and Collateral Account decline in value or are withdrawn such that the combined value in the Program Account and Collateral Account falls below the maintenance margin requirements or Barclays’ higher “house” requirements, Barclays may exercise its rights under the Margin Account Supplement with respect to the client’s Collateral Account and/or may liquidate options positions in the client’s Program Account in such amount as may be necessary to offset any margin deficiency.

Barclays will determine whether the PM Volatility/Overlay Program and a particular Strategy is suitable for a client based upon the information from the client, including such information that is provided by the client regarding the client’s investment objectives, understanding of the risks related to the PM Volatility/Overlay Program, financial experience relating to options and other derivative instruments, and other information as Barclays may deem necessary from time to time. Barclays will continue to rely on this information during the time a client utilizes a Strategy. Therefore, it is important that the information a client provides to Barclays is accurate and complete. Barclays will periodically, but no less than annually, contact the client to discuss any updates or changes to this information. Any other changes in this information or the client’s investor profile should be provided by the client to the client’s IR on a prompt basis.

Barclays may change the Strategies being offered or cease to offer Strategies for any reason, and at any time.

Non-Discretionary Advisory, Client Solutions

Barclays may, from time to time, provide non-discretionary investment advice for a fee. This non-discretionary advice may involve (i) providing recommendations to purchase or sell individual securities in a portfolio or to allocate financial assets among asset classes and or managers and investment products (the “Recommendations Service”), or (ii) making available asset allocation models (the “Models Service”) that reflect Barclays’ investment view regarding strategic asset allocation, in each case to both investment advisers as well as clients.

The Recommendations Service may be based on investment goals, risk tolerance and other information provided to Barclays by the client. The Recommendations Service can involve the provision of advice relating to the merit of holdings in an individual securities portfolio, including but not limited to exchange

traded products and mutual funds. It may also involve the provision of investment advice relating to the allocation of assets within a portfolio across various asset classes, managers, and investment products. The Recommendations Service can involve a specific client request to build a customized strategic asset allocation to meet a specific client need and situation. The advice provided by Barclays in connection with the Recommendations Service will be based on guidance and instructions received from the client that articulates the client's investment objectives and any other relevant considerations related to the mutually agreed assignment. The investment advice is given by Barclays based on information which the client can arrange to be provided to Barclays either by a third party (e.g., an authorized representative of the client or the client's custodian) or directly by the client.

The Models Service is not customized or in any way tailored to reflect the personal financial circumstances, investment objectives or investment restrictions of any client, investment adviser or the clients of any investment adviser. Neither Barclays nor its research personnel will provide specific investment recommendations to implement the Models Service. Each investment adviser or client is responsible for interposing its own independent judgment and the exercise of its investment discretion in connection with the use of the Models Service.

In connection with both the Recommendations Service and the Models Service, Barclays may make research personnel available to consult with the client (and/or their third-party investment advisers) regarding the assumptions and relevant inputs on which the services are based.

Wrap Fee Programs

Barclays sponsors Managed Account Programs, including the Barclays Wealth Select Advisors Program ("BWSA"), the Barclays ETF Tactical Allocation Program ("BETA"), the Barclays Accommodation Manager Program ("Accommodation Program"), the Investment Advisory Representatives Program ("IAR") and the Portfolio Management Program.

BWSA. BWSA offers a comprehensive fee-based investment advisory service designed to assist clients in identifying an investment manager or a group of investment managers best suited to the client's goals.

BETA. The BETA program is a comprehensive fee-based investment advisory service designed to assist clients in investing in a multi-asset class or single-asset class portfolio primarily through the use of exchange traded funds.

Accommodation Program. Certain clients with a clear understanding of their investment objectives may request the use of specific investment managers and/or investment strategies that are not otherwise available on the Barclays platform, subject to Barclays' consent. Under this program, the client is solely responsible for the selection, retention and termination of the investment managers.

IAR. Certain individuals within Barclays' advisory business who have demonstrated relevant expertise and have prior experience in the industry, may serve as investment advisory representatives and offer discretionary and non-discretionary advisory services to Barclays clients for a fee.

Portfolio Management Program. The Portfolio Management Program is a comprehensive fee-based investment advisory service designed to offer clients the opportunity to select one or more investment strategies managed by portfolio managers who are employees of Barclays. The investment strategies are designed to meet a range of client investment needs based on clients' investment objectives and goals.

In the Managed Account Programs, a client pays a single, all-inclusive (or "wrap") fee for the investment advisory services provided by Barclays, which include investment management services under the Managed Account Programs, as well as custodial, execution and reporting services. The wrap fee does not include certain execution charges described more fully in the respective wrap program brochures. A portion of the fees and charges imposed by the respective wrap fee program may be paid to IRs and/or employees of BCI's affiliates.

Barclays may provide portfolio management services in certain Managed Account Programs, as it may be responsible for recommending or selecting the particular securities that clients may invest in through those programs. Moreover, Barclays receives a portion of the wrap fee charged to clients participating in the Managed Account Programs. The investment advice that Barclays provides to clients invested through the Managed Account Programs is different in scope and approach than that provided in the context of the advisory services and investment products described in this Brochure.

However, Barclays may use certain aspects of the research and investment analysis described in the section of this Brochure entitled "Methods of Analysis and Investment Strategies" in connection with the Managed Account Programs. For example, the strategic asset allocation provided by the Barclays Global Investment Strategy Group in connection with the IPPMA Program may also be available through the IAR program. In addition, the manager research process applied to the selection of BWAS Managers is implemented through the Barclays Manager Research & Selection group. That group is also responsible for the review and selection of managers participating in the BWSA program.

More information about the Managed Account Programs is contained in the applicable Barclays Wealth and Investment Management wrap fee program brochure (or Barclays Wealth and Investment Management Form ADV Part 2A Appendix 1) and is available upon request or through the SEC's website at www.adviserinfo.sec.gov.

Tax Loss Harvesting

Tax loss harvesting is generally available to clients participating in Wrap Fee Programs upon request. Barclays will make all reasonable efforts to accommodate those requests by clients. In order to take advantage of tax loss harvesting, clients should be aware that after the sale of particular securities in an account, the account must remain in cash (or in assets that are not substantially identical securities) for thirty (30) days (not counting the day of sale), before reinvesting in the sold securities to comply with any tax related rules and regulations. A client's related securities transactions outside of an account may materially affect the client's ability to benefit from tax loss harvesting for income tax purposes, but such outside securities transactions will not be included, or otherwise be accounted for, in the tax loss harvesting. The tax effects of any client transactions outside an account would be solely the responsibility of the client. If Barclays accepts a tax loss harvesting request on an account, the performance of that account may differ from similar accounts without a tax loss harvesting request. As neither Barclays nor its affiliates are tax advisors, clients must consult their tax advisors for specific tax planning advice pertaining to their situation.

Assets Under Management

As of June 29, 2012, the Wealth and Investment Management division of Barclays had assets under management of approximately \$13,142,305,815, of which approximately \$7,768,052,000 was managed on a discretionary basis and approximately \$5,374,253,815 was managed on a non-discretionary basis.

FEES AND COMPENSATION

Fee Schedules

Advisory Fees – IPPMA

Clients participating in IPPMA will be charged an asset allocation fee that covers the development of an SAA and ongoing TAA advice and implementation, in the case of a Discretionary offering, or recommendations for implementation, in the case of a Guided offering, of the SAA and TAA advice using investment products and services available on the Barclays platform. The asset allocation fee is applied to all assets that are designated by the client as being included within the scope of the IPPMA relationship, including assets held in accounts at other financial institutions. For a Guided relationship,

assets invested in investment products that Barclays has not recommended, or currently does not recommend, may be designated by the client as being included within the scope of the IPPMA relationship.

The following table sets forth the maximum fee schedule for IPPMA:

Assets Under Management	Maximum Advisory Fee Rate
\$0 < 2.5MM	2.00%
\$2.5MM < 5MM	1.75%
\$5MM < 10MM	1.25%
\$10MM < 20 MM	1.00%
\$20MM < 50 MM	0.85%
\$50MM < 100MM	0.75%
\$100MM and above	negotiable

The asset allocation fee for IPPMA is negotiable and in unique circumstances where certain clients have specialized or particular needs, the fees charged by Barclays may vary from the above stated ranges. Accounts that have a family or business relationship to each other may have their assets aggregated in some circumstances for purposes of determining the asset allocation fee rate applicable to each account.

The asset allocation fee is payable quarterly in arrears. Fees are automatically deducted directly from the client's account with Barclays, unless the client requests that Barclays send them an invoice. Where the custodian is a third party, clients generally will arrange to have advisory fees deducted directly from the client's account at the external custodian for credit to Barclays upon receipt of an invoice.

Advisory Fees – Barclays Wealth Advisor Series

Barclays serves as investment adviser to BWAS Funds and is paid a management fee by the BWAS Funds, based on the net asset value of such funds. Barclays negotiates fees for the investment advisory services it provides based on each BWAS Fund's particular circumstance. The amount of the management fee varies from fund to fund and is set forth in the prospectus or other relevant offering document for each fund. Barclays, in its capacity as investment adviser to BWAS Funds, may in its sole discretion, waive, rebate, reduce or calculate differently all or a portion of the management fee attributable to certain investors in such Funds designated by Barclays.

The management fee payable by a BWAS Fund is deducted by the relevant Fund on a monthly basis and is paid by the BWAS Funds to Barclays quarterly in arrears.

Advisory Fees – Alternatives Accommodation Platform

Clients pay Barclays an asset-based fee of 0.75% that covers the initial due diligence and monitoring during the Evaluation Period, as well as the operational, legal and administrative expense associated with making the private investment fund available through Barclays. The fee is calculated based on the value of the client's investment in the private investment fund during the Evaluation Period and is payable quarterly in arrears. If a client wishes to continue to retain an investment in a private investment fund that Barclays does not recommend, the fee will be reduced to 0.55% in recognition of the fact that Barclays no longer provides limited due diligence and performance monitoring services after the expiration of the Evaluation Period. Fees for the Alternatives Accommodation Platform are negotiable and in unique circumstances where certain clients have specialized or particular needs, fee may vary from the amounts stated above.

Fees are automatically deducted directly from the client's account with Barclays, unless the client requests that Barclays send them an invoice. Where the custodian is a third party, clients generally will

arrange to have advisory fees deducted directly from the client's account at the external custodian for credit to Barclays upon receipt of an invoice.

Advisory Fees – Portfolio Management Volatility and Options Overlay Program

A client with an account in the PM Volatility/Overlay Program will pay an asset-based management fee (the "Management Fee") to Barclays. In addition, a client may also pay a performance-based fee (the "Performance Fee") as described below.

The Management Fee is calculated at a maximum annual rate of 1.50% of assets in the client's Collateral Account in the case of Dynamic Covered Call Strategies, or of the current Mandate Amount in the case of Volatility Yield Strategies, and is generally calculated and payable in arrears quarterly. As discussed above, the Mandate Amount of an account may be higher or lower than the amount of assets in the client's Program Account and Collateral Account. Clients acknowledge that, due to market conditions or other factors, Portfolio Managers may from time to time, in their discretion, manage an account utilizing a Volatility Yield Strategy at an asset level that is below the current Mandate Amount for the account. In such circumstance, the Management Fee will continue to be based on the current Mandate Amount.

The Management Fee may be negotiable based upon a number of factors including, but not limited to, (i) the range of services provided to the client, (ii) the Strategy designated for the account, (iii) the size of the account, (iv) the level of client assets committed to the PM Volatility/Overlay Program, and (v) the level of client assets held at Barclays. The Management Fee charged to one client may be higher or lower than the Management Fee Barclays charges to other clients.

Client accounts may, in addition to the Management Fee described above, be subject to an annual Performance Fee of up to 15% of the net realized and unrealized gains on the options positions in the client account, subject to a "high water mark." Performance Fees may only be charged to certain high net worth clients. See "Performance-Based Fees and Side-by-Side Management" below.

Fees will be deducted from client accounts, unless Barclays and the client agree otherwise in writing.

Advisory Fees–Non-Discretionary Advisory, Client Solutions

In connection with the Recommendations Service, clients pay Barclays a fee which can be based on either the value of the assets on which the investment advice is provided, or a flat fee that is negotiated with the client on a case by case basis. The amount of the fee will be based on the specific mandate received from the client and the type and depth of service provided. The fee paid to Barclays will vary among clients. These fees generally range between 0.10% and 1.00% per annum and are calculated based on the value of the assets on which the investment advice is provided. Barclays may also provide non-discretionary advice on a fixed fee basis for certain clients. Fixed fees typically will be comparable to the asset based fee that would be charged for a similar mandate. All fees are payable quarterly in arrears.

In connection with the Models Service, clients pay Barclays an asset-based fee or a flat fee, as will be negotiated, for access to asset allocation models and any other related research and administrative services provided by Barclays. The asset based fee is calculated based on the value of client assets custodied at Barclays. The fee for Models Service may be negotiated and may vary from similar clients depending on the range and extent of the services provided by Barclays. All fees are payable quarterly in arrears.

With respect to both the Recommendations Service and the Models Service, fees will be automatically deducted directly from a client's designated account, unless the client (or its authorized representative) requests that Barclays send it an invoice.

Other Fees and Expenses

Depending on the advisory service or investment products selected, clients may pay additional fees and expenses that are in addition to the advisory fees described above. Clients may also pay for custody and administrative services, if any, associated with participation in the advisory services or investments in the underlying investment products. Clients may also incur additional fees and expenses associated with establishing and maintaining a brokerage account with Barclays. Unless otherwise specified, advisory fees for the advisory services described in this Brochure do not cover brokerage commissions, commission equivalents, mark-ups, mark-downs, and other transaction costs in connection with the execution of securities transactions in client accounts. More information about BCI's brokerage practices is described in the section of this Brochure entitled "Brokerage Practices."

Clients may invest directly (through the BWAS Funds and Alternatives Accommodation Platform) or indirectly (through IPPMA) into collective investment vehicles, including mutual funds and private investment funds. Clients invested in collective investment vehicles will pay all fees and expenses applicable to an investment in the funds, including asset-based, performance-based, carried interest, incentive allocation and other compensation payable to the managers in consideration of the managers' services to the fund and fees paid for advisory, administration, distribution, shareholder servicing, sub-accounting, sub-transfer agency and other related services. These underlying fees and expenses ultimately will be borne by clients as investors in each fund. Barclays and its affiliates provide services to certain funds in a number of different capacities and those funds may pay management and incentive fees, placement agent fees and other fees and expenses to Barclays and its affiliates for such services. Clients should understand that the Barclays and its affiliates may retain these fees and expenses, which are in addition to any advisory fees charged to the client by Barclays. Clients should refer to the underlying fund prospectuses or other offering memoranda for more detailed information regarding the fees associated with investments in the underlying collective investment funds.

To the extent mutual funds are made available through advisory programs, those funds are offered at net asset value without the imposition of sales charges. The mutual funds held in clients' Guided and Discretionary accounts may charge redemption fees if shares are sold within a certain period of time after they are purchased, also known as active trading. These fees, which are paid to the mutual fund company and not retained by Barclays, may also apply to the redemption portion of an exchange transaction if shares are exchanged among funds (whether through direct exchanges or through sales and new purchases) in the same family of funds more frequently than is permitted by each fund's prospectus. The amount charged as a redemption fee, the length of time shares must be held to avoid a redemption fee and the number and frequency of exchanges among funds that may be made without paying a redemption fee, vary from one mutual fund to another. This information is included in each fund's prospectus. Clients should ask their IR for a prospectus for the applicable mutual fund if they have questions about whether a redemption fee will apply to an investment to be made in a Guided or Discretionary account. If charged, redemption fees will be in addition to the advisory fee and will be the client's responsibility.

Clients participating in IPPMA will bear the cost of the wrap fee for investments in the Managed Account Programs. The amount of the wrap fee for certain of the Managed Account Programs will be reduced or waived for clients participating in IPPMA in recognition of the fees charged in connection with IPPMA. Clients participating in IPPMA that otherwise meet the qualification requirements for the BWAS Funds similarly will invest through a dedicated share class with a reduced management fee.

Clients that use margin to finance investments in their PM Volatility/Overlay Program Account will also be subject to margin interest payable to Barclays in connection with the margin loan pursuant to the terms of the Margin Account Supplement.

Prepaid Fees

With respect to the programs described herein, Barclays does not offer a fee prepayment option to clients.

Certain Conflicts of Interest and Compensation for the Sale of Securities or Other Investment Products

A portion of the fees and charges imposed under IPPMA, the Alternatives Accommodation Platform and the PM Volatility/Overlay Program (including a portion of the Performance Fee) is paid to IRs and may be paid to employees of BCI affiliates in the event that such persons introduce program accounts or provide services to the accounts. Such payments may be made for the duration of their IPPMA or PM Volatility/Overlay Program account or the entire period that investments are held through the Alternatives Accommodation Platform, or for some shorter period of time. The fact that IRs may directly or indirectly receive a portion of the fees and other compensation paid by clients creates a potential conflict of interest in that it may give Barclays and its IRs a financial incentive to recommend advisory services and investment products based on the compensation received. The portion of the compensation that IRs receive may be higher for some advisory services and investment products than for others. Accordingly, IRs may have a financial incentive to recommend certain types of advisory services or investment products that are available through Barclays over others. The amount of the fees received by IRs and/or employees of BCI affiliates may be greater if the client participates in advisory programs than they would be if the client paid separately for investment advice and other services.

All of the Portfolio Managers for the PM Volatility/Overlay Program are employees of Barclays (or an affiliate) and are compensated by Barclays (or its affiliate) for the services they provide. The amount of assets and nature of the Strategies that Portfolio Managers manage and the corresponding revenue that such assets and Strategies generate generally are taken into account, among certain other factors, in determining Portfolio Managers' compensation.

The unaffiliated investment products and private investment funds offered through IPPMA, the Alternatives Accommodation Platform and Managed Account Programs are generally available for purchase outside of Barclays and clients may gain exposure to the strategies offered in the BWAS Funds directly from the BWAS Manager or through other separate accounts or funds that the BWAS Managers may advise. By purchasing the investment products and private investment funds or investing directly with the BWAS Managers, clients would not incur the advisory fees described above. However, clients also would not receive the specific services described in this Brochure and other Managed Account Program brochures and there may be additional fees, expenses and commissions charged on direct investments. Such fees, expenses and commissions may be more or less than those charged by Barclays. Certain of the information relating to the Models Service may be available directly from Barclays Global Investment Strategy Group without the imposition of the additional investment advisory fee.

Placement agents, including Barclays and its affiliates, may receive a significant portion of certain fees paid by the BWAS Funds for sales of interests in the applicable fund. A potential conflict of interest exists when Barclays or its affiliates or an employee of Barclays or its affiliates advises an investor to purchase interests in a BWAS Fund because a placement agent may be directly compensated based on a client's decision to purchase and retain interests in a fund.

The conflicts of interest described in this section are addressed through disclosure in this Brochure. IRs are required to recommend advisory services and investment products that are suitable based on each client's investment objectives, risk tolerance and financial situation.

Sources of Revenue

Commissions and other compensation from the sale of investment products do not comprise Barclays' primary source of compensation from advisory accounts.

Fee Offset for Execution Charges

Barclays generally does not reduce its advisory fees to offset execution charges paid by a client to BCI and its affiliates, except to the extent required by applicable law.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In the case of PM Volatility/Overlay Program accounts, Barclays may charge clients a Performance Fee based on a percentage of the net realized and unrealized gains on the options positions in the client account, subject to a “high water mark” that must be achieved before the fee is payable. Any Performance Fees charged by Barclays will comply with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended, and the applicable rules thereunder and will be limited to certain high net worth clients.

Portfolio Managers may manage, at the same time, one or more separately managed accounts and other investment vehicles, which may raise potential conflicts of interest for Barclays, including those associated with any differences in fee structure. For example, Portfolio Managers may manage PM Volatility/Overlay Program accounts that have asset-based Management Fees only and PM Volatility/Overlay Program accounts that have performance-based fees. Such side-by-side management may result in certain Portfolio Managers devoting unequal time or attention to the management of one PM Volatility/Overlay Program account over another. There are several other potential conflicts of interest issues that could arise as a result of the same individuals managing several PM Volatility/Overlay Program accounts, including but not limited to conflicts in the allocation of investment opportunities and the degree of risk that a Portfolio Manager elects to employ in a PM Volatility/Overlay Program account in order to seek greater returns.

Barclays has adopted policies and procedures that it believes are reasonably designed to mitigate the conflicts of interest posed by these arrangements. Performance of these accounts is subject to periodic review by Barclays’ Chief Compliance Officer or his or her delegate.

TYPES OF CLIENTS

Barclays provides investment advisory services to individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Barclays also provides investment advisory services to the BWAS Funds, which are privately offered domestic and offshore investment funds that are available to any of Barclays’ current or potential clients who meet the qualification standards set forth in the offering documents for each BWAS Fund.

Enrollment in the PM Volatility/Overlay Program may require a client to meet certain minimum thresholds for assets under management and/or net worth. Clients should contact their IR to discuss whether they are eligible to participate in the PM Volatility/Overlay Program. The minimum value for accounts in the PM Volatility/Overlay Program is \$2,500,000. If a client withdraws assets from an account with the result that the value of the account is reduced to less than the required minimum, Barclays may elect to terminate the account. Barclays reserves the right to make exceptions to the minimum account size requirement on a case-by-case basis.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Barclays provides clients with access to various investment products, including managers and private investment funds that employ various investment strategies across a broad range of investments and asset classes.

Clients should understand that all investment strategies and the investments made as a result of implementing those investment strategies involve risk of loss that clients should be prepared to bear. The investment performance and the success of any investment strategy or particular

investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for advisory accounts will be subject to various risks, including market, liquidity, currency, economic and political risks, and will not necessarily be profitable.

Methods of Analysis and Investment Strategies

IPPMA

A client's IPPMA assets may be allocated to affiliated and unaffiliated investment managers, strategies and investment products. Barclays does not perform initial diligence and ongoing monitoring on affiliated investment managers, products and strategies available through the Barclays platform. Unaffiliated investment managers, products and strategies on the Barclays platform are evaluated based on various qualitative and quantitative factors such as the investment manager's efficacy in implementing the strategy and achieving the strategy's objective, staff turnover, historical performance relative to applicable benchmarks and peer groups, and other operational and trading considerations, with no single factor being determinative.

BWAS Funds

Investment managers that are identified by Barclays as being potential candidates for sub-advising BWAS Funds are first subjected to a due diligence process. Barclays uses a broad range of proprietary and non-proprietary analyses and data, as well as information provided by third parties, to identify and perform initial due diligence on the investment managers and their respective investment strategies to determine if they meet certain minimum standards for becoming BWAS Managers. This includes evaluating various qualitative and quantitative factors deemed relevant such as the investment manager's efficacy in implementing the strategy and achieving the strategy's objective, staff turnover, historical performance relative to applicable benchmarks and peer groups, and other operational and trading considerations. No single factor is determinative and particular factors considered may vary among investment managers.

BWAS Managers and their respective investment strategies are thereafter reviewed on an ongoing basis based on various quantitative and qualitative factors, including performance, adherence to investment strategies and investment objectives, and material business changes, to determine whether they continue to remain suitable to sub-advise the BWAS Funds. Barclays may classify a BWAS Manager a "SELL" for a variety of reasons, including a departure from its investment discipline or stated investment guidelines, prolonged periods of lagging performance, or operational infrastructure that is insufficient to support BWAS Funds. Barclays may also terminate a BWAS Manager as set forth in the sub-investment management agreement between Barclays and a BWAS Manager.

Alternatives Accommodation Platform

Private investment funds participating in the Alternatives Accommodation Platform will in the first instance be driven by client holdings, rather than any due diligence or research on the part of Barclays. Barclays may engage outside consultants and third-party diligence vendors to conduct an initial review of any private investment fund that a client proposes to transfer to Barclays. This initial review is designed to assist Barclays in assessing the reputational risk associated with making a particular private investment fund available through the Alternatives Accommodation Platform, and does not constitute research or due diligence on the part of Barclays.

During the Evaluation Period, Barclays will conduct limited due diligence and will provide ongoing performance monitoring of private investment fund performance. This limited level of due diligence will differ from (and be less rigorous than) that generally provided in connection with private investment funds that are otherwise recommended as part of a client's brokerage relationship with Barclays in that it does not include Barclays' proprietary operational, investment and legal due diligence. Barclays makes no representation or warranty as to the business, condition (financial or otherwise), properties, prospects,

creditworthiness, status or affairs of any private investment fund in the Alternatives Accommodation Platform, or that of their general partners, investment managers, or any of their respective principals or affiliates.

Portfolio Management Volatility and Options Overlay Program

Portfolio Managers may use a wide range of research information and methods of analysis to formulate investment decisions, including trade journals, research reports prepared by Barclays and third parties, company presentations and interviews (in person or by telephone), contact with affiliated and outside analysts and consultants, corporate ratings services, annual reports and prospectus filings with the SEC and personal assessment of the financial consequences of world events derived from general information or such other material as is appropriate under the particular circumstances. Subject to firm-wide restrictions dealing with prudence, conflicts of interest and compliance with securities laws and regulations, Portfolio Managers are encouraged to use those methods of analysis that they historically have found useful.

Clients should understand that all Strategies and the investments made as a result of implementing those Strategies involve risk of loss that clients should be prepared to bear. The investment performance and the success of any Strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for accounts will be subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable.

A brief summary of some of the material risks involved with Strategies is included below under "Material, Significant, or Unusual Risks Relating to Investment Strategies."

Non-Discretionary Advisory, Client Solutions

The non-discretionary investment advice provided in connection with the Recommendations Service is based on a variety of factors, including but not necessarily limited to, the IRs' research, industry experience, knowledge of markets and financial products, as well as Barclays institutional market research and asset allocation expertise. It also may be based on the methodology utilized by the Barclays Global Investment Strategy Group in creating strategic asset allocations and recommending tactical shifts for a portfolio. The investment advice is given by Barclays based on information which the client can arrange to be provided to Barclays either by a third party (e.g., an authorized representative of the client or the client's custodian) or directly by the client.

The non-discretionary investment advice provided in connection with the Models Service involves the development of non-customized asset allocation models based on asset allocation criteria established by the Barclays Global Investment Strategy Group. The asset allocation criteria starts with Barclays' own proprietary asset class selection, and incorporates finance theory, statistical analysis, and judgment based on experience. There are nine asset classes that meet Barclays' investment criteria, and the investment criteria include such things as competitive risk-adjusted returns, diversifying returns, comprehensive coverage of the investable universe and efficient access for clients. Barclays uses quantitative and qualitative processes for modeling portfolios. In order to reduce the need for large, frequent tactical shifts, Barclays analyzes how established trends could affect asset class performance over a five-year horizon and incorporates these considerations into its strategic asset allocation.

Material, Significant, or Unusual Risks Relating to Investment Strategies

Following is a summary of the material risks associated with the manager research and selection process and the strategic asset allocation services that form the basis of the investment advice Barclays provides in connection with the different advisory services and investment products described in this Brochure and the applicable program brochure, if any. A summary of material risks associated with Strategies and private investment funds is also provided below.

Manager Selection

Reliance on the Investment Strategies of Each Manager — The success of the Barclays manager selection process depends upon, among other things, the ability of the managers to develop and successfully implement trading strategies that achieve their investment objectives. Different investment styles tend to perform better or worse depending upon market and economic conditions and investor sentiment. Client accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles.

Performance History – Barclays' selection of managers is inherently based on subjective criteria with the result that the true performance and abilities of any particular manager may be difficult to assess. The historical performance of a manager is not indicative of its future performance, which can vary considerably.

Key Personnel – Barclays will not have a role in the day-to-day management of the underlying funds and separate accounts advised by the managers it selects. Consequently, the success of an underlying fund or separate account, and, in turn, the success of the advisory services and investment products offered to Barclays clients are substantially dependent on the skill and acumen of key employees of the underlying managers. If the key employees of any manager should cease to participate in the manager's business, the manager's ability to select attractive investments and manage its portfolio could be impaired.

Reliance on Information Provided by Managers – Barclays relies to a great extent on information provided by the managers and may have limited access to other information regarding the managers' portfolios and operations. There is a risk that a manager may knowingly, negligently or otherwise withhold or misrepresent information, including the presence or effects of any fraudulent or similar activities. Barclays' proper performance of its monitoring functions would generally not give Barclays the opportunity to discover such situations prior to the time the manager discloses (or there is public disclosure of) the presence or effects of any fraudulent or similar activities.

Managers Invest Independently – The managers make investment decisions independently of other managers and may at times hold economically offsetting positions, and could indirectly incur transaction costs without accomplishing any net investment result, or may be competing with each other for the same positions in one or more markets. Multiple managers may hold large positions in a relatively limited number of the same or similar investments. Greater concentration of positions across multiple managers likely will increase the adverse effect of any problems experienced in the market, sector, or industry in which the positions are concentrated.

Asset Allocation

Client Information – The asset allocation advice provided by Barclays is dependent on the accuracy of the information provided by each client with respect to his or her investment goals, risk tolerance and financial circumstances. The overall strategic asset allocation and the recommendations provided by Barclays may be materially affected by even small changes in Barclays' assumptions about a client's individual circumstances. As a result, it is important clients promptly inform their IR of any changes in investment goals, risk tolerance and financial circumstances. In addition, the asset allocation advice provided and the corresponding performance of client accounts may vary from client to client.

Allocation of Assets – The overall investment performance of any asset allocation strategy depends in part on the decisions Barclays makes with respect to the allocation of assets among various asset classes, sub-asset classes and investment products. Barclays may make asset allocation decisions that result in underperformance of the account relative to a client's expectations or similar programs, and there is no guarantee that a given asset allocation will produce the desired results.

Performance of Underlying Investment Products – The investment performance of any account or investment product is not guaranteed and past performance does not guarantee or predict future performance. The investment objectives and goals for an investment product, and a client's investment

objectives, goals and expectations, may not be achieved. Any benchmarks used to measure the performance of investment products are targets only, and investment results may fail to achieve or outperform any such benchmarks.

Diversification – While asset allocation is intended to provide diversification of investment risk, no assurance can be given that such diversification will occur, or that, if it does, it will increase, rather than reduce, a client's investment return.

Risks of Particular Asset Classes – Client assets may be invested among different asset classes that each have particular risks. Risks associated with key asset classes include:

- **Bonds** – Bonds are subject to market, interest rate and credit risk; and are subject to availability and market conditions. Generally, the higher the interest rate the greater the risk. Bond values will decline as interest rates rise. Government bonds are subject to federal taxes. Municipal bond interest may be subject to the alternative minimum tax; other state and local taxes may apply. High yield bonds, also known as “junk bonds” are subject to additional risks such as the increased risk of default.
- **Commodities** – Commodities are assets that have tangible properties, such as oil, metals, and agricultural products. Commodity asset classes tend to have higher volatility and downside risk compared to traditional asset classes like bonds and equities. The levels, values or prices of commodities can fluctuate widely due to supply and demand disruptions in major producing or consuming regions. Commodities prices are highly volatile and are affected by overall market movements and numerous other factors that affect the value of a particular industry or commodity in addition to economic activity. These include political events, weather, labor activity, direct government intervention, such as embargos, and supply disruptions in major producing or consuming regions. Those events tend to affect prices worldwide, regardless of the location of the event. Market expectations about these events and speculative activity also cause prices to fluctuate. Commodities are volatile investments and should only form a small part of a diversified portfolio. Diversification does not ensure against loss.
- **Equity Securities** – Stocks and other equity-related instruments may be subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss. Equity securities fluctuate in value and such fluctuations can be pronounced. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments may decline over short or extended periods of time. The stock markets tend to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline.
- **Emerging Markets** – Emerging markets tend to be more volatile than established markets due to the inexperience of financial intermediaries, the lack of modern technology, the lack of a sufficient capital base to expand business operations, and the possibility of temporary or permanent termination of trading. Political and economic structures in many emerging markets may be undergoing significant evolution and rapid development, and emerging markets may lack the social, political and economic stability characteristics of more developed countries. The small size of securities markets in such countries and the low volume of trading also may result in a lack of liquidity and in substantially greater price volatility.
- **Real Estate** – Real estate is subject to various risks including, fluctuation in underlying property values, expenses and income and environmental liabilities.
- **Alternative Trading Strategies** – Alternative trading strategies involve a high degree of risk and the value of such strategies or investments may be highly volatile.

- **Structured Products-** Structured products are financial instruments that are generally derived from or based on a single security, basket of securities, an index, one or more interest rates, a commodity or basket of commodities, a debt issuance, a foreign currency or basket of currencies and/or an actively or passively managed fund or collection of funds. Structured products require the investor to assess several characteristics and risks that may not be present in other forms of investments, including structure risks (risks related to movements in the underlying asset and the effect of such movements on payouts under the structured products), price volatility, currency risks, liquidity risks, counterparty credit risks and other types of risks. Please refer to the “Structured Products Risk Disclosure Statement” for a description of these and other risks.

Portfolio Management Volatility and Options Overlay Program

- **Options –** The Strategies involve options, which present certain risks. If the Portfolio Manager writes (sells) an uncovered call option for a client account and the value of the underlying instrument increases above the exercise price, the account can incur large and unlimited losses until the option expires or other option contract remedies are exercised. If the Portfolio Manager writes (sells) an uncovered put option for a client account, the account bears the risk of loss if the value of the underlying instrument declines below the exercise price. If the Portfolio Manager writes (sells) combination or straddle options for a client account (where a put and a call option are written on the same underlying instrument), the potential risk of loss is unlimited. If a secondary market in options were to become unavailable, the Portfolio Manager could not engage in a closing transaction and the account would remain obligated until expiration or assignment. In accordance with the option account agreement, if the client does not meet applicable margin payment requirements, BCI may liquidate stock or options positions in the account, with little or no prior notice to the client.
- **Derivatives –** Strategies involve the use of derivatives. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) system risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that a party to a contract faces when it has performed its obligations under a contract but has not yet received value from its counterparty).
- **Leverage –** Leverage may be employed in a Strategy in a number of ways, including by trading options or futures contracts and using total return swaps. While the use of leverage can substantially improve a Strategy's returns, leverage may also significantly increase the magnitude of potential losses. If an account uses leverage, it will be required to use margin, or borrow from Barclays, to finance investments. Barclays' rights and obligations under the Margin Account Supplement may conflict with its fiduciary duties as the client's investment adviser. See “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Participation or Interest in Client Transactions” below.

Private Investment Funds

The following is a summary of the principal risks that apply to investments in private investment funds. This information does not attempt to identify every potential risk associated with a particular investment strategy or fund. Additional information about risks is set forth in the prospectus, private placement memorandum, or other offering document or disclosure (collectively, “risk disclosures”) provided in connection with an investment in a private investment fund. Clients are encouraged to read those risk disclosures carefully. This information is qualified in its entirety by reference to the respective risk

disclosures and in the event of any conflict or inconsistency, clients should rely on the respective risk disclosures.

Investments in private investment funds involve a high degree of risk, including risk of loss of all or a significant portion of any invested capital and substantial restrictions on client's ability to withdraw capital. Each manager for a private investment fund will follow its own investment policy that, if unsuccessful, could involve substantial losses. In addition, many unforeseeable events may cause sharp market fluctuations, which could adversely affect a private investment fund. Changes in economic conditions, including, for example, interest rates, inflation rates, unemployment, wage growth, availability and cost of credit, structuring models, performance models, industry conditions, competition, technological developments, political events and trends, changes to tax laws and innumerable other factors, can substantially and adversely affect the performance of a fund.

Ability to Meet Investment Objectives – Barclays is not responsible for the investment decisions of the managers of the private investment funds and makes no guarantee, either oral or written, that the investment objective of any particular private investment fund will be achieved.

Absence of Regulatory Oversight – Interests in private investment funds generally are not registered under federal or state securities laws, nor are they subject to regulation by the SEC or other regulators. In addition, the investment managers of such private investment funds may not be registered as investment advisers under federal or state securities laws. As a result, when investing in private investment funds, clients may not be protected by federal or state securities laws, other than certain anti-fraud provisions of those laws.

Concentration Risk – The private investment funds may not have any limit on the concentration of investments in particular securities, industries, or sectors and at times a private investment fund may hold a relatively small number of securities positions, each representing a relatively large portion of fund assets. Losses incurred in positions making up a significant percentage of a private investment fund's capital could have a material adverse effect on the fund's overall financial condition.

Investment Strategy Risk – Depending on their investment strategies, certain private investment funds may, among other things, engage in heavily leveraged transactions, engage in short sales, invest in derivative instruments, commodities, invest in securities or other interests that trade in a volatile manner or have speculative characteristics, or concentrate their investments in a limited number of securities or other interests, including securities that are not publicly registered, listed or publicly traded, which may serve to make an investment in such funds highly speculative and risky. Before making an investment, clients should understand the risks that may be raised by a particular private investment fund's investment strategy.

Lack of Liquidity – Interests in private investment funds may be illiquid. No market may exist for interests in private investment funds, and substantial restrictions may exist with respect to their transferability and resale. The securities and other interests in which a private investment fund invests similarly may be illiquid.

Lack of Transparency – As investors in the private investment funds, clients will receive periodic reports from private investment funds or their investment managers. However, the private investment funds may not always provide all the information that clients request because certain information may be considered proprietary or otherwise confidential. This lack of information may make it more difficult for clients to evaluate the risks of private investment funds.

Redemption Risks – Private investment funds may impose limitations on the ability of clients to withdraw the assets. As a result, clients should be prepared to bear the financial risks of investing in a private investment fund for a significant period of time, and understand that they may not be able to withdraw assets whenever they wish to do so.

DISCIPLINARY INFORMATION

Below are summaries of certain legal or disciplinary events that may be material to a client's decision whether to retain Barclays. Additional information regarding these legal and disciplinary events is available in Part 1 of BCI's Form ADV at www.adviserinfo.sec.gov.

On June 27, 2012, the CFTC and Barclays PLC, Barclays Bank PLC and Barclays Capital Inc. (collectively, "Barclays") entered into a settlement agreement through which Barclays consented to the entry of an Order Instituting Proceedings Pursuant to Sections 6(c), 6(d) and 9(a)(2) of the Commodity Exchange Act, as amended, Making Findings and Imposing Remedial Sanctions ("Order"). Following is a summary of the CFTC's findings in the Order:

Over a period of several years beginning at least as early as 2005, Barclays, by and through its agents, officers and employees located in at least New York, London and Tokyo, attempted to manipulate, and made false, misleading or knowingly inaccurate submissions concerning, two global benchmark interest rates, LIBOR and EURIBOR.

During the period from at least mid-2005 through the fall of 2007, and sporadically thereafter into 2009, Barclays based its LIBOR submissions for U.S. Dollar (and at limited times other currencies) on the requests of current and former Barclays swaps traders who were attempting to affect the official LIBOR rate in order to benefit their derivatives trading positions. This same conduct occurred with respect to Barclays' EURIBOR submissions during the period of at least mid-2005 through mid-2009.

During the period from approximately mid-2005 through at least mid-2008, certain Barclays Euro swaps traders coordinated with and aided and abetted traders at certain other banks to influence the EURIBOR submissions of multiple banks, including Barclays, in order to affect the official EURIBOR rate and thereby benefit their respective derivatives trading positions.

During the financial crisis of late August 2007 through early 2009, Barclays lowered its LIBOR submissions in order to manage what it believed to be an inaccurate and negative public and media perception that Barclays had a liquidity problem, based in part on its high LIBOR submissions relative to submissions of other banks that Barclays believed were too low given market conditions. Pursuant to a directive by certain members of Barclays' senior management, Barclays submitted lower rates for U.S. Dollar LIBOR, and at limited times Yen and Sterling LIBOR, than what it had determined to be the appropriate rates.

Barclays' lack of specific internal controls and procedures concerning its submission processes for LIBOR and EURIBOR and its inadequate supervision of trading desks allowed this conduct to occur.

The CFTC ordered Barclays to cease and desist from violating Sections 6(c), 6(d) and 9(a)(2) of the Commodity Exchange Act and imposed a civil monetary penalty of \$200 million against Barclays PLC, Barclays Bank PLC and Barclays Capital Inc., jointly and severally, which must be paid before July 7, 2012.

In its consent to the Order, Barclays agreed to undertake the following: (1) to ensure the integrity and reliability of its Benchmark Interest Rate Submission(s); and (2) to identify, construct and promote effective methodologies and processes of setting Benchmark Interest Rates, in coordination with efforts by Benchmark Publishers, in order to ensure the integrity and reliability of such rates.

Barclays further represented and agreed to undertake that each Benchmark Interest Rate Submission by Barclays shall be based upon a rigorous and honest assessment of information, and shall not be influenced by internal or external conflicts of interest, or other factors or information extraneous to any rules applicable to the setting of a Benchmark Interest Rate.

Barclays also agreed to certain processes and procedures in furtherance of these undertakings.

In anticipation of an administrative proceeding, Barclays submitted an Offer of Settlement to the CFTC, which the CFTC accepted on June 27, 2012 when the CFTC issued the Order. Without admitting or denying the findings or conclusions set forth in the Order, except to the extent Barclays admits those findings in any related action against Barclays by, or any agreement with, the Department of Justice or any other governmental agency or office, Barclays consented to entry of the Order.

The CFTC expressly noted Barclays' significant cooperation during the investigation.

In a Final Notice ("Notice") dated June 27, 2012, the U.K. Financial Services Authority ("FSA") describes the settlement of its investigation of Barclays Bank PLC ("BBPLC"), the parent company of the registrant, Barclays Capital Inc. ("BCI"), in accordance with section 206 of the Financial Services and Markets Act 2000. The FSA's reasons for its issuance of the Notice, as set forth more fully in the Notice, are summarized below.

BBPLC acted inappropriately and breached Principle 5 of the FSA's Principles for Business on numerous occasions between January 2005 and July 2008 by making US dollar LIBOR and EURIBOR submissions that took into account requests made by its interest rate derivatives traders. At times these included requests made on behalf of derivatives traders at other banks.

BBPLC also breached Principle 5 on numerous occasions between February 2006 and October 2007 by seeking to influence the EURIBOR and (to a much lesser extent) the US dollar LIBOR, submissions of other banks. As a result of this conduct, there was a risk that the published LIBOR and EURIBOR rates would be manipulated.

BBPLC acted inappropriately and breached Principle 5 on numerous occasions between September 2007 and May 2009 by making LIBOR submissions that took into account concerns expressed by senior management of BBPLC that high LIBOR submissions from BBPLC would cause negative media perception of BBPLC's LIBOR submissions. This resulted in instructions being given by less senior managers to reduce LIBOR submissions in order to avoid negative media comment.

BBPLC breached Principle 3 from January 2005 until June 2010 by failing to have adequate risk management systems or effective controls in place in relation to its LIBOR and EURIBOR submissions processes. BBPLC had no specific systems and controls in place relating to its LIBOR and EURIBOR submissions processes until December 2009 (when BBPLC started to improve its systems and controls). BBPLC's misconduct was exacerbated by these inadequate systems and controls and by failures to review whether its systems and controls were adequate.

BBPLC breached Principle 2 by failing to conduct its business with due skill, care and diligence when considering issues raised internally in relation to its LIBOR submissions. On three occasions during 2007 and 2008, LIBOR issues were escalated to BBPLC's Investment Banking compliance function, which failed in each case to assess and address the issues effectively. These compliance failures allowed BBPLC's breaches of Principles 5 and 3 to continue and also led to unclear and insufficient communication about issues to the FSA.

The FSA imposed a financial penalty of £59.5 million on BBPLC. BBPLC will pay the financial penalty no later than July 11, 2012.

As set forth more fully in the Notice, in determining the appropriate level of the penalty to be paid by BBPLC, the FSA considered the nature and extent of the cooperation provided by BBPLC during the course of its investigation. The FSA acknowledged that BBPLC "provided extremely good co-operation", in particular in providing access to evidence and facilitating voluntary witness interviews which were conducted by the FSA together with other authorities.

In a related matter, under a Non-Prosecution Agreement ("NPA") dated June 26, 2012 with the U.S. Department of Justice Criminal Division, Fraud Section ("DOJ"), Barclays Bank PLC and its parent, subsidiaries and affiliates (collectively, "Barclays Group") admit, accept and acknowledge responsibility

for the conduct set forth by the Department of Justice in the Statement of Facts (“Statement”) attached to the NPA. Following is a summary of the Statement:

From approximately 2005 through 2007, and occasionally thereafter through approximately 2009, certain Barclays Group swaps traders requested that certain Barclays Group LIBOR and EURIBOR submitters submit LIBOR and EURIBOR contributions that would benefit the traders’ trading positions, rather than rates that complied with the definitions of LIBOR and EURIBOR. The submitters accommodated these requests on numerous occasions. In addition, in some instances from at least as early as August 2006 through approximately January 2007, and then on another occasion in or about June 2009, Barclays Group Yen swaps traders made requests to Barclays Group Yen LIBOR submitters for favorable Yen LIBOR settings. Barclays Group Yen LIBOR submitters accommodated those requests on some occasions. The purpose of this activity was to manipulate Barclays Group’s Dollar and Yen LIBOR contributions and its EURIBOR contributions and to influence the resulting LIBOR and EURIBOR fixes. Also, from at least approximately August 2005 through at least approximately May 2008, certain Barclays Group swaps traders made requests of swaps traders at other financial institutions for favorable LIBOR and EURIBOR contributions. Submissions by Barclays Group that took into account requests from swaps traders for favorable treatment were false and misleading.

From approximately August 2007 through at least approximately January 2009, Barclays Group often submitted inaccurate Dollar LIBORs that under-reported its perception of its borrowing costs and its assessment of an appropriate Dollar LIBOR submission, and were nearer to the expected rate contributions of other banks, at the direction of certain members of management of Barclays Group, including senior managers in the treasury department and managers of the money markets desk. Such rates were false because they were lower than what Barclays Group otherwise would have submitted and contrary to the definition of LIBOR. This was done to protect Barclays Group’ reputation against media and market perceptions that Barclays Group had a liquidity problem based in part on its high LIBOR submissions relative to the submissions of other banks, which Barclays Group believed were too low given market conditions.

The manipulation of Barclays’ submissions affected the fixed rates on some occasions.

Barclays Group agreed to pay a monetary penalty of \$160,000,000 to the United States Treasury by July 6, 2012.

In the NPA, the DOJ expressly noted Barclays Group’s thorough and timely cooperation and commitment to future cooperation with the DOJ and other government authorities in the United States and United Kingdom.

On December 22, 2011 Barclays Capital Inc. (BCI), without admitting or denying FINRA’s allegations and findings, has voluntarily agreed to censure, and to pay a fine of \$3,000,000 related to FINRA allegations that BCI failed to supply investors with accurate information with respect to certain mortgage-backed securitizations on the website maintained by BCI pursuant to the requirements of Securities and Exchange Commission Regulation AB (“Reg AB Website”). FINRA alleged that BCI’s failure to maintain accurate information on its Reg AB website resulted in the violation of National Association of Securities Dealers Rules 3010 and 2110, and FINRA Rule 2010.

On January 14, 2011, BBPLC reached a settlement with the Financial Services Authority (“FSA”) in which the FSA alleged that BBPLC violated Principle 9 and rules COB 5.3.5 R and COBS 9.2.1 R because it failed to take reasonable care to ensure the suitability of the advice it gave with respect to two funds that it sold, the Aviva Global Balanced Income Fund and the Aviva Global Cautious Income Fund. BBPLC agreed to a fine of approximately US\$12 million, to pay restitution to any customers whose sales were deemed unsuitable and to enhance its sales processes.

Barclays Bank PLC (“BBPLC”) has disclosed in annual results announcements, annual reports and accounts and Forms 20-F and other publicly available filings since 2007 that it has been conducting an internal review of its conduct with respect to U.S. dollar payments made between January 1, 2000 and

July 31, 2007, involving countries, persons and entities subject to U.S. economic sanctions and that it has been reporting the results of that review to the U.S. Authorities (as defined below). BBPLC announced on August 18, 2010 that it had reached settlements (the "Settlements") with the United States Department of Justice, the Manhattan District Attorney's Office, and the US Department Of Treasury's Office of Foreign Assets Control ("OFAC") (together the "U.S. Authorities") in relation to the investigation by those agencies into compliance with U.S. sanctions and U.S. dollar payment practices. In addition, an Order to Cease and Desist has been issued upon consent by the Federal Reserve Bank of New York and the New York State Banking Department. BBPLC has agreed to pay a total penalty of US\$298 million and has entered into Deferred Prosecution Agreements covering a period of 24 months. The Deferred Prosecution Agreements mean that no further action will be taken against BBPLC by the U.S. Authorities if, as is BBPLC's intention, for the duration of the defined period it meets the conditions set forth in its agreements with the U.S. Authorities. The Settlements did not involve the Wealth and Investment Management division of Barclays or its investment advisory activities and the Settlements will not have any impact on clients' account or the services that Barclays provides to clients.

On June 6, 2007, BBPLC, without admitting or denying the findings contained therein, consented to the issuance of a court order in which the SEC found that BBPLC violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Exchange Act Rule 10b-5 by engaging in the purchase and sale of certain distressed debt securities while aware of material non-public information concerning such debt issuers and not enforcing trading restrictions when in possession of material non-public information. Based on these findings, BBPLC agreed to a fine of US\$6 million, disgorgement of approximately US\$4 million and prejudgment interest of approximately US\$1 million.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other Business Activities

BCI's principal business is that of a registered securities broker-dealer and provider of investment banking services. BCI's principal activities include securities and commodities trading as principal and agent, securities underwriting, investment banking and financial services and investment management and wealth services. Its current client base is primarily large corporate, government and institutional clients. BCI is also registered as a commodity pool operator, commodity trading adviser and futures commission merchant. In addition, certain of BCI's management persons may be registered representatives or associated persons of BCI to the extent necessary or appropriate to perform their responsibilities.

Barclays generally executes client trades through BCI. BCI may receive compensation including, but not limited to, commissions when it executes transactions for advisory clients. Additional information about Barclays' brokerage practices is available in the section of this Brochure entitled "Brokerage Practices."

Other Financial Industry Activities or Affiliations

BCI is headquartered in New York with 12 registered domestic branch offices. As the Barclays Bank PLC "4(K)(4E)" securities subsidiary under the Bank Holding Company Act, BCI is permitted to engage in securities underwriting, dealing and market-making activities. BCI's activities include transactions in equity and debt securities, asset-backed securities, agency mortgage-backed securities, international debt securities, and other corporate related securities and securities lending. BCI is also a primary dealer in U.S. government securities. BCI is under the control of Barclays Bank PLC, which is a bank and both a non-U.S. broker-dealer and non-U.S. investment adviser with a licence to provide, in various jurisdictions, investment and banking products.

As discussed above, Barclays serves as investment adviser for the BWAS Funds. BCI and its affiliates may also serve as sponsor or placement agent for certain private investment funds and feeder funds offered to Barclays clients.

Barclays may recommend that clients invest in certificates of deposit ("CDs") that are issued by Barclays Bank PLC, NY Branch ("BBNY"), an affiliate of Barclays. BBNY may economically benefit from the sales of CDs to Barclays clients. As a result, BCI and its affiliates may benefit from increased sales of CDs issued by BBNY.

Barclays may offer clients cash sweep options called the Insured Network DepositsSM ("IND") and Insured Network Deposits BusinessSM ("INDB") under which available cash in a client's account may be deposited into interest-bearing deposit accounts at up to 20 banks. The first bank will receive up to the \$250,000 of the available cash in a client's account or \$500,000 for joint accounts. Once this total has been reached, the next \$250,000 (or \$500,000 for joint accounts) will be deposited in the next bank that is participating in this program. This process will continue until all of the available cash has been deposited or, if the client has more than \$5,000,000 (\$10,000,000 per joint account) ("Excess Cash"), the Excess Cash will be placed in one bank. Clients may specify certain banks as ineligible to hold their available cash. Unless the client specifies otherwise, Barclays Bank Delaware (Member FDIC) will be the bank that receives the first \$250,000 of the client's available cash and will hold any Excess Funds. Because Barclays Bank Delaware is affiliated with BCI, Barclays and its affiliates may benefit more from having the client's available funds deposited at Barclays Bank Delaware than at an unaffiliated bank.

Certain management persons of Barclays are also directors, trustees and/or officers of the entities described above. In carrying out their responsibilities, these management persons may have some responsibility for the business of these affiliates and the compensation of these management persons may be based, in part, on the profitability of other parts of BCI.

Barclays has established a variety of restrictions, policies, procedures, and disclosures designed to address potential conflicts that may arise between Barclays, its management persons and its affiliates. Additional information about these conflicts and the policies and procedures to address them is provided below in the subsections entitled, "Code of Ethics", "Participation or Interest in Client Transactions" and "Participation or Interest in Personal Trading".

Receipt of Compensation from Investment Advisers

Barclays is compensated by certain providers of investment products, including managers and sponsors of private investment funds, and their affiliates for introducing clients to such investment products under the terms of placement agent, introducer or similar agreements. The compensation payable to Barclays is generally based on the amount of a client's assets invested in the investment product. Given the existence of the compensation arrangements described above, Barclays may benefit financially from introducing clients to such investment products rather than to other competitive products that may also be appropriate for particular clients. As a result, Barclays's receipt of such payments from a provider of investment products creates a potential conflict of interest in the form of an additional financial incentive to Barclays to refer clients to such investment products.

Barclays and its affiliates also may earn compensation from providers of investment products and their affiliates through arrangements that may or may not directly involve Barclays, such as the provision of brokerage or prime brokerage services or research. For example, the managers that Barclays selects or recommends may execute brokerage transactions through BCI and its affiliates. This may result in Barclays and its affiliates receiving transaction based compensation.

Barclays addresses these conflicts through disclosure in this Brochure. In the case of the BWAS Funds, Barclays discloses to clients that it is being compensated by providers of investment products at or prior to the time of investment by the client. In addition, IRs are required to recommend advisory services and investment products that are suitable based on each client's investment objectives, risk tolerance and financial situation.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

The Barclays Code of Ethics (the “Barclays Code”) acknowledges Barclays’ responsibilities as a fiduciary and states Barclays’ firm commitment to high ethical standards and adherence to not only the letter but also the spirit of all applicable laws and regulations. The Barclays Code addresses general standards of business conduct related to the provision of advisory services, compliance with applicable federal securities laws and regulations, procedures for reporting violations, safeguarding client information, and personal conflicts of interest. Barclays has also adopted a Personal Account Dealing Policy, which requires certain supervised persons (“access persons”) to report personal securities transactions as described below and imposes other restrictions on an access person’s personal trading activity. Each supervised person receives a copy of the Barclays Code and Personal Account Dealing Policy upon hiring and annually thereafter. In addition, each supervised person is required to initially and annually certify that he or she has read, understood and complied with the Barclays Code and acknowledge receipt of any amendments to the Barclays Code.

The Barclays Personal Account Dealing Policy allows access persons to maintain personal securities accounts provided any personal investing by an access person in any accounts in which he or she has a beneficial interest, including any accounts for any immediate family or household members, is consistent with Barclays’ fiduciary duty to its clients and consistent with regulatory requirements. The Barclays Personal Account Dealing Policy also requires pre-approval for transactions involving “covered securities” and restricts trading by access persons of securities on the BCI Watch List and Restricted List.

Barclays clients may request a copy of the Barclays Code by contacting the client service division at Barclays at 800.253.4626.

Participation or Interest in Client Transactions

Barclays and its affiliates are engaged in providing a wide variety of financial services and, as a result, may serve in various capacities in connection with the separate accounts and investment products and the managers and sponsors of those separate accounts and investment products. Barclays and its affiliates provide investment banking services, advisory services, prime brokerage services, brokerage services, placement agent, referral or other services for some or all of the separate accounts and investment products in which Barclays recommends allocations and/or invests client assets. In addition, Barclays and its affiliates may receive advisory and other fees and expenses, distribution, administrative and shareholder servicing, prime brokerage, placement agent, interest and other fees or compensation from the separate accounts and investment products and the managers and sponsors of those separate accounts and investment products with which clients invest some or all of their assets. The fees and profits earned by Barclays and its affiliates on transactions for or with client accounts are in addition to the investment advisory and other fees clients pay Barclays. Barclays and its affiliates will not be required to share such compensation with client or to offset such compensation against fees and expenses clients may otherwise owe Barclays or its affiliates.

As a consequence of BCI’s other activities, Barclays is likely to buy or sell for its clients securities or investment products in which BCI has a direct or indirect financial interest. Such financial interest could include, but is not limited to, BCI’s role as a market-maker in the security, manager or co-manager or other participant in the underwriting of initial and secondary public offerings of securities, or financial advisory services provided to a securities issuer, such as merger and acquisition strategy or corporate finance. In such instances, the purchase or sale of a security as directed by Barclays on behalf of its clients may have an impact on the price of such security, which may indirectly benefit (or act to the detriment of) BCI. If the client purchases a security from BCI or its affiliates when they act as an underwriter or dealer in a distribution, the transaction will be effected at the public offering price and BCI or its affiliates will receive an underwriting fee or selling concession with respect to the transaction. As

such, Barclays may be deemed to have a conflict of interest. In addition, BCI and its affiliates may buy and sell securities that Barclays recommends to its advisory clients.

Additionally, to the extent otherwise permitted by law, Barclays may receive remuneration, compensation, or other consideration for directing client orders to particular broker-dealers or market centers for execution.

In the course of investment banking, prime brokerage and other activities, Barclays and its affiliates may acquire confidential or material non-public information that Barclays and its affiliates are not free to divulge to client or to act upon in managing client accounts. In addition, to comply with applicable regulatory requirements and policy mandates, there are periods during which Barclays and its affiliates will not initiate or recommend certain types of transactions in securities, including securities of issuers advised by Barclays and its affiliates or in which Barclays and its affiliates owns a substantial interest, and clients will not be advised of that fact.

As stated above, if an account uses leverage, it will be required to use margin, or borrow from Barclays, to finance investments. Barclays' collateral for the loan will be the assets in the Program Account and the Collateral Account. If the combined assets in the Program Account and Collateral Account decline in value or are withdrawn such that the combined value in the Program Account and Collateral Account falls below the maintenance margin requirements or Barclays' higher "house" requirements, Barclays may exercise its rights under the Margin Account Supplement with respect to the Collateral Account and/or may liquidate options positions in the Program Account in such amount as may be necessary to offset any margin deficiency. Barclays, in its sole discretion, will determine the amount and the securities and other financial assets to be sold from the Program Account and Collateral Account and may, but is not required to, consult with the client as to which securities and other financial assets shall be sold. It is Barclays' expectation that any such liquidation will be conducted on a pro rata basis across all of the assets in the Program Account and Collateral Account to the extent practicable. Barclays' rights and obligations under the Margin Account Supplement may conflict with its fiduciary duties as the client's investment adviser. Accordingly, in any such liquidation, Barclays will be enforcing its rights and obligations, and acting in its capacity, as a secured lender under the Margin Account Supplement, and not as the client's investment adviser. Clients that use margin to finance investments in their PM Volatility/Overlay Program Account will also be subject to margin interest payable to Barclays in connection with the margin loan pursuant to the terms of the Margin Account Supplement.

When appropriate and permitted by law, Barclays may utilize investment products or services, including sweep vehicles (collectively "Cash Investments"), from which Barclays derives compensation and which Barclays has an incentive to use instead of other similar investments which could be more or less beneficial to a client. Barclays acts in various capacities with respect to such products and services and receives fees for doing so. The use of Cash Investments for managed accounts, either in "sweep" arrangements, for temporary investment purposes or otherwise, will result in Barclays earning advisory, distribution or other fees in addition to the fees described herein. Barclays may also receive a benefit from its possession and temporary investment of cash balances in managed accounts prior to investment, in a sweep arrangement or otherwise.

Barclays generally may recommend that clients allocate their assets to both affiliated and unaffiliated investment products. Recommending proprietary or affiliated products and managers (including Barclays investment advisor representatives) raises a conflict of interest as this will result in increased compensation to Barclays. Barclays and its affiliates will on an overall basis receive higher fees, compensation and other benefits if client assets are allocated to affiliated investment products and services. As discussed above, Barclays and its IRs, therefore, have a financial incentive to recommend or select affiliated investment products and services.

In the context of the asset allocation services provided under IPPMA, Barclays has a corresponding conflict of interest when considering modifying a client's asset allocation in a way that reduces allocations to affiliated investment products in that doing so may decrease the fees, compensation and other benefits to Barclays. If Barclays determines that an affiliated investment product meets the investment objectives

and other criteria established by a client, Barclays is under no obligation to consider unaffiliated investment products or generally to canvass the universe of unaffiliated investment products that are available. In such circumstances, there may (or may not) be one or more unaffiliated investment products that may be a more appropriate investment recommendation from the standpoint of the factors that Barclays has taken into consideration or other factors. Clients should understand that because affiliated investment products may not be subject to the same investment and operational due diligence that will be performed on unaffiliated investment products, Barclays may recommend an investment in affiliated investment products that would not be considered by Barclays if it applied the same criteria or factors or conducted the same due diligence as it applies or conducts for unaffiliated investment products.

BCI will provide execution services relative to the purchase and/or sale of securities for Program client accounts where the client has so agreed and will be entitled to receive compensation for such services. Any such transactions are executed in compliance with Section 11(a) of the Securities Exchange Act of 1934 and Rule 11a2-2(T), to the extent applicable.

Various divisions and units within the Barclays Group are required to value assets, including in connection with managing or advising advisory accounts and in their capacity as a broker-dealer. These various divisions and units may share information regarding valuation techniques and models or other information relevant to the calculation of a specific asset or category of assets. The Barclays Group does not, however, have any obligation to engage in such information sharing. Barclays will value investments for an advisory account according to its valuation policies, and may value an identical asset differently than another division or unit of the Barclays Group. This is particularly the case when an asset does not have a readily ascertainable market price and/or where one division or unit of the Barclays Group has more recent and/or accurate information about the asset being valued.

Principal Transactions

In the case of certain advisory accounts, BCI or an affiliate of BCI may, for its own account, buy securities from or sell securities to an advisory client (a "principal transaction"), when permitted by law. In these instances, BCI, in accordance with Section 206(3) of the Advisers Act, will disclose to the advisory client in writing before the completion of the transaction the capacity in which Barclays is acting and obtain specific consent from the advisory client for such transaction prior to settlement.

Agency Cross Transactions

With respect to certain portfolio transactions conducted on behalf of advisory client accounts, when appropriate and permitted by law, BCI or an affiliate of BCI may act as broker for the party or parties on both sides of the transaction (an "agency cross transaction"). BCI or its affiliate will receive a brokerage commission from the other party with respect to the transaction, and as such BCI will have a potentially conflicting division of loyalties and responsibilities. Barclays will obtain written consent from its advisory clients prospectively for any agency cross transactions and such transactions will be conducted in accordance with Rule 206(3)-2 of the Advisers Act. An advisory client may revoke its written consent at any time by written notice to the Barclays.

Cross Transactions

With respect to certain portfolio transactions conducted on behalf of advisory client accounts, when appropriate and permitted by law, Barclays may cause client accounts to engage in a cross transaction between two or more of its client accounts without involving a broker-dealer or sending the orders to the market (a "cross trade"). In a cross trade, Barclays may have a potentially conflicting division of loyalties and responsibilities to both sides of the cross trade. Barclays will only execute cross trades to the extent consistent with best execution and so long as no client is disfavored by the cross trade. Please see the section entitled "Brokerage Practices" for a discussion of best execution.

Participation or Interest in Personal Trading

Barclays and its affiliates may give advice and take action in the performance of their duties for any of their other clients or accounts, including their own accounts, that may differ from the timing or nature of the action with respect to clients' accounts. Barclays and its affiliates may receive more or less compensation for services provided to other clients or accounts, including their own accounts, as compared to the compensation they receive from the client accounts. Barclays is not under any obligation to recommend that an advisory client purchase or sell any security or other instrument that Barclays or its affiliates may purchase or sell for their own accounts or recommend for the purchase or sale for the account of another client, if in the discretion of Barclays, such action is not practical or desirable for the client.

Barclays' access persons are prohibited from engaging in transactions that are inconsistent with the duties owed to their clients. Before any access person engages in a transaction for their personal account, they must obtain pre-approval from Barclays' compliance team. The Personal Account Dealing Policy prohibits access persons from engaging in any transaction if the access person knows, or might reasonably be expected to have known, that an advisory client is dealing in the same security or underlying instrument or the transaction involves a security or underlying instrument that is the subject of orders that are being solicited, research being written or oral communications.

The views and opinions of the investment banking and research departments, functioning as Barclays Capital, may differ from one another and from those of Barclays and other advisory affiliates. As a consequence, the client accounts of Barclays may hold securities or other investment products as to which Barclays has a different investment opinion or outlook than that of BCFS – Americas, the investment banking and research departments and/or other advisory affiliates.

Barclays may provide non-discretionary investment advisory services where Barclays recommends particular securities and investment products, but does not have discretion to invest in such securities and investment products without the specific instruction of the client. Barclays may advise with respect to the same or similar securities and investment products in discretionary and non-discretionary client accounts. As a result, there may be timing differences related to the transmission of advice to non-discretionary clients for consideration and a determination of whether to act on the advice. Accordingly, Barclays may act on advice provided for discretionary clients in advance of communicating or acting on that advice for non-discretionary clients.

Managing Conflicts Associated with Participation or Interest in Client Transactions

Barclays participates in a comprehensive compliance program and has adopted policies and procedures that impose certain conditions and restrictions as to transactions for proprietary accounts or the accounts of employees. Barclays instills in its employees assigned to its advisory business both an awareness of the fiduciary principles that govern its business and a sensitivity to conflicts of interest that may arise as a result of its business. Barclays also has implemented information barriers between itself, BCI and BCFS – Americas, and between itself and other divisions within the Barclays Group. Such policies and procedures are reasonably designed to detect and prevent, among other things, any improper or abusive conduct wherever any potential material conflict of interest may exist with respect to a customer or client.

BROKERAGE PRACTICES

Broker-Dealer Selection and Directed Brokerage

Under the terms of its investment advisory agreements for IPPMA, clients generally elect to direct order execution to BCI and its affiliates. However, other broker-dealers may be used from time to time when deemed appropriate or when BCI and its affiliates are otherwise restricted from trading. In selecting other broker-dealers, Barclays will take into account the net price (after giving effect to brokerage commissions and other costs) as well as other factors, such as capital position of the broker-dealers, ability to

consummate and clear trades in an orderly and satisfactory manner, consistent quality of service, risks taken in positioning a block of securities and broad market coverage.

Client trades executed through BCI are subject to BCI's best execution policy, which requires BCI to use "reasonable diligence" to learn the best market for a security that is the subject of a customer order, and to buy or sell in that market to obtain for the customer the best price possible under prevailing market conditions. Although price is generally the most important determinant in any transaction, many other factors may be considered before a trade is executed, including general market conditions; character of the market for the particular security (e.g., price, volatility, relative liquidity, and pressure on available communications); size and type of the transaction; and time limitations (market vs. limit order). BCI will use reasonably available sources of relevant information regarding the current market value of the security, which could include inter-dealer broker screens; recent transactions in the same or a comparable security and quotes from other dealers.

Clients should understand that not all advisers require their clients to direct brokerage. By directing brokerage to BCI, BCI may not always be able to achieve most favorable execution of client transactions, which may cost clients more money due to higher transaction costs or less favorable pricing. In addition to BCI and its affiliates receiving payments for execution services, IRs may receive compensation from transactions effected for advisory accounts. Accordingly, Barclays and the IRs have a financial interest in requiring that clients execute transactions through BCI and its affiliates. The fees, commissions and other execution charges earned by Barclays on transactions for client accounts may be in addition to the investment advisory and other fees clients pay Barclays.

Further, the prices, commissions and other transaction costs resulting from trades directed to BCI and its affiliates may be higher than those that might be obtained if trades for client accounts were placed through another broker-dealer. In addition, clients may pay more or less than similar clients for identical transactions depending on a client's particular circumstances, account size and additional or differing levels of servicing. The prices, commissions and other transaction costs charged to clients are generally higher than rates charged to institutional clients of BCI and Barclays is under no obligation to obtain rates comparable to institutional rates or the rates charged to other client accounts. The fact that a transaction may be executed, or be capable of being executed, through BCI or another broker-dealer at prices, commissions and other transaction costs more favorable than those available for a client account does not obligate Barclays to match those prices, commissions and other transaction costs or account to any client for the difference.

Subject to its consent, clients may direct Barclays to execute transactions with an unaffiliated broker-dealer. Where a client directs the use of a particular broker-dealer, Barclays may be unable to achieve most favorable execution of client transactions. In addition, Barclays may not be able to aggregate the client's orders with other client orders. As a result, a client's direction that Barclays use a particular broker-dealer may cause a client to pay higher commissions or receive less favorable net prices than would be the case if Barclays were given discretion to choose the broker-dealer through which to execute client transactions or if the client directed that trade be executed through BCI and its affiliates.

Research and Other Soft Dollar Benefits

Although it may reserve the right in its client agreements, Barclays does not currently use client securities transactions to obtain research or other products or services other than execution from a broker-dealer.

Aggregation of Trades

Barclays may, but is not required to, aggregate client transactions. Clients participating in aggregated transactions will receive an average share price, and transaction costs will be shared equally and on a *pro-rata* basis. Barclays' policy prohibits any allocation of trades in a manner such that any particular client or group of clients receives more favorable treatment than other client accounts over time.

REVIEW OF ACCOUNTS

The client's IR and the respective Branch Administrative Manager, or his or her delegates, are responsible for ensuring that client accounts and the investment strategy for the account are suitable for the client. The IR is then responsible for periodically reviewing each client's accounts and the client's portfolio and evaluating various factors considered in determining the ongoing suitability of an advisory account such as a change to a client's investment objectives, financial circumstances, portfolio performance, investment guidelines and investment concentrations.

IRs periodically review the accounts in the PM Volatility/Overlay Program in order to assess whether the designated Strategy continues to be appropriate in light of the responses in each client's Questionnaire. Barclays may conduct a review of an account if a client contacts Barclays to request changes to his or her investment objectives or in response to significant changes to the Strategy or the account that Barclays deems sufficient to warrant such a review. Barclays may also review the performance and trading activity of particular accounts as part of a broader review of a Strategy.

Clients are kept informed of account activity through written confirmations of all portfolio trades and a monthly statement sent for each month in which there is portfolio activity. Benchmark indices in the performance reports may include, but are not limited to, the S&P 500 Index, the Russell 2000 Index, the MSCI World Index, and various Barclays Capital Fixed Income Indices. Benchmark indices are subject to change from time to time. Performance results are shown for the current quarter, calendar year and since inception of the account.

Clients participating in IPPMA receive periodic reports that describe the allocation and performance of their assets based on performance information supplied by the sponsors, service providers and custodians of the investment products made available through IPPMA or calculated by Barclays based on portfolio holdings information provided by such persons. IPPMA portfolios are reviewed on a quarterly basis by the client's IR to ensure that they continue to be suitable based on various factors including the client's investment objectives and risk tolerance.

For the PM Volatility/Overlay Program, a performance report is sent to each client periodically that provides a summary analysis of the account's portfolio performance, and may provide appropriate comparable benchmark indices that correspond generally with the designated Strategy.

CLIENT REFERRALS AND OTHER COMPENSATION

Barclays is compensated by providers of investment products for introducing clients to such investment products under the terms of placement agent, introducer or similar agreements. For more information, please refer to the section of this Brochure entitled "Receipt of Compensation from Investment Advisers."

As described above, a portion of the fees and charges imposed by Barclays is paid to IRs and may be paid to employees of BCI and its affiliates in the event that such persons introduce program accounts or provide services to the accounts.

In addition, Barclays may enter into third party solicitation agreements for certain advisory products for marketing purposes. Under such agreements, the third party may refer or solicit clients to Barclays, as appropriate, and receive compensation for such services. As a result of these arrangements, fees paid by certain Barclays clients may differ from (and be higher or lower than) the standard rate. All compensation paid to the third party soliciting or referring the client and the structure of the agreement will be disclosed to the client as required by applicable law.

CUSTODY

Clients generally custody funds and securities in their advisory accounts with BCI in its capacity as broker-dealer. However, Barclays may, on an exception basis, accept accounts for clients who custody their assets with qualified custodians that are not affiliated with BCI, provided, that such custodians are operationally capable of providing certain reporting required by Barclays. Clients that chose to custody assets away from BCI will incur additional custody costs that they likely would not need to pay if they held their assets at BCI. In addition, Barclays is not able to monitor concentration limits for assets that are not held with BCI.

Clients who custody funds and securities with BCI will receive account statements, which clients should carefully review. Clients who custody funds and securities away from BCI will receive account statements directly from their qualified custodian and may also receive account statements and performance reports from BCI that reflect assets held away. Clients should understand that in the case of funds and securities that are held away from BCI, the client's qualified custodian will provide the official records of the holdings and transactions in the advisory accounts. Clients are urged to compare the account statements that they receive from their qualified custodian with any that they receive from BCI.

INVESTMENT DISCRETION

Barclays has discretionary authority to execute transactions for accounts in affiliated Managed Account Programs, accounts in discretionary IPPMA relationships and accounts in the PM Volatility/Overlay Program. This authority is subject to investment guidelines, IPS considerations and other relevant information provided to Barclays by the client, which is subject to regular review. BCI's other financial industry activities may result in temporary limitations, from and legal and regulatory perspective, to effect transactions on a discretionary basis. The relevant client agreements contain the necessary authorizations to permit Barclays to act in a discretionary capacity.

VOTING CLIENT SECURITIES

In the case of IPPMA, unless clients instructs Barclays to the contrary in writing, client delegates to Barclays the authority to vote proxies and to respond to corporate actions concerning that portion of the client's assets that are custodied with Barclays or are custodied at another financial institution selected by client and approved by Barclays, and to delegate such authority to the managers. Barclays and each manager, if applicable, establishes from time to time guidelines for the voting of proxies and may employ the services of a proxy voting service to exercise proxies in accordance with Barclays' or such manager's guidelines. For assets custodied outside Barclays, client will be responsible for instructing its custodian to forward all issuer communications relating to proxies and corporate actions to the attention of Barclays or the appropriate manager. Neither Barclays nor any manager will be responsible or liable for failing to vote proxies or taking other actions on behalf of accounts where Barclays or the manager has not received the issuer communications on a timely basis.

Neither Barclays nor any manager will exercise any right to vote proxies or respond to corporate actions relating to assets that are not custodied with Barclays, except in the case of assets custodied at another financial institution selected by client and approved by Barclays. Barclays will forward to the client any proxy voting and corporate action materials received by Barclays that pertain to such assets, and client will be solely responsible for acting in respect of any such proxy voting and corporate actions.

Neither Barclays nor any manager will advise or act for clients in legal proceedings, including class action litigations and bankruptcies, involving securities in client accounts. Clients will be fully responsible for acting with respect to such legal proceedings.

Summary of Proxy Voting Policies and Procedures

Barclays has implemented written Proxy Voting Policies and Procedures (the “BCI Proxy Voting Policy”) that are designed to reasonably ensure that Barclays votes proxies prudently and in the best interest of the advisory clients for which it has voting authority. The BCI Proxy Voting Policy also describes how Barclays addresses any conflicts that may arise between its interests and those of its clients with respect to proxy voting.

Barclays' Proxy Committee is responsible for developing, authorizing, implementing and updating the BCI Proxy Voting Policy, overseeing the proxy voting process and engaging and overseeing any independent third-party vendors as voting delegate to review, monitor and/or vote proxies. In order to apply the BCI Proxy Voting Policy in a timely and consistent manner, and to the extent permitted under contract, Barclays uses RiskMetrics/ISS Governance Services (“ISS”) to vote proxies in accordance with the Barclays' voting guidelines.

To obtain a copy of the BCI Proxy Voting Policy, please call Barclays (toll-free) at 1-800-253-4626. Barclays clients may obtain information about how Barclays voted their specific proxies by calling their IR.

FINANCIAL INFORMATION

Not applicable.