



Wealth and Investment Management

## **Form ADV Part 2A: Firm Brochure**

**This brochure (the “Brochure”) provides information about the qualifications and business practices of Barclays Wealth and Investment Management (“Barclays”), the wealth and investment management division of Barclays Bank PLC, which functions in the United States through Barclays Capital Inc. If you have any questions about the contents of this Brochure, please contact us at 800 253 4626 (or +1 212 526 5600 if dialing from outside the United States). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.**

**Additional information about Barclays also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**24 September 2014**

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## Item 2      Material Changes

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This Item 2 summarizes the material changes to the Brochure since the version of this brochure dated 31 March 2014. For more details, please see the item in this Brochure indicated below.

- **Fees:** Barclays, Investment Representatives and possibly other employees may have a financial incentive to recommend Advisory Programs over other Barclays programs and services. (Item 4)
- **SEC Order:** On September 23, 2014, Barclays entered into a settlement with the Securities and Exchange Commission resulting in the SEC issuing an order. BCI consented to the entry of the order that finds that BCI willfully violated the Advisers Act Sections 204(a), 206(2), 206(3), 206(4) and 207 and Rules 204-2, 206(4)-2 and 206(4)-7 thereunder arising as a result of BCI's systemic failures after it acquired Lehman Brothers Inc.'s advisory business in September 2008. The order finds that when BCI integrated this advisory business into its existing business, it did not enhance its infrastructure to support the new business, did not adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act, and did not make and keep certain books and records. (Item 9)

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## Item 4      Advisory Business

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Barclays Capital Inc. (“BCI”) is headquartered in New York with 13 U.S. branch offices, and has been registered as an investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) since 2008. The goal at BCI is to understand the individual circumstances and objectives of its clients in order to provide them with proactive responses to their wealth and investment management needs at any particular point in time. This brochure provides information about the qualifications and business practices of Barclays Wealth and Investment Management (“Barclays”), the wealth and investment management division of Barclays Bank PLC, which functions in the United States through BCI.

BCI’s principal owner is Barclays Group US Inc., a wholly-owned subsidiary of Barclays Bank PLC, which itself is wholly owned by Barclays PLC.

### ADVISORY SERVICES

Barclays’ advisory services are available through a variety of programs and products which may be provided to clients on a discretionary or non-discretionary basis. Barclays’ advisory programs and services are: the Barclays Wealth Advisor Series Funds (the “BWAS Funds”), the Alternatives Accommodation platform (“Alternatives Accommodation”), the Portfolio Management Program (Options Overlay Strategies) (together with other strategies in the Portfolio Management Program, known as the “Portfolio Management Program”), Customized Client Solutions and wrap fee programs (the “Wrap Programs”), (collectively, the “Advisory Programs”). Each Advisory Program is described below:

#### The BWAS Funds

The BWAS Funds are private investment funds for which Barclays serves as investment adviser. For all BWAS Funds except the BWAS Multi-Manager International Equity Fund (the “BWAS Multi-Manager Fund”), Barclays has delegated its investment discretion and portfolio management responsibilities to unaffiliated top-tier long-only asset managers (the “BWAS Managers”) selected by Barclays. For the BWAS Multi-Manager Fund, Barclays invests the fund’s assets in other BWAS Funds as well as certain other Investment Products.

A client that invests in a BWAS Fund may not impose restrictions on the investments made by such BWAS Fund. Barclays or a BWAS Manager, as applicable, manages each BWAS Fund in accordance with the investment objectives and offering documents of such BWAS Fund.

#### Alternatives Accommodation

Alternatives Accommodation allows Barclays to accommodate certain third party private investment funds (each, an “Accommodated Fund”). Access to Alternatives Accommodation is typically permitted when a new advisory client has one or more existing private fund holdings and would like Barclays to monitor and report on such holdings. Each client would have independently, or with the assistance of advisers other than Barclays, evaluated the merits and risks of investing in the Accommodated Fund and determined that it is able to bear the risks associated with such investment. Additionally, such client will have sole responsibility for making all investment decisions relating to the Accommodated Fund.

Under this program, Barclays receives information about the client’s private fund holding directly from the Accommodated Fund or its service providers, provides ongoing reporting, conducts limited due diligence and monitors the performance of the Accommodated Fund for a twelve (12) month period (the “Evaluation Period”). At or before the end of the Evaluation Period, Barclays advises the client on a non-discretionary basis whether or not a continued investment in the Accommodated Fund is appropriate for the client, and the client may accept or decline such recommendation. At the end of the Evaluation Period, Barclays’ limited due

diligence and performance monitoring services automatically terminate; however, in certain circumstances, Barclays may continue to monitor an Accommodated Fund's manager.

Clients may not impose investment restrictions on the investments made by Accommodated Funds. Such funds are managed by their investment advisers in accordance with the Accommodated Funds' investment objectives and offering documents.

### **The Portfolio Management Program (Options Overlay Strategies)**

Clients may select an options-based strategy to seek to enhance existing investment portfolios (a "Dynamic Covered Call Strategy") or generate returns with low correlations to traditional and alternative asset classes (a "Volatility Yield Strategy"). The strategies may be tailored for clients based on information clients provide concerning their financial situations, investment objectives and preferences, and clients may impose reasonable restrictions on investing in particular securities or types of securities. The program is offered on a discretionary basis. Investments made pursuant to this program are generally financed using margin and clients are therefore required to designate one or more accounts whose assets serve as collateral (the "Collateral Account").

### **Customized Client Solutions**

From time to time, Barclays may enter into other investment advisory relationships with clients, including:

- *Recommendations Service:* On a non-discretionary basis, Barclays advises clients on asset allocation or on the merit of individual holdings within a portfolio (the "Recommendations Service"). Barclays' advice may be based generally on the client's investment goals, risk tolerance and other attributes, or may be in response to a specific client request to build a customized strategic asset allocation to meet a particular need or situation within the constraints articulated by the client. Clients may not impose restrictions on investing in certain securities or types of securities.
- *Models Service:* On a non-discretionary basis, Barclays provides asset allocation models that reflect Barclays' investment views regarding strategic asset allocation (the "Models Service"). 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. In addition, Barclays does not provide specific investment recommendations to implement the views expressed in the models. Rather, each client is responsible for interposing its own judgment and investment discretion in evaluating or implementing the views expressed in the models. Barclays permits research personnel to consult with clients (or their third party investment advisers) regarding the assumptions and inputs on which the models were developed.
- *Other:* Barclays and clients may agree to enter into other types of investment advisory relationships, such as Barclays' selling client securities in compliance with guidelines agreed with the client.

### **The Wrap Programs**

Barclays sponsors several Wrap Programs in which clients pay a single, all-inclusive (or "wrap") fee for investment management and related services, subject to certain exclusions. In certain Wrap Programs, Barclays' advisory services may be tailored to the individual needs of clients and clients may impose securities restrictions. Each Wrap Program is fully described in its wrap fee program brochure (i.e., the Form ADV Part 2A, Appendix 1, each a "Wrap Brochure") and is briefly summarized below:

*Portfolio Management Program (Equity, Fixed Income and ETF Tactical Allocation Strategies).* The Portfolio Management Program offers clients the opportunity to invest pursuant to one or more investment strategies managed by Barclays Portfolio Managers.

*Investment Philosophy Portfolio Multiple Accounts Program (“IPPMA”).* Barclays provides asset allocation and investment advice for client portfolios on a discretionary or non-discretionary basis.

*Investment Advisor Representative Program (“IAR”).* IAR is designed to provide clients with customized investment advice from a Barclays Investment Advisor Representative on a discretionary or non-discretionary basis.

*Select Advisors Program.* Barclays maintains an approved list of investment managers and assists clients in identifying one or more that are best suited to the client’s goals.

*Accommodation Manager Program.* Clients independently select and retain third party investment managers while Barclays provides certain reporting and other services.

As described above, investment advisory services for the Wrap Programs are provided either by Barclays (such accounts, the “Managed Accounts”) or by third party managers. In all instances, Barclays receives some or all of the wrap fee for its services.

In many respects, Managed Accounts are treated similarly to accounts Barclays manages in the other Advisory Programs described in this Brochure. Nonetheless, Managed Accounts are not treated identically to those accounts. The following describes some of these differences:

- *Selection of Broker-Dealers.* Generally, the fee paid by Wrap Program clients covers Barclays’ investment advisory services as well as execution costs for transactions. As an investment adviser to the Managed Accounts, Barclays has an obligation to seek best execution. Consistent with that duty, Barclays typically places trades for Managed Accounts through BCI because the fee paid by Wrap Program clients covers execution costs only to the extent trades are executed through BCI or its affiliates. Such execution costs may not be covered by the fee for trades executed away from BCI or its affiliates or for other Advisory Programs. See “Item 12: Brokerage Practices” for a discussion of Barclays’ brokerage practices.
- *Tax loss harvesting.* While Barclays will make all reasonable efforts to accommodate Wrap Program client requests to engage in transactions intended to offset capital gains tax liability (“tax loss harvesting”), this service is typically not provided to other Advisory Program accounts where Barclays is the investment adviser.

## ASSETS UNDER MANAGEMENT

As of 31 December 2013, Barclays Wealth and Investment Management had assets under management as set forth below:

Asset managed on a discretionary basis	\$ 11,831,060,290
Assets managed on a non-discretionary basis	\$ 9,079,161,045
Total assets under management	<u>\$ 20,910,221,335</u>

## Item 5 Fees and Compensation

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### ADVISORY FEES AND OTHER FEES AND EXPENSES

Barclays' advisory fees are generally negotiable. Consequently, a client may pay a different fee than the standard fees described below.

#### The BWAS Funds

Barclays is paid a management fee by each BWAS Fund based on the net asset value of such fund, as described in the offering document for each fund. The amount of the management fee varies by fund and may also vary by class of interest within a particular fund. Additionally, Barclays, in its capacity as investment adviser to the BWAS Funds, may in its sole discretion, waive, rebate, reduce or calculate differently all or a portion of the management fee attributable to any investor in a BWAS Fund.

The management fee payable by each BWAS Fund is deducted and paid to Barclays quarterly in arrears.

#### Alternatives Accommodation

During the Evaluation Period, Barclays receives an asset-based fee from each Alternatives Accommodation client equal to 0.75% per annum of the value of the client's investment in the Accommodated Fund. After the Evaluation Period, if a client wishes to retain an investment in an Accommodated Fund that Barclays does not recommend, the fee is reduced to 0.55% of the value of the client's investment in such fund in recognition of the fact that Barclays no longer provides limited due diligence and performance monitoring services.

Fees are payable quarterly in arrears. If Barclays is the custodian of the client's assets, fees are automatically deducted directly from the client's account, unless the client requests that Barclays sends it an invoice. If the custodian is a third party, the client generally arranges to have advisory fees deducted directly from the client's account at the external custodian for credit to Barclays upon receipt of an invoice.

In addition, each Alternatives Accommodation client will be responsible for paying all fees and expenses applicable to an investment in an Accommodated Fund, which may include asset-based, performance-based, carried interest, incentive allocation and other compensation payable to the manager of the Accommodated Fund. Clients should refer to the underlying prospectuses or other offering memoranda for more detailed information regarding the fees associated with these investments.

#### The Portfolio Management Program (Options Overlay Strategies)

Barclays generally receives an asset-based management fee from each Portfolio Management client invested in an Options Overlay Strategy. This fee is calculated as a percentage of either the value of the Collateral Account (for Dynamic Covered Call Strategies) or the value at which the client has designated the account be managed (for Volatility Yield Strategies). The annual program fee rate applying to a client's Volatility Yield account is based on the value of the client's mandate amount (which depends on the Collateral Account's margin value) at the time the client initially invests in the Program. The annual program fee rate applying to a client's Dynamic Covered Call account is based on the value of the client's Collateral Account at the time the client initially invests in the Program. The standard fee schedule is set forth below:

Volatility Yield Strategy:

<b>Initial Mandate Amount</b>	<b>Maximum Annual Program Fee Rate</b>
US\$ 2.5m < 5m	0.95%
US\$ 5m < 10m	0.85%
US\$ 10m and above	0.60%

Dynamic Covered Call Strategy:

<b>Initial Collateral Value</b>	<b>Maximum Annual Program Fee Rate</b>
US\$ 5m < 10m	0.95%
US\$ 10m < 20m	0.85%
US\$ 20m and above	0.60%

Barclays may also receive a performance-based fee of up to 15% of the net realized and unrealized gains on the options positions in the client's account before paying the year's performance fee but after certain deductions, subject to a "high water mark." Fees are negotiable and, therefore, a client may pay a different fee than as set forth above. The fees are generally calculated and payable quarterly in arrears and are deducted from clients' accounts, unless Barclays and the client agree otherwise in writing.

In addition, clients invested in an Options Overlay Strategy may pay margin interest to Barclays in connection with the margin used to finance their investments.

### **Customized Client Solutions**

For the Recommendations Service or the Models Service, Barclays receives either an asset-based fee or a fixed fee. For the Recommendations Service, asset-based fees generally range from 0.10% to 1.00% per annum of the value of the assets on which the investment advice is provided. For the Models Service, Barclays negotiates fees with each client and does not maintain a standard fee schedule. The fees are payable quarterly in arrears and are automatically deducted directly from a client's designated account at Barclays, unless the client requests that Barclays send it an invoice. If a Recommendations Service or Models Service client chooses to invest in an Investment Product, the client will also pay the fee associated with that Investment Product.

"Investment Product" refers to any of (i) the Wrap Programs, (ii) U.S. exchange-traded funds ("ETFs"), mutual funds and other collective investment vehicles that may or may not be managed by Barclays, any of its affiliates and their respective directors, officers, employees and agents (each, a "Barclays Entity") and that are subject to ongoing diligence reviews and monitoring by Barclays, (iii) individual equity and fixed income instruments, (iv) structured products and (v) forms of cash and cash equivalents.

If a client receives other types of services in the Customized Client Solutions program, the client and Barclays agree on the form of compensation, which could be asset-based, a fixed fee or based on securities trades.

### **The Wrap Programs**

Barclays receives an asset-based fee from Wrap Program clients that is calculated as a percentage of assets under management within the Wrap Program. The standard fee rates for each Wrap Program as well as the process for billing and payment of such fees are described in the respective Wrap Brochure.



## OTHER FEES AND EXPENSES

The advisory fees do not cover, and clients pay, if applicable:

- fees and charges for transactions, including execution or service charges (including commissions), mark-ups, mark-downs, spreads and odd-lot differentials. See “*Item 12: Brokerage Practices*”.
- fees (besides the Wrap Fee) charged by an investment product and which may be described in its prospectus, offering memorandum or other product documents, including fund investment management fees and redemption fees
- taxes relating to the account
- other fees charged by third parties including third party custodian fees, exchange fees, electronic fund transfer fees, ADR fees, auction fees, charges imposed by regulatory bodies and charges mandated by law
- Barclays’ fees for opening or maintaining a brokerage account
- Barclays’ fees under a client’s retirement plan account documents for opening or maintaining a retirement account
- Barclays’ interest and fees on margin and other loans, or on debit balances in an account
- fees in connection with foreign exchange transactions or conversions.

## PREPAID FEES

Barclays does not offer clients a fee prepayment option for any of its Advisory Programs.

## COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Barclays and its affiliates provide services to certain funds (including funds that may be Investment Products) in a number of different capacities and those funds may pay management and incentive fees, brokerage and other fees and reimburse expenses to Barclays and its affiliates for such services. Clients should understand that Barclays and its affiliates may retain these fees and reimbursed expenses, which are in addition to any advisory fees charged to the client by Barclays. Clients should also be aware of the circumstances described below where Barclays employees receive compensation for the sale of securities or other investment products to advisory clients.

Barclays receives compensation when advisory clients invest in certain unaffiliated mutual funds. In addition, Investment Representatives and possibly certain BCI employees receive a portion of the fees paid to Barclays by clients in Alternatives Accommodation, Options Overlay Strategies in the Portfolio Management Program (including a portion of the performance fee), Customized Client Solutions, the Wrap Programs and certain other Investment Products.

The amount of the compensation 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. Barclays, Investment Representatives and possibly other employees may have a financial incentive to recommend the Advisory Programs described in this Brochure over other Barclays programs and services (including other Advisory Programs in which a third party manager manages the client’s assets). Clients should be aware that unaffiliated Investment Products are generally available for purchase outside of Barclays (including the BWAS Managers). By purchasing such Investment Products outside of Barclays or by investing directly with the managers of those Investment Products, clients would not incur the Barclays advisory fees described above. However, clients also would not receive the Barclays services described in this Brochure and there may be

additional fees, expenses and commissions charged on direct investments which may be more or less than those charged by Barclays. In addition, in certain cases, the conditions that must be satisfied to make direct investments might be more stringent than those imposed by Barclays for access to the same investments through its Advisory Programs.

The arrangements described in this section create a conflict of interest in that they may give Barclays, its affiliates, Investment Representatives a financial incentive to recommend Advisory Programs and Investment Products because of the compensation they receive, or to recommend Advisory Programs and Investment Products for which they receive higher compensation over those for which their compensation would be lower, rather than make recommendations based on a client's needs.

The conflicts of interest described in this section are disclosed to clients in this Brochure, which is delivered to clients at or before an advisory relationship is established. In addition, Investment Representatives are required to recommend only advisory services and investment products that are suitable based on each client's investment objectives, risk tolerance and financial situation.

Cash in client accounts custodied at Barclays may be invested in cash "sweep" products. Barclays receives compensation from certain banks in connection with these products. In turn, Barclays pays a portion of this compensation to Investment Representatives. As well as the conflict described above, these payments may create an incentive to keep part of the account invested in cash. We address this conflict by disclosing it to you, and by having limits on the proportion of an account that can be held in cash.

## **SOURCES OF REVENUE**

Commissions and other compensation from the sale of Investment Products do not comprise more than 50% of Barclays' revenue 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.

## **Item 6      Performance-Based Fees and Side-by-Side Management**

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Clients with an Options Overlay Strategy in the Portfolio Management Program may pay a 15% performance fee as well as their asset-based fee. Portfolio Managers for these strategies therefore may simultaneously manage accounts that are charged only an asset-based fee and accounts that are charged both an asset-based fee and a performance fee. Consequently, such Portfolio Managers and the persons to whom they report may be incentivized to favor accounts that bear performance fees over those that do not as regards the devotion of time or attention, the allocation of investment opportunities and the degree of risk employed in managing the accounts.

To address this conflict, Portfolio Managers' supervisors as well as the Portfolio Management Investment Committee vet the investment guidelines and target performance that is established for each strategy and periodically review the investment guidelines and performance of the strategies against those established targets.

## **Item 7      Types of Clients**

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Barclays' clients are generally high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, private funds, investment advisers, government entities,

corporations and other business entities. There are account opening requirements or conditions associated with the following Advisory Programs:

- **BWAS Funds:** The BWAS Funds are available only to investors that meet the qualification standards set forth in the offering documents for each BWAS Fund.
- **Portfolio Management Program (Options Overlay Strategies):** Enrolment generally requires a client to meet a minimum account size and net worth threshold, which may be waived by Barclays in its discretion, and to be a qualified client (as defined under the Investment Advisers Act of 1940). Further, each client must be able to designate one or more accounts whose assets will serve as collateral for the margin used to finance investments in the client's account.
- **Alternatives Accommodation:** Enrolment requires that the particular fund meet certain minimum criteria and be approved by Barclays' Hedge Fund Accommodation Committee.

## Item 8      Methods of Analysis, Investment Strategies and Risk of Loss

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### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The methods of analysis and strategies used in formulating and delivering investment advice vary by Advisory Program, as described below.

**BWAS Funds:** Investment managers that are identified as being potential BWAS Managers undergo a due diligence process that includes using proprietary and non-proprietary analyses and data to (i) evaluate certain qualitative and quantitative factors such as the investment manager's efficacy in implementing the strategy and achieving the strategy's objective, staff turnover, and historical performance relative to applicable benchmarks and peer groups; (ii) review third party information; and (iii) assess other operational and trading considerations. No single factor is determinative and the particular factors considered may vary among investment managers.

BWAS Managers and their respective investment strategies are thereafter reviewed at least monthly 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.

Barclays invests substantially all of the investable assets of the BWAS Multi-Manager Fund in certain other BWAS Funds in such a manner as to seek to achieve its investment objective of long-term capital growth. Consistent with this objective, Barclays is permitted to invest the assets of the BWAS Multi-Manager Fund in other funds or instruments.

**Alternatives Accommodation:** Alternatives Accommodation does not involve the use of any significant Barclays strategy or method of analysis because an Accommodated Fund's participation in the program is driven in the first instance by a client's request, and the Accommodated Fund's investment strategy is developed and managed by its investment adviser. However, Barclays will conduct an initial review that is designed to assess the risk associated with making a particular private investment fund available through Alternatives Accommodation, and which does not constitute research or due diligence on the part of Barclays. Barclays may engage outside consultants and third party diligence vendors to conduct this initial review.

During the Evaluation Period, Barclays conducts limited due diligence and provides ongoing performance monitoring of the Accommodated Fund's performance. This limited level of review differs from (and is less rigorous than) that generally provided in connection with private investment funds that are selected as Investment Products 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 Accommodated Fund, or that of their general partners, investment managers, or any of their respective principals or affiliates.

**Portfolio Management Program (Options Overlay Strategies):** Portfolio Managers 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.

**Customized 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 Investment Representatives' 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 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 provided to Barclays either by the client or by a third party (e.g., an authorized representative of the client or the client's custodian).

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 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.

The methods of analysis and strategies used in formulating and delivering investment advice in other types of Customized Clients Solutions accounts include the Investment Representative's research, industry experience, knowledge of markets and financial products.

## **MATERIAL, SIGNIFICANT, OR UNUSUAL RISKS**

**All Advisory Programs and Investment Products involve risks that clients should understand and 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.**

This Brochure discusses the material risks that are generally associated with participating in any Advisory Program and the risks that are specific to a particular Advisory Program or Investment Product. However, it is not intended to disclose every potential risk applicable to a client. Clients should carefully review any risk

disclosures provided to them and should also carefully review, if applicable, the offering documents of any pooled investment vehicles in which they invest and the Form ADV Part 2A Firm Brochures of any other investment advisers that manage assets on their behalf.

## **General Investment Risks**

*Risk of Loss.* All investments risk the loss of capital and investment performance of any kind is not guaranteed.

*Management Risk.* All Advisory Programs are subject to management risk. An Advisory Program may not achieve its objectives if Barclays' or the respective investment manager's expectations regarding securities or markets are not met. In addition, the departure of any key personnel from Barclays' employ may affect the performance of an Advisory Program.

*Economic Environment.* Unforeseeable events may cause sharp market fluctuations, which could adversely affect a client's investments. 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 client's investments.

*Issuer Risk:* An account's performance depends on the performance of individual securities in which the account invests. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline or even become worthless. Barclays does not guarantee in any way the obligations or the financial condition or credit rating of any issuer or the accuracy of any financial information provided by any issuer in which an account may be invested.

## **Risks Relating to the Use of Third Party Managers**

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

*Manager Selection.* 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.

*Reliance on the Skill of the Managers' Key Personnel.* Barclays does not have a role in the day-to-day management of the investments managed by third party managers. Consequently, the performance of such investments is substantially dependent on the skill and acumen of key employees of the managers. If such employees 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 instances of fraud or similar activities. Barclays is not able to guarantee that its ongoing monitoring would detect instances of fraudulent or similar activity.

*Use of Multiple Managers.* Managers may have similar or divergent investment views and strategies. Consequently, a client whose assets are managed by more than one manager may at times hold economically offsetting positions in its overall portfolio, and could indirectly incur transaction costs without accomplishing any net investment result, or may compete with its own accounts for the same positions in

one or more markets. Where managers hold similar views or employ similar trading strategies, a client's overall portfolio may hold large positions in a relatively limited number of the same or similar investments. Greater concentration of positions across multiple managers will increase the adverse effect of any unfavorable conditions in the market, sector, or industry in which the positions are concentrated.

## **Risks Relating to Asset Allocation Advice**

*Client Information.* Asset allocation advice is based on Barclays' understanding of a client's investment goals, risk tolerance, financial circumstances and other attributes. The overall asset allocation advice and other recommendations provided by Barclays may be materially affected by even small changes in a client's individual circumstances. Therefore, a client's failure or tardiness in informing Barclays of changes in its circumstances could affect the performance of its account.

*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 Associated with each Asset Class.* There are risks associated with each of the key asset classes, including:

*Bonds.* Bonds are subject to market, interest rate and credit risk, and are also 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 investments made pursuant to such strategies 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.

## **Risks Relating to Options Overlay Strategies in the Portfolio Management Program**

*Use of Options.* The strategies used in this program involve options, which present substantial risks and may not be suitable for all clients. The Options Overlay Strategies will utilize multi-leg transactions, which will generate multiple commission charges that will impact overall performance and profitability. If the portfolio manager writes (sells) an uncovered call option for a client and the underlying instrument's value increases above the exercise price, the client can incur large and unlimited losses until the option expires or until the portfolio manager exercises other option contract remedies. If the written call option is assigned an exercise, the underlying instrument will have to be sold and delivered to fulfill the requirements of the assignment. If the client loses, the loss is the underlying instrument's current value minus the option's strike price. If the portfolio manager writes (sells) a put option for a client, the client bears the risk of loss if the underlying instrument's value decreases below the exercise price. The loss increases until the underlying instrument's price is zero. If the written put is assigned an exercise, the client will have to purchase and take delivery of the underlying instrument at the strike price of the written put. If the client incurs loss, the loss is the strike price of the written put minus the underlying instrument's current price. If the portfolio manager writes (sells) combination or straddle options (i.e., writes a put and a call option on the same underlying index), the client's potential loss is unlimited. The client is also subject to the risk of failure of the exchanges on which the options trade, or of their clearinghouses (for on-exchange transactions) or counterparties (for over-the-counter transactions), which might not perform their obligations. Over the counter transactions are subject to the risk of non-performance by the counterparty, including risks related to the financial soundness and creditworthiness of the counterparty. Options markets may become illiquid for various reasons, and the bid-offer spread (the difference between the buy and sell prices) can widen considerably. Consequently, the

Portfolio Manager may not be able to prematurely terminate a given position and realize the purchase price, or any profits reflected in the pricing of such options. Long options held in the account may expire worthless.

*Margin.* In accordance with the terms of the strategies used in this program, if a 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. In addition, the client is not entitled to choose which positions are liquidated, or to an extension of time on a margin payment requirement.

*Use of Other Derivatives.* The strategies may also involve the use of other derivatives. The risks posed by the use of derivatives include: (i) counterparty credit risk; (ii) market risks; (iii) legal risks (i.e., the risk that a financial contract may be legally invalidated); (iv) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risks (exposure to losses resulting from inadequate documentation); (vi) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (vii) systemic risks (the risk that financial difficulties faced by one market participant puts other participants and the overall financial system at risk); and (viii) 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).

*Use of Leverage.* Leverage may be employed 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 returns, leverage may also significantly increase the magnitude of potential losses.

All clients investing in Options Overlay Strategies in the Portfolio Management Program receive a copy of the Options Clearing Corporation's publication, "*Characteristics and Risks of Standardized Options*" and any supplements thereto, which describe the risks associated with investing in options. Clients should read these documents carefully.

### **Risks Relating to Investments in Private Investment Funds**

The following is a summary of the principal risks that apply to investments in private investment funds and 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.

*Regulatory Environment.* 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, 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. Notwithstanding the foregoing, there is increased regulatory scrutiny of the private investment fund industry in general. Any future changes in the regulations applicable to the private investment fund industry could have a material adverse impact on the performance of private fund investments.

*Concentration Risk.* Private investment funds might not establish concentration limits with respect to particular securities, industries, or sectors. Consequently, a private investment fund may be relatively concentrated in a particular security, industry or sector and unfavorable conditions affecting any such security, industry or sector could have a material adverse effect on the fund's overall financial condition.

*Investment Strategy Risk.* Depending on their investment strategies, private investment funds may engage or invest in highly leveraged transactions, short sales, derivatives, commodities, or volatile or speculative instruments, and may 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 investing in a private investment fund, clients should understand the attendant risks of the fund's investment strategy.

*Lack of Liquidity.* Interests in private investment funds are generally illiquid. No market may exist for private fund interests, 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. 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.

*Lack of Transparency.* Private investment fund investors generally receive periodic reports from the funds or their managers. However, the 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 a continued investment in the fund.

*Ability to Meet Investment Objectives.* Barclays is not responsible for the investment decisions of the third party managers of private investment funds and cannot guarantee that the investment objectives of any particular private investment fund will be achieved.

## Item 9 Disciplinary Information

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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 in Part 1A of BCI's Form ADV which is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

- On September 23, 2014, Barclays Capital Inc. ("BCI") entered into a settlement with the Securities and Exchange Commission ("SEC") resulting in the SEC issuing an order. BCI consented to the entry of the order that finds that BCI willfully violated the Advisers Act Sections 204(a), 206(2), 206(3), 206(4) and 207 and Rules 204-2, 206(4)-2 and 206(4)-7 thereunder arising as a result of BCI's systemic failures after it acquired Lehman Brothers Inc.'s advisory business in September 2008. The order finds that when BCI integrated this advisory business into its existing business, it did not enhance its infrastructure to support the new business, did not adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act, and did not make and keep certain books and records.

The order also finds these deficiencies contributed to other violations – specifically, that BCI:

- executed more than 1,500 principal transactions with its advisory client accounts without required written disclosures or client consent
- charged commissions and fees, and earned revenues, that were inconsistent with its disclosures to 2,785 advisory client accounts
- violated custody provisions of the Advisers Act and
- underreported its assets under management in its March 31, 2011 amendment to its Form ADV by \$754 million.

Solely for the purpose of settling these proceedings, BCI consented to the order without admitting or denying the matters in it (except the SEC's jurisdiction). The order requires BCI to cease and desist from committing or causing any violations and any future violations of Advisers Act Sections 204(a), 206(2), 206(3), 206(4) and 207 and Rules 204-2, 206(4)-2 and 206(4)-7; censures BCI; and requires BCI to pay a civil monetary penalty of \$15,000,000. BCI must also comply with certain undertakings, including retaining an independent compliance consultant, notify existing and prospective clients of the order, and keep records of BCI's compliance with the undertakings.

You can view the order on BCI's website at [wealth.barclays.com/americas](http://wealth.barclays.com/americas). If you would like a copy of the order, please contact your Investment Representative.

- On 26 December 2013, BCI, without admitting or denying FINRA's findings, agreed to a censure and a fine of US\$3.75 million related to FINRA's allegations that BCI did not: (i) preserve certain electronic records in the format required under the Securities Exchange Act of 1934 (the "Exchange Act"); (ii) preserve certain electronic communications; and (iii) establish and maintain a supervisory system and written procedures reasonably designed to achieve compliance with the relevant laws, regulations and rules and to timely detect and fix deficiencies. FINRA alleged that these failures resulted in the violation of Section 17(a) and Rule 17a-4 under the Exchange Act, NASD Rules 2110, 3010 and 3110 and FINRA Rules 4511 and 2010.
- On June 27 2012, the Commodity Futures Trading Commission ("CFTC") and Barclays PLC, Barclays Bank PLC and BCI (collectively, the "Barclays Companies") entered into a settlement agreement through which the Barclays Companies 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 (the "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, the Barclays Companies, 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, the Barclays Companies based their LIBOR submissions for U.S. Dollar (and at limited times other currencies) on the requests of current and former Barclays Companies 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 the Barclays Companies' 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 Companies Euro swaps traders coordinated with and aided and abetted traders at certain other banks to influence the EURIBOR submissions of multiple banks, including the Barclays Companies, 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, the Barclays Companies lowered their LIBOR submissions in order to manage what it believed to be an inaccurate and negative public and media perception that the Barclays Companies had a liquidity problem, based in part on their high LIBOR submissions relative to submissions of other banks that the Barclays Companies believed were too low given market conditions. Pursuant to a directive by certain members of the Barclays Companies' senior management, the Barclays Companies submitted lower rates for U.S. Dollar LIBOR, and at limited times Yen and Sterling LIBOR, than what they had determined to be the appropriate rates.

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

The CFTC ordered the Barclays Companies 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 US\$200 million against Barclays PLC, Barclays Bank PLC and Barclays Capital Inc., jointly and severally.

In its consent to the Order, the Barclays Companies agreed to undertake the following: (1) to ensure the integrity and reliability of their 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.

The Barclays Companies 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.

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

In anticipation of an administrative proceeding, the Barclays Companies 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 the Barclays Companies admit those findings in any related action against the Barclays Companies by, or any agreement with, the Department of Justice or any other governmental agency or office, the Barclays Companies consented to entry of the Order.

The CFTC expressly noted the Barclays Companies' 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, 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.

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 26 June 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’s 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 US\$160 million to the United States Treasury.

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 22 December 2011, BCI, without admitting or denying FINRA’s allegations and findings, voluntarily agreed to a censure and to pay a fine of US\$3 million 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 14 January 2011, BBPLC reached a settlement with the 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.

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 1 January 2000 and 31 July 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 18 August 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 agreed to 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 6 June 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.

## Item 10 Other Financial Industry Activities and Affiliations

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### OTHER FINANCIAL INDUSTRY AFFILIATIONS

In addition to its registration with the SEC as an investment adviser, BCI is registered with the SEC and the Financial Industry Regulatory Authority as a securities broker-dealer and with the National Futures Association and CFTC as a futures commission merchant (an “FCM”), commodity pool operator (a “CPO”) and commodity trading advisor (a “CTA”). BCI is also registered with the SEC and the Municipal Securities Rulemaking Board (“MSRB”) as a municipal advisor. BCI is also a primary dealer in U.S. government securities. BCI is controlled by Barclays Bank PLC, which is a bank and both a non-U.S. broker-dealer and non-U.S. investment adviser with a license to provide investment and banking products in various jurisdictions. In addition, certain of Barclays’ management persons are registered as registered representatives of BCI (in its capacity as a registered broker-dealer) and associated persons of BCI (in its capacity as a registered FCM, CPO or CTA).

Advisory clients should be aware of the following:

- BCI’s principal business is that of a registered broker-dealer and provider of investment banking services. Generally, Barclays Wealth and Investment Management’s advisory clients have a brokerage relationship with BCI. BCI’s obligations to a client are different when it acts as an adviser through Barclays Wealth and Investment Management as compared to when it acts as a broker-dealer. When BCI acts as broker-dealer, its primary role is to execute trades. BCI receives compensation, including commissions, when it executes such transactions and typically is not acting as a fiduciary with respect to its broker-dealer activities. When BCI acts as an investment adviser through Barclays Wealth and Investment Management, its primary role is to provide investment advice. It receives advisory fees from its advisory clients and has a fiduciary obligation to such clients. However, this does not mean that BCI is acting as an investment adviser or fiduciary with respect to the totality of that client relationship. Barclays is likely to earn more compensation if a client opens an investment advisory account instead of a brokerage

account (although you would not receive the same services in a brokerage account). This creates a conflict of interest because Barclays has a financial incentive to recommend that clients open investment advisory accounts. Barclays addresses this conflict by disclosing it to clients and by reviewing each client's account when opened, and periodically after that, to check that it is suitable for the client in light of the client's financial circumstances and investment objectives.

- Barclays generally executes client transactions through BCI. BCI may receive compensation including, but not limited to, commissions when it executes such transactions. Refer to "*Item 12: Brokerage Practices*" for additional information about BCI's brokerage practices and Barclays' process for selecting broker-dealers.
- Barclays may be prohibited from freely exercising its investment discretion for the benefit of clients as a result of restrictions arising from Barclays' affiliations. For example, in the course of their financial services activities, Barclays' affiliates may acquire confidential or material non-public information about an issuer and as a result Barclays may be prohibited from effecting transactions in that issuer's securities on behalf of clients, even in situations where doing so would be a suitable and prudent investment for its clients. In addition, Barclays may be subject to regulatory requirements or policy mandates that exist as a result of its affiliation with Barclays PLC and its subsidiaries (the "Barclays Group"), and such requirements and mandates may restrict Barclays' investment discretion. For example, such requirements may prohibit Barclays from recommending, purchasing or selling certain securities for clients' accounts that it would have in the absence of such restrictions. Barclays addresses this conflict by disclosing it to clients in this Brochure.
- Certain management persons of Barclays also hold positions with the affiliates discussed in the foregoing paragraphs. In carrying out their responsibilities, these management persons may have some responsibility for the business of those affiliates and their compensation may be based, in part, on the profitability of such affiliates. Therefore, the management persons face the same conflicts of interest that exist between Barclays Wealth and Investment Management and those affiliates. Barclays addresses this conflict by disclosing it to clients in this Brochure.

To address these conflicts of interest, Barclays has established a variety of oversight committees (such as a brokerage committee, investment committee, and a portfolio management committee). The committees review certain reports and interview accountable persons and seek to ensure that effective controls are in place. Barclays has also implemented certain policies and procedures designed to address these conflicts, such as Best Execution, Confidential Information and Material Non-Public Information and Code of Ethics.

## **CONFLICTS OF INTEREST RELATING TO OTHER INVESTMENT ADVISERS**

Barclays does not receive compensation directly from other investment advisers for recommending or selecting the services of those investment advisors for Barclays' advisory clients. However, BCI, by virtue of its other financial industry activities, may receive compensation from such investment advisers in the course of other business dealings. For example, BCI may provide prime brokerage or execution services to those investment advisers and will be compensated for such services. BCI's interests and business relationships with these investment advisers may create conflicts of interest for Barclays in its selection and recommendation of these investment advisers. However, Barclays selects investment advisers consistent with the methods and processes described in "*Item 8: Methods of Analysis, Investment Strategies and Risk of Loss*" and has adopted policies and procedures relating to the selection of third party managers that establish objective criteria for the selection of managers and requires that all third party managers be approved by Barclays' Alternative Investment Manager Selection Committee.

## Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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### CODE OF ETHICS AND PERSONAL TRADING

The Barclays Wealth and Investment Management Investment Adviser Code of Ethics (the “Code”) applies to all employees who perform investment advisory functions (collectively, “Covered Employees”) under the Advisory Programs. The Code sets forth the expected standards of business with respect to (among other things) personal trading, giving and receiving of gifts and entertainment, insider trading, outside business activities, and rules for dealing with government officials and political contributions. The Code requires Covered Employees at all times to place the interest of clients first, to refrain from taking advantage of their positions inappropriately, and to comply with federal securities laws and regulations and escalate actual and perceived violations. Each Covered Employee is required to certify upon hiring that he or she has received the Code, and annually thereafter is required to certify that he or she has received the Code with any amendments.

Personal investment activities raise a number of potential conflicts of interest and create opportunities for employees to take advantage of their positions inappropriately. Among other examples, (i) an employee may trade ahead in his or her personal account on the knowledge of transactions that are being contemplated for advisory accounts; or (ii) an employee may effect transactions in advisory accounts for the sole purpose of manipulating the prices of securities in which the employee has a financial interest.

Barclays Capital Inc. has also adopted a Global Personal Investments Policy. This policy applies to all firm employees and any individuals over whose investment decisions the employee may exert any control or influence in relation to all personal investment activities. The policy also applies to contingent workers.

Upon joining the firm, employees and contingent workers are required to disclose and seek approval for any personal account; any managed account, any private investment or product which might give rise to perceived or actual conflicts of interest with the firm. After joining the firm, employees are required to seek approval for each of the following activities which are undertaken: the opening or closing of a personal account; the opening or closing of a managed account; a personal account transaction; and a private investment transaction. Employees are also required to maintain their personal accounts with designated brokers. Barclays Capital Inc. strongly discourages short-term personal account dealings and to this end, requires a minimum holding period for all personal account transactions of 14 calendar days. The Code also prohibits same-day trading in the same security as client accounts.

Clients and prospective clients may request a copy of the Code applicable to Barclays Wealth and Investment Management by contacting our Client Service Desk at 800 253 4626 (or +1 212 526 5600 if dialing from outside the United States).

### PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Barclays and its affiliates (including its employees) provide a wide variety of financial services and participate in the financial markets in a number of different capacities on behalf of themselves or their clients. Among other roles, Barclays and its affiliates may act as an investment banker, investment adviser, distributor, underwriter, broker-dealer, prime broker, agent or principal. As a consequence of these activities, Barclays and its affiliates may have a direct or indirect financial or other interest in Investment Products or other securities that Barclays recommends, buys or sells for advisory clients, which presents a conflict of interest. Advisory clients should be aware of the following:

**Recommending Affiliated Investment Products:** Barclays may recommend to advisory clients Investment Products or other securities with respect to which a Barclays Entity is the sponsor, manager, or issuer. Barclays and its affiliates have a financial interest, and the recommendation raises a conflict of interest for Barclays, because an advisory client’s investment in the particular Investment Product or security will result in increased compensation or other benefits to Barclays or one or more of its affiliates. Barclays has a

corresponding conflict of interest if it makes a negative recommendation with respect to the Investment Product or security because doing so would result in decreased compensation or other benefits to one or more of Barclays' affiliates. For example, Barclays has a financial interest in the following products or services that might be recommended to advisory clients: (i) an investment in a BWAS Fund, (ii) an investment in a Wrap Program, or (iii) use of cash sweep programs in which an affiliate of Barclays is a participating bank. Barclays addresses this conflict by disclosing it to clients and by reviewing each client's account when opened, and periodically after that, to check that it is suitable for the client in light of the client's financial circumstances and investment objectives.

**Investing in Securities Recommended to Clients:** In the normal course of business, Barclays and its affiliates may have a financial interest in securities that Barclays recommends to advisory clients, or may acquire a financial interest in securities about the same time that Barclays recommends those securities to advisory clients. In these situations, Barclays' and its affiliates' investing activities for their own accounts may affect the prices of securities that Barclays' advisory clients also hold. Further, Barclays and its affiliates may take action with respect to such securities that may disadvantage advisory clients (for example, where Barclays and its affiliates on the one hand, and advisory clients on the other, invest in different parts of the capital structure of the same issuer or in different classes of securities of the same issuer). Barclays may take action or give advice with respect to its own accounts, or other clients' accounts, that differs from the timing or nature of the action with respect to clients' accounts. There are information barriers between Barclays' investment advisory business and its proprietary trading function that are designed to safeguard the information and research on which investment decisions are made and prevent Barclays and its affiliates' proprietary trading personnel from front running.

**Principal Transactions:** Principal transactions occur when BCI, for its own account, buys securities from or sells securities to an advisory client. This creates a conflict of interest because BCI is buying securities from or selling securities to clients, and therefore has an incentive to buy at a low price or sell at a high price. To address this conflict, BCI will comply with applicable law, which requires disclosure and client consent before completing the transaction.

**Agency Cross Transactions:** When appropriate and permitted by law, BCI or an affiliate of BCI may act as broker for, and receives a commission from, an advisory client on one side of a transaction and the party on the other side of the same transaction (an "agency cross transaction"). BCI will have a potentially conflicting division of loyalties and responsibilities. Barclays addresses this conflict by obtaining written consent from advisory clients prospectively for agency cross transactions and conducts such transactions 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:** Cross transactions occur when Barclays causes an advisory account to buy securities from or sell securities to another advisory account 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. To address this conflict, Barclays will only execute cross trades to the extent consistent with best execution and so long as no advisory client is disfavored. Refer to "Item 12: Brokerage Practices" for a discussion of best execution.

**Breadth of Advisory Activities:** The Advisory Programs and strategies described in this Brochure may be managed by independent teams within Barclays who are not required to develop and follow complementary investment strategies. Consequently, advisory accounts can have investment objectives or portfolios that are opposed to each other. Different advisory accounts may also invest in different parts of the capital structure of the same issuer and may therefore have divergent interests in certain situations. As a result of the foregoing, when Barclays recommends, purchases or sells a security for an advisory account, Barclays may already have an interest in that security as a result of services rendered to another advisory account, and in some instances those interests might conflict. Barclays addresses this conflict by disclosing it to clients.



**Barclays as Secured Lender:** Clients invested in an Options Overlay Strategy in the Portfolio Management Program use margin (i.e., borrow from Barclays) to finance investments in their account. Other investment advisory clients may, in some circumstances, be able to margin their investment advisory accounts. When a client margins an account, Barclays is the lender, receives margin interest and has a financial interest in protecting its collateral. If the value of assets designated as collateral falls below Barclays' requirements, Barclays may sell securities. Accordingly, while Barclays is still the client's investment adviser, it has a conflict of interest because it may exercise its rights as lender to avoid incurring a loss even though this harms the client's interests. We address this conflict by disclosing it to clients both in this Brochure and in the margin documents clients receive.

**Participation in the Underwriting of Securities Offerings:** BCI may serve as a market-maker, manager or co-manager or other participant in the underwriting of initial and secondary public offerings of securities, or may provide other services to the issuer of such a security (such as merger and acquisition strategy or corporate finance). If Barclays directs its advisory clients to transact in that security, such transactions could impact the security's price, which may indirectly benefit (or act to the detriment of) BCI. Further, if an advisory client purchases the 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 has a conflict of interest because its recommendation with respect to that security could affect the revenues earned by BCI. Barclays addresses this conflict by disclosing it to clients.

**Personal Transactions:** Barclays' investment advisory personnel might have financial interests in securities they recommend, purchase or sell for advisory accounts. See "*Code of Ethics and Personal Trading*" above for a description of the attendant conflicts of interest and how they are addressed.

**Valuation:** If Barclays has custody of the assets in a Managed Account, those assets are valued under Barclays' valuation policies in a way Barclays reasonably decides reflects fair market value, which may involve using Barclays Group valuations or independent pricing services. Barclays may value an identical asset differently from another Barclays Group business division. Barclays may face a conflict with respect to valuations as they affect the amount of Barclays' advisory fees.

Barclays has also adopted policies and procedures that impose certain conditions and restrictions on proprietary transactions and those executed on behalf of advisory clients. Various information barriers exist within or between Barclays Wealth and Investment Management, BCI and other members of 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 an advisory client.

## Item 12 Brokerage Practices

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### BROKER-DEALER SELECTION AND DIRECTED BROKERAGE

Clients' orders are usually executed by 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 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 the terms and conditions of the order (e.g., 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 use a particular broker-dealer. 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.

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

In general, Barclays bunches or aggregates orders except if (i) investment decisions relating to the orders are made separately (e.g. by different Portfolio Managers), (ii) the orders relate to different types of accounts (i.e., discretionary and non-discretionary accounts), or (iii) if bunching or aggregating or netting is not practicable. Where transactions are not aggregated the client may not benefit from a better price. Clients participating in aggregated transactions will receive a weighted-average share price, and transaction costs will be shared on a *pro rata* basis.

## Item 13      Review of Accounts

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### REVIEW OF ACCOUNTS

The client's Investment Representative is responsible for ensuring that client accounts and the investment strategy for the account are suitable for the client. The Investment Representative then reviews, on an

ongoing basis, each client's accounts and portfolio and evaluates various factors considered in determining the ongoing suitability of an Advisory Program or strategy for the account, such as a change to a client's investment objectives, financial circumstances, portfolio performance, investment guidelines and investment concentrations. In certain cases, Barclays may permit a client to custody their funds and securities with qualified custodians other than BCI. Clients who elect to do so should be aware that operational limitations on the part of the custodians might prevent Barclays from being able to monitor the accounts for compliance with contractual obligations.

In addition, an account may also be reviewed (i) if a client contacts Barclays to request changes to his or her investment objectives, (ii) if there are significant changes to the strategy pursuant to which the account is managed, (iii) if there are significant changes to the account, or (iv) in conjunction with a broader review of a particular investment strategy.

## CLIENT REPORTING

Clients generally receive a monthly written statement for each month in which there is portfolio activity and written confirmations of all portfolio trades. Clients also receive periodic written performance reports that show performance results for the current quarter, calendar year to date and since inception of the account. Depending on the Advisory Program in which a client participates, its reports may also include information about the client's asset allocation and the performance of relevant benchmarks. Alternatives Accommodation clients do not receive account statements or performance reports after the Evaluation Period.

BWAS Fund investors do not receive any of the foregoing reports from Barclays, but rather receive the respective fund's unaudited monthly statements from the fund's administrator. After the end of each fiscal year, BWAS Fund investors also receive schedule K-1s and the respective fund's audited financial statements.

## Item 14 Client Referrals and Other Compensation

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Barclays may enter into third party solicitation agreements under which third parties may solicit and refer clients to Barclays and receive compensation. The compensation is a negotiated amount, typically a percentage of Barclays' investment advisory fees (excluding third party manager payments) earned from investment advisory accounts opened by referred clients. All compensation paid to the third party referring the client will be disclosed to the client as required by applicable law.

In addition, see "*Item 10: Other Financial Industry Activities and Affiliations – Conflicts of Interest Relating to Other Investment Advisers*" which discusses compensation that Barclays may receive from other investment advisers in the course of their business dealings. Further, as described above in "*Item 5: Fees and Compensation – Compensation for the Sale of Securities or Other Investment Products*," a portion of the fees and charges imposed by Barclays is paid to Investment Representatives and may be paid to employees of BCI and its affiliates in the event that such persons introduce clients or provide services to Advisory Programs.

## Item 15 Custody

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Clients generally custody funds and securities in their advisory accounts with BCI in its capacity as broker-dealer, or with another qualified custodian that is an affiliate of Barclays. Such clients will receive statements from the custodian at least quarterly and should carefully review those statements.

Barclays may permit clients to custody their funds and securities with other qualified custodians that are unaffiliated with Barclays. In these instances, Barclays requires those custodians to certify to Barclays that

they provide clients with statements at least quarterly and are capable of meeting Barclays' reporting and other operational requirements. Such clients will receive account statements directly from their qualified custodian (which are the official records of holdings and transactions in their accounts) and may also receive account statements and performance reports from BCI. Clients are urged to compare the account statements that they receive from their qualified custodian with any that they receive from BCI.

## Item 16 Investment Discretion

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Barclays has discretionary authority to manage securities on behalf of clients who have delegated such authority to Barclays in their advisory agreement. In some programs, clients can choose whether or not to delegate discretion to Barclays. Barclays' discretionary authority is subject to investment guidelines, client-specific considerations and other relevant information provided to Barclays by the client. With respect to the BWAS Funds, Barclays' discretionary authority is granted pursuant to an investment advisory agreement entered into with each BWAS Fund. In all cases, Barclays' discretionary authority is limited by applicable law. Barclays' discretionary authority might also be limited as a result of BCI's other financial industry activities.

## Item 17 Voting Client Securities

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Barclays has adopted written proxy voting policies and procedures (the "Proxy Policy") pursuant to rule 206(4)-6 under the Advisers Act. The Proxy Policy seeks to ensure that proxies voted by Barclays are voted in the best economic interests of clients and meet Barclays' fiduciary duties. Barclays oversees and monitors the proxy voting process.

Depending on the terms of a client's advisory agreement, authority to vote client securities may be granted to Barclays, granted to a third party manager or retained by the client.

When Barclays has proxy voting authority, proxies and other solicitations are generally sent directly from the custodian to Barclays, and proxy votes are administered and voted by Institutional Shareholder Services Inc. ("ISS"), an expert in the proxy voting and corporate governance area. Barclays has reviewed and approved ISS's proxy voting guidelines (the "Guidelines"). Accordingly, client proxies are voted as prescribed in the Guidelines except where (i) Barclays has determined that it would be in a client's best interest for a proxy to be voted differently, (ii) the Guidelines are silent on how the proxy should be voted, (iii) ISS has a conflict of interest with respect to the vote or (iv) ISS is unable to vote. In each case, the vote is determined by Barclays based on the client's interests and after screening for and addressing any conflicts of interest faced by Barclays in determining the manner of the vote. Clients should be aware that Barclays may abstain from voting a proxy in instances where it has determined that abstention is in the client's best interests. This might be the case, for example, if voting a proxy might result in selling restrictions being imposed on the security for some period of time after voting. Barclays might not vote if, for example, the client no longer holds the security, there is not enough time to analyze how to vote, or the costs of voting outweigh the benefits.

Additionally, clients may instruct Barclays on how to vote a particular proxy and Barclays will make reasonable efforts to follow such instruction even if it runs contrary to the Guidelines.

Clients may contact our Client Service Desk at 800 253 4626 (or +1 212 526 5600 if dialing from outside the United States) or may contact their Investment Representative to obtain a copy of the Proxy Policy, to seek information on any particular proxy solicitation, to direct a particular proxy vote, to change their grant of proxy voting authority, or to obtain information on how proxy votes have been cast on their behalf.

When proxy voting authority has been delegated to a third party manager, proxies are voted in accordance with that manager's proxy voting policies and procedures. Proxies or other solicitations will generally be sent directly from Barclays or from the third party custodian to the third party manager, at the client's instruction.

Clients should consult the third party manager's proxy voting policies and procedures for instructions on how they may obtain information on proxy votes cast on their behalf.

If a client retains proxy voting authority and has its assets custodied at Barclays or any of its affiliates, Barclays will arrange for proxies and other solicitations to be sent to the client. Barclays will not advise a client on proxy voting matters if it does not have authority to vote proxies on that client's behalf.

Neither Barclays nor any third party will advise or take action on legal notices or legal proceedings relating to securities in clients' accounts. Clients will be fully responsible for acting with respect to such matters.

## Item 18 Financial Information

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Not applicable.

Barclays offers wealth management products and services to its clients through Barclays Bank PLC ("BBPLC") and functions in the United States through Barclays Capital Inc. ("BCI"), an affiliate of BBPLC. BCI is a registered broker dealer and investment adviser, regulated by the U.S. Securities and Exchange Commission, with offices at 200 Park Avenue, New York, New York 10166. Member FINRA and SIPC.

Barclays Bank PLC is registered in England and authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered No. 1026167. Registered Office: 1 Churchill Place, London E14 5HP.