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**ITEM 1 – COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

FUNDS AND ADVISORY-AMERICAS

March 31, 2013

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New York, NY 10019  
Tel: 1-877-247-6070  
Website: <http://www.fundsadvisory.barclays.com>  
SEC File Number 801-69700  
CRD Number 19714

*This brochure (this “Brochure”) provides information about the qualifications and business practices of Funds and Advisory-Americas a unit of Barclays Capital Inc. (“BCI”). If you have any questions about the contents of this Brochure, please contact us at 1-877-247-6070. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC” or “Securities and Exchange Commission) or by any state securities authority.*

*Additional information about Funds and Advisory-Americas also is available on the SEC’s website pursuant to BCI’s registration with the SEC at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

## **ITEM 2 – MATERIAL CHANGES**

Funds and Advisory-Americas is required to identify and discuss any material changes made to its Brochure since the last annual update. Funds and Advisory-Americas may further provide other ongoing disclosure information about material changes as necessary.

### **Disciplinary Information**

We have added (i) a settlement agreement dated June 27, 2012 among Barclays PLC, Barclays Bank PLC and Barclays Capital Inc. and the U.S. Commodity Futures Trade Commission (“CFTC”), (ii) a Final Notice dated June 27, 2012 issued by the U.K. Financial Services Authority to Barclays Bank PLC, and (iii) a Non-Prosecution Agreement dated June 26, 2012 among Barclays Bank PLC and its parent, subsidiaries and affiliates (collectively, “Barclays Group”) and the U.S. Department of Justice Criminal Division, Fraud Section, in each case in connection with certain LIBOR and EURIBOR submissions made by Barclays Group for the period from 2005 to 2009 (Item 9).

Funds and Advisory-Americas will provide you with a new Brochure at any time upon request without charge. You may request a copy of the Brochure by calling 1-877-247-6070. Additional information about BCI is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **ITEM 4 – ADVISORY BUSINESS**

### **A. General Description of Advisory Firm**

Funds and Advisory-Americas is an investment advisory unit of BCI, a Connecticut corporation. BCI is an indirect, wholly owned subsidiary of BBPLC, a bank organized in England and Wales and a wholly owned subsidiary of Barclays PLC (together with its affiliated entities, “Barclays”). Funds and Advisory-Americas commenced operations in 2009, with its principal office and place of business being 745 Seventh Avenue, New York, NY 10019, United States of America. BCI maintains two distinct investment advisory businesses: Barclays Wealth and Investment Management and Funds and Advisory-Americas. This Brochure relates to Funds and Advisory-Americas. Information about the business practices of Barclays Wealth and Investment Management is contained in a separate brochure which is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **B. Description of Advisory Services**

Funds and Advisory-Americas serves and will serve as the investment adviser providing discretionary and/or non-discretionary trading authority to separately managed accounts (each, an “SMA” and collectively, the “SMAs”) and/or pooled investment vehicles, including private funds and collective investment trusts (each, a “Fund” and collectively, the “Funds”). The Funds currently include (1) Barclays Capital GTAA Fund, LLC, a Delaware limited liability company (the “Domestic Fund”), (2) Barclays Capital GTAA Fund, Ltd, a Cayman Islands exempted company (the “Offshore Fund”, and together with the Domestic Fund, the “GTAA Fund”), (3) Real Return USD Master Fund, LLC, a Cayman Islands exempted company and (4) Real Return USD Fund, LLC, a Cayman Islands exempted company.

In addition, Funds and Advisory-Americas serves and will serve as a sub-adviser providing discretionary and/or non-discretionary investment advice with respect to SMAs, or Funds (each, a “Sub-Advised Fund” and collectively, the “Sub-Advised Funds”) managed by other investment advisers (the “Managing Advisers”).

As used herein, the term “Client” refers to each of the Funds, the Sub-Advised Funds and the beneficial owners of the SMAs.

Funds and Advisory-Americas will provide a broad range of specialist investment services, such as managed quantitative and fully discretionary strategies with a particular focus on cross asset liquid alpha and enhanced beta returns. Funds and Advisory-America’s main investment approach is based on allocating among multiple asset classes and assets.

### **C. Client Tailored Services and Client Tailored Restrictions**

Funds and Advisory-Americas aims to provide Clients with customized investment advisory products and services.

In the case of SMAs and Sub-Advised Funds, investment guidelines are typically negotiated between Funds and Advisory-Americas and the relevant Client, as applicable, and reflected in the investment management agreement, sub-advisory agreement or similar agreement with the Client. Once agreed upon, Client investment guidelines and restrictions are coded into Funds and Advisory-Americas’ compliance monitoring system to allow for on-going monitoring and surveillance by both the investment management team and Compliance.

In the case of Funds, limitations as to the discretion that can be exercised are outlined in the Funds’ offering documents, governing documents and investment management agreements.

**D. Wrap Fee Programs**

Funds and Advisory-Americas does not provide portfolio management services in connection with any wrap fee programs.

**E. Assets Under Management**

As of December 31, 2012, Funds and Advisory-Americas had approximately \$646,578,313 under management.

	<b>U.S. Dollar Amount</b>
<b>Discretionary</b>	638,330,083
<b>Non-Discretionary</b>	<u>8,248,230</u>
Total	646,578,313

## **ITEM 5 – FEES AND COMPENSATION**

### **A. Advisory Fees and Payment Method**

Funds and Advisory-Americas is entitled to be paid a management fee (the “Management Fee”) periodically in arrears. The fees applicable to (i) each SMA are set forth in detail in each respective SMA’s investment management agreement and (ii) the Sub-Advised Funds are set forth in detail in each respective sub-advisory agreement and (iii) each Fund are set forth in detail in each respective Fund’s offering documents. A brief summary of such fees is provided below.

#### **SMAs**

Fees and expenses (including Performance Fees (as defined below)) for SMAs are negotiated on a case-by-case basis, and are set forth in the applicable investment management agreement with the applicable SMA. Generally, SMA Clients receive invoices quarterly from Funds and Advisory-Americas. Once agreed upon, our SMA Clients are then responsible for either transferring or instructing their qualified custodian to transfer fees from their account to Funds and Advisory-Americas account.

#### **Sub-Advised Funds**

Fees and expenses (including Performance Fees) for sub-advisory arrangements are negotiated on a case-by-case basis, and are set forth in the applicable sub-advisory agreement with the applicable Managing Adviser. Funds and Advisory-Americas generally receives a monthly or a quarterly invoice from the managing advisor or its custodian. Once agreed upon, the Managing Advisor remits the invoiced amount to Funds and Advisory-Americas.

#### **Funds**

Each Fund will incur a Management Fee. The Management Fee is equal to a percentage of the balance of each investor’s capital account or the net asset value of each series or sub-series of shares of the Fund as of the end of each period. The Management Fee is generally calculated prior to giving effect to any subscriptions or redemptions or the payment of any Performance Fee (as hereinafter defined). In addition to the Management Fee, at the end of each Performance Fee period, the termination of the relevant investment management agreement or upon any redemption of an interest in a Fund, Funds and Advisory-Americas may be entitled to the payment of a fee based on the positive performance (if any) of the Fund or a capital account therein or a series or sub-series of shares thereof during that period (the “Performance Fee”). The Performance Fee payable to Funds and Advisory-Americas may be limited to gains in excess of the highest net asset value of the relevant Fund or series or sub-series of shares thereof or the greatest balance of a capital account therein, as of the end of the last performance fee period in respect of which such fee was paid. Funds and Advisory-Americas, in its discretion, may waive, reduce, rebate or pay over all or a portion of the fees payable to it. Management Fees in respect of subscriptions (including initial subscriptions) or redemptions other than as of a dealing day will typically be prorated, as appropriate. Fees of a Fund that invests in another Fund managed by Funds and Advisory-Americas may be offset.

### **B. Additional Fees and Expenses**

#### **SMAs**

Clients may bear fees or charges in addition to the account Management Fee and account Performance Fee (as applicable) in connection with their SMAs for certain transactions, including execution costs relating to portfolio transactions. These additional fees and charges may include brokerage commissions, taxes, custodian fees, accounting fees and expenses and any other transaction-related or account expenses. If permissible under the applicable investment management agreement, trades involving securities, other instruments and products that are generally traded on a principal basis may be executed by Barclays, or by other dealers (subject, in each case, to compliance with all applicable laws and applicable Funds and Advisory-Americas procedures). Dealers executing principal trades typically include a “markup” or “spread” in the net price at which the transaction is executed. As a result, such trades will include the payment of markups or similar compensation to such dealers. In addition, SMAs carrying a debit

balance will generally be charged an interest fee on debit balances carried at the third party custodian, at such custodian's standard rate (with the charges generally billed directly to the Client).

Funds and Advisory-Americas generally uses unaffiliated counterparties to execute its investment recommendations. Clients have the option of purchasing investment products that Funds and Advisory-Americas recommends through other counterparties that are unaffiliated with Funds and Advisory-Americas. Please refer to Item 12 for further details regarding brokerage practices.

#### Funds

Each Fund typically bears its own expenses, including, without limitation, the Management Fee and Performance Fee, organization and initial offering costs, extraordinary expenses (including, without limitation, expenses relating to litigation or indemnification costs and any tax, levy, duty or similar charge imposed on such Fund or its assets that would otherwise not qualify as ordinary expenses), ongoing operational and administrative costs including but are not limited to: administrator's fees (e.g. central administration agent, domiciliary agent, registrar and transfer agent and custodian), transaction fees (meaning any fees and expenses incurred in buying and selling securities or other investments held by a Fund, e.g., brokerage costs and commissions and correspondence fees for transferring securities or investments or other interests) and other administrative expenses (inclusive of but not limited to registration costs; license fees payable to license holders of an index; expenses for legal and auditing services; marketing and distribution costs; costs incurred in respect of the distribution of income to members; the fees and expenses of any paying agent or representative appointed in compliance with the requirements of another jurisdiction; any amount payable under indemnity provisions contained in the constitutional documents or any agreement with any appointee of a Fund; foreign registration fees and fees relating to the maintenance of such registrations including translation costs and local legal costs and other expenses due to supervisory authorities in various jurisdictions and local representatives' remunerations in foreign jurisdictions; insurance; interest; the costs of printing and distributing the Fund's offering documents and any costs incurred as a result of periodic updates of the same, reports, accounts and any explanatory memoranda, any necessary translation fees, any fees in respect of circulating details of the net asset value and such other information which is required to be published under applicable laws or regulations may also be paid out of the assets of the Fund. Each Fund will also bear a *pro rata* portion, based on the relative net asset value of the relevant Fund, of the operational and administrative costs of the hedge fund platform under which such Fund is launched, including, but not limited to, legal expenses, external accounting, audit and tax preparation expenses, any taxes, filing fees, fees and expenses of the administrator and expenses relating to the offer and sale of interests or shares (the "Interests") of Funds.

#### Sub-Advised Funds

The fees and expenses of a Sub-Advised Fund are generally set forth in the relevant offering documents and/or investment management agreement and sub-investment management agreement of such Sub-Advised Fund.

### **C. Prepayment of Fees**

Clients of Funds and Advisory-Americas are not required to pre-pay fees.

### **D. Additional Compensation and Conflicts of Interest**

Neither Funds and Advisory-Americas nor any of its supervised persons (other than certain supervised persons who are product specialists or who are registered representatives of BCI in respect of its broker-dealer business) accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products. BCI, in its capacity as a broker-dealer, accepts or may accept compensation for the solicitation or sale of securities or other investment products as further detailed in Item 10B. These practices may present a conflict of interest as certain BCI employees may be incentivized to recommend investment products based on the compensation received, rather than on a Client's needs. Such BCI employees disclose to prospective Clients that they are not employees of Funds and Advisory-Americas but rather work for other areas within BCI.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Funds and Advisory-Americas and its affiliates accept Performance Fees from some but not all Clients that trade side-by-side and the percentages upon which such fees are calculated may vary from one Client to the next. Performance Fee structures among Clients may create an incentive for Funds and Advisory-Americas to direct the best investment ideas to, or to allocate or sequence trades in favor of, Clients that pay Performance Fee (or pay higher Performance Fee relative to another Client).

To manage these potential conflicts, Funds and Advisory-Americas is committed to allocating investment opportunities among Clients for which such opportunities are appropriate in a fair and equitable manner and has adopted and implemented policies and procedures including brokerage and trade allocation policies and procedures that it believes address the conflicts associated with managing multiple accounts. Please see Item 12.C for further discussion on trade allocation.



## **ITEM 7 – TYPES OF CLIENTS**

Funds and Advisory-Americas generally provides advisory and sub-advisory services to institutional Clients including but not limited to state and municipal entities, corporate pension and profit sharing plans, trusts, charitable organizations, corporations, insurance companies and other business entities such as private and public pooled investment vehicles.

Funds and Advisory-Americas will determine the minimum account size to open an SMA on a case-by-case basis in its sole discretion. Funds and Advisory-Americas may require a Fund or Sub-Advised Fund to have or to maintain a minimum asset size with respect to which Funds and Advisory-Americas provides advisory services, as set forth in the offering document and/or investment management, sub-advisory or similar agreement of such Fund or Sub-Advised Fund.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Investment Strategies**

The investment strategies pursued by Funds and Advisory-Americas for Clients depend on their investment mandate and are disclosed in the applicable investment management agreement, offering document or similar agreement of the Client. The below list includes the primary strategy offerings of Funds and Advisory-Americas and is subject to change.

#### **Managed Quantitative Strategies**

Funds and Advisory-Americas uses a proprietary quantitative investment methodology (i.e., Barclays Alpha Variance (BAV) methodology) as the primary source of investment ideas for its managed quantitative strategies. The BAV methodology is a systematic investment approach that is based on economic intuition, academic research and testing. It uses macroeconomic and microeconomic fundamentals, as well as technical indicators to drive asset allocation decisions across global assets.

Below are Funds and Advisory-Americas' current managed quantitative strategy offerings:

#### *Global Tactical Asset Allocation ("GTAA") Strategy*

The GTAA Strategy aims to achieve consistent returns with low to medium risk, delivering a liquid and transparent investment across a diversified set of assets. The investment methodology combines fundamental and technical analyses with a goal to identify and capture excess returns across multiple asset classes.

#### *Barclays World Tactical Opportunity ("BWTO") Strategy*

The BWTO Strategy seeks to combine Funds and Advisory-Americas' capabilities in fixed income management and tactical asset allocation and is designed to provide stable returns in varied market conditions. The Strategy invests across many asset classes and regions with the objective of capturing a diverse range of alphas.

#### *US Real Return Strategy*

The US Real Return Strategy seeks to generate returns during inflationary, deflationary and sideways markets. The Strategy invests in a combination of sovereign bonds, inflation-linked bonds, cash and commodities based on return forecasts.

#### *Commodities Long/Short Strategy*

The Commodities Long/Short Strategy is a market neutral strategy that aims to generate returns by exploiting mispricing opportunities in global commodity markets, as well as by taking a diversified set of directional bets on individual commodities using a quantitative forecasting methodology. Permitted instruments for this strategy include exchange traded commodities futures contracts.

#### **Non-Discretionary Strategies**

#### *Atlas Equity Strategy*

The Atlas Equity Strategy is a long-only stock selection strategy that seeks to deliver excess returns relative to an equity market index by investing in exchange listed European equities. Securities are selected based on the short to medium-term economic outlook and held for a fixed period of time aiming to capture targeted macro trends.

### **B. Methods of Analysis**

Funds and Advisory-Americas may utilize a broad range of proprietary and non-proprietary analyses and data, as well as information provided by third parties, to identify investment opportunities that will help achieve Clients' investment objectives. Funds and Advisory-Americas may also receive and utilize research from, and/or indices established or sponsored by, its research colleagues at Barclays; provided that such research and/or indices are also

made available to any non-affiliated third-party on the same terms and conditions. Research reports generated by Barclays reflect solely and exclusively those of the author(s), and such opinions contained therein are prepared independently of any other interests, including those of Funds and Advisory-Americas. Funds and Advisory-Americas does not participate in the preparation of research materials produced by Barclays. An information barrier has been established to restrict the inappropriate sharing of information between Barclays' research group and other parts of Barclays, including Funds and Advisory-Americas.

Funds and Advisory-Americas may utilize core quantitative models that are applicable across all asset classes and their respective sectors ("Flagship Models"). The Flagship Models generally employ a multi-stage dynamic allocation methodology using fundamentals, market signals and econometric analysis simultaneously. By merging fundamental and quantitative factors, the Flagship Models focus on generating alpha through cross-asset selection. These Flagship Models are generally developed outside of the United States by Funds and Advisory. Funds and Advisory does perform various services for, and provides support to, Funds and Advisory-Americas. Certain employees of Funds and Advisory have been designated as Associated Persons of Funds and Advisory-Americas, and may provide investment advisory and asset management services to U.S. and Canadian Clients on behalf of Funds and Advisory-Americas. The Flagship Models may be reviewed and enhanced, with input from Funds and Advisory-Americas, in response to market behavior and may also be adjusted to meet individual Client needs.

Funds and Advisory-Americas may also develop and implement customized quantitative strategies that may be reviewed and, with Client approval where required, enhanced by Funds and Advisory-Americas in accordance with local market conditions and individual Client needs.

### **C. Material, Significant or Unusual Risks Relating to Investment Strategies**

Risks that Funds and Advisory-Americas believes are material, significant or unusual and relate to the investment strategies utilized by the Funds and Advisory-Americas as well as the actual investments themselves are noted in this Item 8C and Item 8D below. Some or all of these risks may be applicable to Clients depending upon their investment mandates and restrictions.

Clients should understand that all investment strategies involve risk of loss, including the potential loss of entire investment. Investment decisions are subjected to various market, liquidity, currency, economic, political, non-diversification and other risks, in each case as described in more detail below. Success in any investment strategy can never be predicted or guaranteed and the value of a Client's investments will fluctuate due to market conditions.

Investment and Trading Risks in General: All investments made by a Client risk the loss of capital. A Client may use such investment techniques as margin transactions, short sales, option transactions, interest rate swaps and forward and futures contracts, which practices can, in certain circumstances, help to minimize the adverse impact to which the Client may be subject. Funds and Advisory-Americas believes that the relevant Client's investment program and research techniques moderate this risk through diversification and careful selection of securities or other instruments. However, no guarantee or representation is made that Funds and Advisory-Americas investment approach will be successful, and investment results may vary substantially over time.

Inaccurate Application of Quantitative Trading Strategies May Expose Clients to Risk of Loss: The success of quantitative investment strategies is heavily dependent on the proprietary mathematical models used by Funds and Advisory-Americas in attempting to exploit short-term and long-term relationships among the prices and volatility of certain instruments. Funds and Advisory-Americas may employ models that are not well suited to prevailing market conditions. Models that have been formulated on the basis of past market data may not be predictive of future price movements. Models may not be reliable if unusual events specific to particular corporations, or major events external to the operation of markets, cause extreme market moves that are inconsistent with the historic correlation and volatility structure of the market. Models also may have hidden biases or exposure to broad structural or sentiment shifts. In the event that actual events fail to conform to the assumptions underlying such models, Clients would lose all or a portion of their investments.

There Are Risks Associated with Hedging the Client's Asset: Funds and Advisory-Americas may utilize futures, forward contracts, swaps, options and other derivative instruments involving securities, currencies, interest rates, commodities and other asset categories (and combinations of the foregoing) for the purposes of establishing "market neutral" arbitrage positions as part of its trading strategies and to hedge against movements in the capital markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for Funds and Advisory-Americas to execute hedging transactions, or to do so at prices, rates or levels advantageous to the Client. The success of any hedging transactions will be subject to the movements in the direction of securities prices, currency, interest rates, and other instruments, and stability or predictability of pricing relationships. Therefore, while a Client might enter into such transactions to reduce currency exchange rate, interest rate, or other risks, unanticipated changes in currency, interest rates, or other instruments, may result in poorer overall performance for the Client than if it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, Funds and Advisory-Americas may not be able to, or may not seek to, establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent a Client from achieving the intended hedge or expose a Client to risk of loss.

Use of Leverage by a Client May Magnify Losses: Clients may be able to borrow (or employ leverage) without limitation and may utilize various lines of credit and other forms of leverage, including derivatives and repurchase agreements. While leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the Client investment will decrease. Additionally, any event that adversely affects the value of an investment by a Client would be magnified to the extent such Client is leveraged. The cumulative effect of the use of leverage by a Client in a market that moves adversely to such Client's investments could result in a substantial loss to the Client that would be greater than if the Client were not leveraged. Furthermore, any use by the Client of derivatives and repurchase agreements to gain exposure to certain assets will leverage the Client's assets, and subject it to the risks described above. Two further specific risks are:

(a) Interest Rates: Interest rates and changes in interest rates may affect the net asset value of the Client if Funds and Advisory-Americas employs leverage. The level of interest rates generally, and the rates at which the relevant Client can borrow, will affect its returns and therefore the net asset value of the Client; and

(b) Operational and Market Risks: Small hedging errors may be amplified by leverage into major duration imbalances that render an investment exposed to directional shifts in the yield curve and may lead to a total loss of the leveraged investment. Hedges may fail to replicate target investments due to uncorrelated changes in spreads between various instruments, resulting in large unexpected losses. In addition, it is operationally difficult to manage a leveraged portfolio of complex instruments, not only because positions must be monitored for asset performance, but also because prices must be determined and valuation disputes with counterparties resolved to ensure adequate maintenance of collateral for hedging or funding contracts. Failure to do so can lead to defaults on margin maintenance requirements and can expose a Client to the withdrawal of credit lines necessary to fund asset positions.

Use of Margin Borrowings Involves Certain Risks: Funds and Advisory-Americas use of short-term margin borrowings could subject a Client to certain additional risks. For example, if securities pledged to brokers to secure a Client's margin accounts decline in value, such Client could be subject to a "margin call," pursuant to which it must either deposit additional funds with the margin account for subsequent deposit with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the relevant Client's assets, Funds and Advisory-Americas might not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the relevant prime broker or custodian, as the case may be, may liquidate additional assets of the Client, in its sole discretion, in order to satisfy such margin debt. The premiums for certain options traded on non-U.S. exchanges may be paid for on margin. If Funds and

Advisory-Americas sells an option on a futures contract from the relevant Client, it may be required to deposit margin in an amount equal to the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter options or other derivatives will depend on the agreement of the parties to the transaction.

Risks Involved in the Use of Derivatives: As a Client will often be invested in swaps or securities which will differ from the underlying assets whose performance the Client intends to capture, the use of derivative techniques may negatively impact the net asset value of a Client. While the prudent use of such derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments.

The following is a general discussion of important risk factors and issues concerning the use of derivatives.

*Investments Are Subject to Market Risks*

This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way which may be detrimental to a Client's interests.

*Control and Monitoring of Derivative Instruments May Be Difficult*

Derivative products are highly specialized instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying asset but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Client and the ability to forecast the relative price, interest rate or currency rate movements correctly.

*Imperfect Tracking Exposes Clients to Risk of Loss*

When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Client from achieving the intended hedging effect or expose the Client to the risk of loss.

*Insufficient Liquidity May Cause Clients to Experience Losses*

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price, or at all.

*Use of Derivative Hedges May Be Ineffective or Limit Gains*

When a derivative is used as a hedge against an opposite position that a Client also holds, any loss generated by the derivative should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. In addition, there is no guarantee that a hedge will have its intended effect of minimizing risk.

*Use of Unhedged Derivatives May Cause Substantial Losses*

When a Client uses derivatives as an investment vehicle to gain market exposure, rather than for hedging purposes, any loss on the derivative investment will not be offset by gains on another hedged investment. A Client is therefore directly exposed to the risks of that derivative. Gains or losses for derivative instruments may be substantially greater than the derivative's original cost.

*Hedges May Not Be Available*

Derivatives may not be available to a Client on acceptable terms. As a result, a Client may be unable to use derivatives for hedging or other purposes.

#### *There Are Risks Associated with Counterparty Insolvency and Failure*

A Client may enter into transactions in over-the-counter markets, which will expose the Client to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, a Client may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Client to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Client could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Client seeks to enforce its rights, inability to realize any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, a Client may be unable to cover any losses incurred. Derivative contracts such as swap contracts entered into by a Client involve credit risk that could result in a loss of the Client's entire investment as the Client may be fully exposed to the creditworthiness of a single counterparty.

#### *Use of Derivatives Presents Other Risks*

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular over-the-counter derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Client. Derivatives do not always perfectly or even highly correlate or replicate the value of the securities, rates, indices, or other instruments they are designed to replicate. Consequently, a Client's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following such Client's investment objective.

#### *Trading in Over-the-Counter Derivatives May Expose Clients to Certain Risks*

Some of the markets in which a Client may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The transactions in such markets may not be subject to regulatory oversight. This exposes the Client to the risk that counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause a Client to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Unlike futures and options on futures contracts and commodities, many swap contracts are not traded or cleared by an exchange or a clearinghouse. Such "counterparty risk" is, therefore, present in such swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Client has concentrated its transactions with a single or small group of counterparties. A Client generally is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, if Funds and Advisory-Americas engages in such over-the-counter transactions, the relevant Client will be exposed to the risk that the counterparty will fail to perform its obligations under the transaction. Since swaps do not generally involve delivery of underlying assets or principal, any loss would likely be limited to the net amount of payments required by contract. In some swap transactions, the counterparty may require a Client to deposit collateral or provide margin to support its obligation under the swap agreement. If the counterparty to the swap defaults, a Client would lose the net amount of payments that it is contractually entitled to receive, as well as any collateral or margin deposits made with the counterparty.

The valuation of over-the-counter derivative transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives. The "replacement" value of a derivative transaction may differ from the "liquidation" value of such transaction, and the valuations provided by a Client's counterparty to such transactions may differ from the valuations provided by a third party or the value upon liquidation of the transaction. Under certain circumstances it may not be possible for a Client to obtain market quotations for the value of an over-the-counter derivatives transaction. A Client may also be unable to close out or enter into an offsetting over-the-counter derivative transaction

at a time it desires to do so, resulting in significant losses. In particular, the closing-out of an over-the-counter derivative transaction may only be affected with the consent of the counterparty to the transaction. If such consent is not obtained, a Client will not be able to close out its obligations and may suffer losses.

#### *Legislative and Regulatory Risks*

Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) establishes a new regulatory framework for derivative transactions that, among other matters, provides for the registration and comprehensive regulation of swap dealers, major swap participants, security-based swap dealers and major security-based swap participants, imposes clearing and trade execution requirements, creates recordkeeping and real-time reporting regimes and enhances the rulemaking authority of the CFTC and the Securities and Exchange Commission with respect to registered entities and intermediaries subject to each agency’s respective oversight. New requirements relating to capital, margin, registration, trading restrictions and myriad other aspects of engaging in derivative transactions have been enacted and are being implemented, while others are still being formulated. It is anticipated that promulgation of new rules will be followed by periods in which the meaning and application of rules will be evolving. Further and unforeseeable changes may result. The regulatory changes and resulting requirements of the Dodd-Frank Act and other regulatory developments and reform efforts, whether domestic or international, may limit or restrict, or increase the costs of, engaging in derivative transactions. Accordingly, the ability to enter into and perform derivative transactions or engage in future derivative transactions may be affected in unpredictable ways, including increasing the costs of, or reducing the incentives for, engaging in such transactions, any of which may be adverse to the interest of a Client or have an adverse impact on the net asset value of a Client.

#### *Certain Investments May Involve Off-Balance Sheet Risks*

A Client may invest in financial instruments with off-balance sheet risk. These instruments include futures contracts, swaps and securities and writing options contracts. An off-balance sheet risk is associated with a financial instrument if: (i) the instrument exposes a Client to an accounting and economic loss in excess of a Client’s recognized carrying value in the financial instrument (if any); or (ii) the ultimate liability associated with the financial instrument has the potential to exceed the amount such Client recognizes as a liability in its statements of assets and liabilities.

Short-Selling Involves Particular Risks for Clients: A short sale involves the sale of a security that a Client does not own in the hope of purchasing the same security (or a security exchangeable for such security) at a later date at a lower price. To make delivery to the buyer, the Client may be required to borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Client realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Client covers its short position, *i.e.*, purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Clients May Be Subject to Speculative Position Limits: In the United States, the CFTC and certain exchanges have established speculative position limits on the maximum net long or short futures and options positions which any person or group of persons acting in concert may hold or control in particular futures contracts. The CFTC has adopted a rule generally requiring each domestic exchange to set speculative position limits, subject to CFTC approval, for all futures contracts and options traded on such exchanges which are not already subject to speculative position limits established by the CFTC or such exchange. The CFTC has jurisdiction to establish speculative position limits with respect to all futures contracts and options traded on exchanges located in the United States, and any domestic exchange may impose additional limits on positions on that exchange. All trading accounts managed by Funds and Advisory-Americas acting on behalf of a Client will be combined for speculative position limit purposes, and it is possible that such trading accounts will also be combined for speculative position limit purposes with the accounts of Barclays. With respect to trading in futures, which are subject to such limits, Funds and Advisory-Americas may reduce the size of the positions, which would otherwise be taken in such futures and not trade certain futures in order to avoid exceeding such limits. Such modification, if required, could require the Clients to liquidate certain positions more rapidly than might otherwise be desirable, and could adversely affect the investment performance of the Clients.

Market Volatility May Adversely Affect the Strategies Used by Funds and Advisory-Americas: Market volatility reflects the degree of instability and expected instability within various markets and asset sectors and may adversely affect the performance of a strategy employed by Funds and Advisory-Americas. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments, which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro economic factors and speculation.

Inability to Find a Liquid Market for an Asset May Hamper its Value: Certain types of assets or securities may be difficult to buy or sell, particularly during adverse market conditions. This may affect the ability to obtain prices for the assets held by a Client, and may therefore affect the value of the Client.

Changes in Exchange Rates May Have a Significant Impact on the Investment Value of a Client:

A Client's investments may directly or indirectly provide exposure to a number of different currencies of emerging market or developed countries. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets, which are influenced by macro economic factors (such as the economic development in the different currency areas, interest rates and international capital movements), speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect a Client.

Changes in Interest Rates May Have a Significant Impact on the Investment Value of a Client: There may be fluctuations in the currency of denomination of the Client's assets. Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro economic factors, speculation and central bank and government intervention. Fluctuations in short-term and/or long-term interest rates may affect the value of a Client. Fluctuations in U.S. dollar interest rates and/or fluctuations in interest rates of the currency or currencies in which a Client's assets are denominated may affect the net asset value of such Client.

Investments in Non-OECD Member States Markets Involve Inherent Risks: Funds and Advisory-Americas may invest in securities of issuers, or may enter into derivative contracts with counterparties, that are not located, or subject to regulation, in an OECD Member State, that are not denominated in the currency of an OECD Member State and that are not traded in an OECD Member State. An "OECD Member State" means the member states of the Organization for Economic Co-operation and Development, the current members being Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea (Republic), Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States. Investments in the securities of issuers or transactions with derivative counterparties that are not located in, or subject to regulation by, an OECD Member State involve certain special risks, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including, but not limited to, those relating to expropriation, nationalization and confiscation. Companies or counterparties not located in an OECD Member State are also not generally subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to OECD Member State companies. Further, prices of securities or derivatives not traded in an OECD Member State, especially those securities or derivatives traded in emerging or developing countries, tend to be less liquid and more volatile. In addition, settlement of trades in some such markets may be much slower and more subject to failure than in an OECD Member State markets. An investment outside the OECD Member State could impose additional costs on the relevant Client. Brokerage commissions may be higher outside the OECD Member State and currency conversion costs could be incurred when Funds and Advisory-Americas changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of laws of non-OECD Member State jurisdictions to non-OECD Member State custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may also arise from the maintenance of assets in jurisdictions outside the OECD Member States.



Trading on Foreign Exchanges Entails Certain Risks: A Client may engage in trading on foreign exchanges and other markets located outside of the U.S. Neither the Securities and Exchange Commission or the CFTC regulations nor regulations of any other U.S. governmental agency apply to the actual execution of transactions on non-U.S. markets. Some non-U.S. markets, in contrast to domestic exchanges, are primarily “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has entered into a transaction and not the exchange or clearing organization. In such case, a Client will be subject to the risk of the bankruptcy of, other inability of, or refusal by, such member or the counterparty to perform with respect to such transactions.

#### **D. Risks Associated With Particular Types of Securities**

Risks Associated with Investment in Commodities and Commodity Futures: Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments (including government intervention in certain markets) and other unforeseeable events.

Commodity futures markets are highly volatile. Funds and Advisory-Americas acting for Clients investing in these commodity markets must be able to analyze correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programs and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15% of the face value of the contract and exposure can be nearly unlimited). A Client’s futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Client from promptly liquidating unfavorable positions and subject it to substantial losses. See also “There Are Risks Associated with Investments in Futures” in this Item 8C.

Risks Associated with Investment in CTA Deposits: A CTA Deposit is a margin investment account held with a bank and managed by a commodity trading advisor registered with the CFTC or any other relevant regulatory authority, under terms that the commodity trading advisor may engage in trading on a margin (leveraged or geared) basis in a variety of liquid financial instruments including listed and unlisted futures, forwards and options relating to a variety of asset classes including but not limited to interest rates, fixed income securities, commodities, currencies and equities (and may also engage in trading directly in a number of such asset classes). Accordingly the risks relating to an exposure directly or indirectly to CTA Deposits will be a complicated function of the risks associated with the derivative or other instrument by which such exposure is assumed and the level of gearing.

Risks Associated with Investment in Debt Instruments: There may be credit risk (that is, risk of non-payment) to the issuers of instruments in which Funds and Advisory-Americas may cause a Client to invest. Bonds or other debt securities held by a Client subject the Client to credit risk to the issuers of those investments, which may be evidenced by such issuers’ credit rating (if any). Securities, which are subordinated and/or have a lower credit rating, are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the net asset value of Clients.

Debt securities are also subject to interest rate and market risk. Interest rate risk relates to changes in a security’s value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when prevailing interest rates rise. Market risk relates to the changes in risk or perceived risk of an issuer, country or region. The values of debt securities may be affected by changes in the credit rating or financial condition of the issuing entities.

**Risks Associated with Investment in Distressed Securities:** Clients may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution to the Client of cash or a new security the value of which will be less than the purchase price of the security in respect to which such distribution was made.

**Risks Associated with Investment in Emerging Market Assets:** Exposure to emerging markets assets generally entails greater risks than exposure to well-developed markets, including potentially significant legal, economic and political risks.

**Risks Associated with Investment in Exchange Traded Funds:** A Client may purchase exchange traded funds or ETFs in pursuing the Client's investment strategy. ETFs represent shares of ownership in funds, unit investment trusts, or depository receipts that hold portfolios of securities of individual issuers which closely track the performance of specific indices, including broad market, sector or international indices. ETFs give investors the opportunity to buy or sell an entire portfolio of securities of individual issuers in a single security, as easily as buying or selling a share of stock. They offer a wide range of investment opportunities. While similar to an index mutual fund, ETFs differ from mutual funds in significant ways. Unlike index mutual funds, ETFs are priced and can be bought and sold throughout the trading day. To the extent a Client invests in ETFs, the Client will bear the fees and expenses of such ETFs and will further be exposed to market risks.

**Risks Associated with Investment in Forward Contracts:** Clients may engage in forward trading. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by Clients due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to a Client.

A Client may enter into non-U.S. currency forward contracts, options, swaps, or other derivatives on non-U.S. currencies. Such contracts involve a risk of loss if currency exchange rates move against any such Client. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to any such Client of the value of unrealized profits in the contract.

It is contemplated that most non-U.S. currency forward contracts will be with banks. There are no limitations on daily price movements of forward contracts. Banks are not required to continue to make markets in currencies. There have been periods during which certain banks have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the bank is prepared to buy and that at which it is prepared to sell). The imposition of credit controls by governmental authorities might limit the level of

such forward trading to less than that which Funds and Advisory-Americas would otherwise recommend, to the possible detriment of any such Client. Neither the CFTC nor the U.S. banking authorities regulate forward currency transactions through banks. In respect of such trading, a Client is subject to the risk of bank failure or the inability of or refusal by a bank to perform with respect to a contract.

General Risks Associated with Investment in Futures and Options: There are special risk considerations associated with a Client that invests in futures, options or other derivative contracts. Depending on the nature of the Client's assets, reference rates or other derivatives to which they relate and on the liquidity in the relevant contract, the prices of such instruments may be highly volatile and hence risky in nature, as further described below.

There Are Risks Associated with Investments in Futures: A Client may engage in regulated futures transactions. Trading in futures and options on futures involves significant risks, including the following: (i) futures contracts and options on futures are volatile in price; (ii) futures trading is highly leveraged; and (iii) futures trading may be illiquid. The Client may sustain a total loss of the initial margin and any maintenance margin that it deposits with a broker to establish or maintain a position in the commodity futures market. If the market moves against the Client's position, the Client may be called upon to deposit a substantial amount of additional margin, on short notice, in order to maintain its position. If the Client does not provide the required margin within the prescribed time, its position may be liquidated at a loss, and the Client will be liable for any resulting deficit in its account. Under certain market conditions, the Client may find it difficult or impossible to liquidate a position. This can occur, for example, when the market makes a "limit move." Placing contingent orders, such as a "stop-loss" or "stop-limit" order, will not necessarily limit losses to the intended amounts, since market conditions may make it impossible to execute such orders. A "spread" position may not be less risky than a simple "long" or "short" position. The high degree of leverage that is often obtainable in futures trading because of the small margin requirements can work against the Client as well as for it. The use of leverage can lead to large losses. Foreign futures markets may have greater risk than domestic futures markets. Unlike trading on domestic commodity exchanges, trading on foreign commodity exchanges is not regulated by the CFTC and may be subject to greater risks than trading on domestic exchanges.

There Are Risks Associated with Investments in Options: A Client may purchase and sell options as part of its investment program. There are significant risks associated with investing in options. Investing in options can result in a greater potential for profit or loss than investing in the underlying securities. The value of an option may change because of a change in the value of the underlying securities, the passage of time, changes in the market's perception as to the future price behavior of the underlying securities, or any combination of the foregoing. In the case of the purchase of an option, the risk of loss of an option buyer's entire investment in the option (i.e., the premium paid and transaction charges) reflects the nature of an option as a wasting asset that may become worthless at its expiration. Where an option is written (or sold) uncovered, the option seller may be liable to pay substantial additional margin, and the risk of loss is theoretically unlimited, as the option seller will be obligated to deliver, or take delivery of, a security at a predetermined price, which may, upon the exercise of the option, be significantly different from its market value at the time the option was initially written (or sold).

There can be no guarantee that there will at all times be a liquid market for all options. A market could become unavailable if one or more exchanges were to stop trading options. In addition, a market could become temporarily unavailable if unusual events (e.g., volume exceeds clearing capability) were to interrupt normal exchange operations. If an options market were to become illiquid or otherwise unavailable, an option holder would be able to realize profits or limit losses only by exercising and an option seller or writer would remain obligated until he or she is assigned an exercise or until the option expires.

If trading is interrupted in an underlying index, stock, bond, or other asset, the trading of options on that asset may be halted as well. Holders and writers of options will then be unable to close out their positions until options trading resumes, and they may be faced with considerable losses if the underlying asset reopens at a substantially different price. Even if options trading is halted, holders of options may be able to exercise them. However, if trading has also been halted in the underlying asset, option holders face the risk of exercising options without knowing the asset's current market value. If exercises do occur when trading of the underlying asset is halted, the party required to deliver the underlying asset may be unable to obtain it, which may necessitate a postponed settlement and/or the fixing of cash settlement prices.

There Are Risks Associated with Investments in Options on Futures: Trading options on futures involves a high degree of risk. An option on a futures contract is a right to either buy or sell the underlying futures contract at a specific price. The risks of trading options on futures are similar to the risks of trading securities options. In addition, if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract, and will then be subject to the same risks as are attendant to futures trading.

There are Risks Associated with Investments in Stock Index Options: A Client may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the Client's portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Client realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the relevant indices. Accordingly, successful use by the Client of options on stock indices will be subject to Funds and Advisory-Americas' ability to correctly predict the direction of the stock market generally or of particular industries or market segments.

Illiquid Investments May Be Difficult to Value and Result in Losses if a Market Cannot Be Found: Certain Clients may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realize their fair value in the event of a sale. Moreover, securities in which a Client may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they are likely to be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid. Furthermore, companies whose securities are not registered or publicly traded may not be subject to the disclosure and other investor protection requirements, which would be applicable if their securities were registered or publicly traded. In addition, futures positions may become illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions can neither be taken nor liquidated for the remainder of that day unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Funds and Advisory-Americas from promptly liquidating unfavorable positions and subject the relevant Client to substantial losses. In addition, an exchange or regulatory authority may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The illiquidity of positions may result in significant losses.

Risks Associated with Investments in Low Credit Quality Securities: Clients may make particularly risky investments that may offer the potential for correspondingly high returns. As a result, a Client may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard, which is a prerequisite to a Client's investment in any security. The debt securities in which a Client is permitted to invest may be rated lower than "investment grade" and hence may be considered to be "junk bonds" or distressed securities. See also "Risks Associated with Investments in Distressed Securities" in this Item 8D.

Risks Associated with Investment in Real Estate Securities: There are special risk considerations associated with a Client that invests in securities of companies principally engaged in the real estate industry. These include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, increased rates of default and foreclosures, environmental

risks, regulatory limitations on rents, changes in neighborhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Client's investments.

**Risks Associated with Investment in Structured Finance Securities:** Structured finance securities include, without limitation, asset-backed securities and portfolio credit-linked notes. Asset-backed securities are securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future), either fixed or revolving. Such pools may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Asset-backed securities can be structured in different ways, including "true sale" structures, where the pools of assets are transferred to a special purpose entity, which in turn issues the asset-backed securities and "synthetic" structures, in which not the assets, but only the credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the asset-backed securities. Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets ("reference credits"). Upon the occurrence of a credit-related trigger event ("credit event") with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).

Asset-backed securities and portfolio credit-linked notes are usually issued in different tranches. Any losses realized in relation to the underlying assets or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth. Accordingly, in the event that (a) in relation to asset-backed securities, the underlying assets do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the underlying assets or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the net asset value of the Client investing in such structured finance securities. In addition the value of structured finance securities from time to time, and consequently the Client, may be adversely affected by macro economic factors such as adverse changes affecting the sector to which the underlying assets or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the underlying assets or reference credits. The degree to which any particular asset-backed security or portfolio credit linked note is affected by such events will depend, in part, on the tranche to which such security relates; even tranches that have received investment grade ratings can therefore be subject to substantial risks. Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign or corporate bonds. In the absence of a liquid market for the respective structured finance securities, they may only be traded at a discount from face value and not at the fair value, which may in turn negatively affect the Client.

**Risks Associated with Investment in Warrants:** Warrants will enable a Client to purchase a specified number of shares of an issuing corporation at a specified price during a specified period of time. Warrants involve the risk of a loss of the purchase value of the warrant if the right to subscribe to additional shares is not executed prior to the warrants' expiration. The effective price paid for the warrant, when added to the subscription price of the offered security, may in fact be in excess of the value of the offered security if there is no appreciation in such security.

**Risks Associated with Investment in Other Instruments:** A Client may take advantage of opportunities with respect to certain other instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Client and legally permissible. Special risks may apply to instruments that are invested in by the Client in the future that cannot be determined at this time or until such instruments are developed or invested in by the Client.

**Credit Ratings Are No Guarantee of an Investment's Performance:** Credit ratings are assigned by rating agencies such as S&P. It is important to understand the nature of credit ratings in order to understand the nature of the securities in

which Clients invest. The level of a credit rating is an indication of the probability that (in the opinion of the rating agency) payments will be made on the relevant bond(s) or other obligation(s) to which the credit rating relates. Bonds with a rating of AAA, AA, A or BBB by S&P are called “investment grade” bonds and this indicates that the risk of a failure to repay amounts is limited. While credit ratings can be a useful tool for financial analysis, they are not a guarantee of quality or a guarantee of future performance in relation to the relevant obligations. Ratings assigned to securities by rating agencies may not fully reflect the true risks of an investment. Ratings may also be withdrawn at any time.

## **ITEM 9 – DISCIPLINARY INFORMATION**

As a registered investment advisor, BCI is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of Funds and Advisory-Americas or the integrity of its management. Funds and Advisory-Americas and its management have no material disciplinary information to report. While the disciplinary information set forth below relates to BCI and Barclays Bank PLC, neither Funds and Advisory-Americas nor its management was involved in the relevant events described in such information.

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

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

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

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

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

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

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

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

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

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

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

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

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

BBPLC acted inappropriately and breached Principle 5 of the FSA's Principles for Business on numerous occasions between January 2005 and July 2008 by making U.S. 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 U.S. dollar LIBOR, submissions of other banks. As a result of this conduct, there was a risk that the published LIBOR and EURIBOR rates would be manipulated.

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

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

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

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

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

In a related matter, under a Non-Prosecution Agreement ("NPA") dated June 26, 2012 with the U.S. Department of Justice Criminal Division, Fraud Section ("DOJ"), Barclays 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 \$160,000,000 to the United States Treasury by July 6, 2012.

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

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

Barclays has disclosed, in annual results announcements, annual reports and accounts and Forms 20-F and other publicly available filings since 2007, that it has been conducting an internal review of its conduct with respect to U.S. dollar payments made between January 1, 2000 and July 31, 2007, involving countries, persons and entities subject to U.S. economic sanctions and that it has been reporting the results of that review to the U.S. Authorities (as defined below). Barclays announced on August 18, 2010 that it had reached settlements (the “[Settlements](#)”) with the United States Department of Justice, the Manhattan District Attorney’s Office, and the U.S. Department Of Treasury’s Office of Foreign Assets Control (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. Barclays has agreed to pay a total penalty of US\$298 million and has entered into Deferred Prosecution Agreements covering a period of 24 months. The Deferred Prosecution Agreements mean that no further action will be taken against Barclays by the U.S. Authorities if, as is Barclays’ 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 Funds and Advisory-Americas or its investment advisory activities and we believe that the Settlements will not impact Funds and Advisory-Americas Client accounts. .

On January 14, 2011, Barclays reached a settlement with the Financial Services Authority (“FSA”) in which the FSA alleged that Barclays 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. Barclays 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.

On June 6, 2007, Barclays, without admitting or denying the findings contained therein, consented to the issuance of a court order in which the SEC found that Barclays violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 of that Act 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, Barclays agreed to a fine of US\$6 million, disgorgement of approximately US\$4 million and prejudgment interest of approximately US\$1 million.

For more information, please see the following websites:

[www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm](http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm),  
<http://group.barclays.com/Satellite?blobcol=urldata&blobheader=application%2Fpdf&blobheadertype=Content-Disposition&blobheadertype=MDT-Type&blobheadertype=inline%3B+filename%3D2012-Form-20-F-PDF.pdf&blobheadertype=abinary%3B+charset%3DUTF-8&blobkey=id&blobtable=MungoBlobs&blobwhere=1330696731044&ssbinary=true>

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Broker Dealer, Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status**

Funds and Advisory-Americas is a unit of BCI, which is registered with the Securities Exchange Commission and the Financial Industry Regulatory Authority as a securities broker dealer and with the National Futures Association and Commodity Futures Trading Commission as a futures commission merchant, commodity pool operator and commodity trading advisor. BCI is also a primary dealer in U.S. government securities and a registered municipal adviser.

### **B. Material Relationships or Arrangements with Related Persons**

Funds and Advisory-Americas is not a separately organized entity and is a unit of BCI, which is an indirect, wholly-owned subsidiary of BBPLC. As a result, Funds and Advisory-Americas has many affiliations and certain arrangements, some of which may create conflicts of interest.

Funds and Advisory-Americas is a unit of BCI. BCI is under the control of BBPLC, which is a bank and both a non-U.S. broker dealer and non-U.S. investment adviser with a license to provide, in various jurisdictions, investment and banking products. Funds and Advisory is a unit of BBPLC that is registered with the United Kingdom Financial Services Authority as an investment manager and provides investment management and advisory services to its clients outside the United States and Canada. Certain employees of Funds and Advisory, who have been designated as associated persons of Funds and Advisory-Americas (“Associated Persons”), provide investment advisory and asset management services to U.S. and Canadian Clients on behalf of Funds and Advisory-Americas.

As a broker-dealer, BCI is part of Barclays global investment bank consisting of many affiliated entities. Affiliates of Funds and Advisory-Americas engage in a broad spectrum of activities, including providing services to, investing in, or sponsoring/or acting as an investment manager to investment vehicles and other persons or entities which may have, relative to Funds and Advisory-Americas and the Clients it advises, similar structures and investment objectives and policies. In addition, Funds and Advisory-Americas’ affiliates, such as BCI, and their clients or counterparties may themselves invest in securities, other instruments and products and may compete with Funds and Advisory-Americas and/or its Clients. For example, BCI’s principal activities as it relates to its broker-dealer business include sales and trading activities across various asset classes (as principal and agent), securities underwriting, investment banking, financial services, financing, investment management and wealth services. These activities may give rise to potential conflicts of interest from time to time. Many of these potential conflicts of interest arise in connection with the investment banking activities and other investment management activities of such affiliates of Funds and Advisory-Americas. Such activities of affiliates, their customers and counterparties may negatively impact the price, value or availability of securities, instruments or products and the value of an SMA or the net asset value of Funds or Sub-Advised Funds.

As a business unit of BCI, Funds and Advisory-Americas may be prohibited from freely exercising its investment discretion for the benefit of Clients as a result of restrictions arising from its affiliations with Barclays. For example, in the course of its financial services activities, Barclays 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 any of its clients (including Funds and Advisory-Americas’ 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, and such requirements and mandates may restrict Funds and Advisory-Americas’ investment discretion. For example, such requirements may prohibit Funds and Advisory-Americas from recommending, purchasing or selling certain securities for Clients’ accounts that it would have in the absence of such restrictions.

It is not uncommon for Clients of Funds and Advisory-Americas to have a number of separate relationships with BCI, BBPLC or an affiliate thereof. For example, under certain circumstances BCI may act as a broker, or Barclays Global Research, as a division of BCI or BBPLC, may provide research reports to a Client of Funds and Advisory-Americas (so long as such research reports are available to the public or other clients of Barclays) and under other circumstances BCI may expressly agree to act as an adviser through Funds and Advisory-Americas. BCI's obligations to clients are different when it acts as an adviser through Funds and Advisory-Americas as compared to when it acts as a broker. When BCI acts as broker, its primary role is to execute trades based on client instructions, and as a result, its interests may not always be the same as its clients. Any advice provided by BCI, acting as a broker to clients, is incidental to the brokerage services it agrees to provide, and in its broker-dealer capacity, BCI typically does not act as a fiduciary with respect to its clients and activities. BCI, acting in its broker-dealer capacity and in connection with executing trades, may receive compensation from both sides of a trade, based on what any such client agrees to buy or sell. Where BCI, through Funds and Advisory-Americas, expressly agrees to act as adviser to a Client whether in the context of an SMA, or a Fund or Sub-Advised Fund, its primary role is to provide advice to the Client and it receives advisory fees based on assets under management and the performance of such Funds/Sub-Advised Funds and/or SMAs. Funds and Advisory-Americas has a fiduciary obligation with respect to its Clients. However, the fact that BCI has multiple relationships with its clients does not mean that it is acting as an adviser or fiduciary with respect to the totality of that client relationship.

Each of Barclays Wealth and Investment Management Americas, a business unit of BCI, Barclays Private Credit Partners, a wholly-owned subsidiary of BBPLC, and Barclays Asset Management Group, a wholly-owned subsidiary of BBPLC, is an affiliate of Funds and Advisory-Americas registered with the SEC as an investment adviser. Each such affiliate registered investment adviser provides services to, invests in, sponsors or acts as an investment manager to investment vehicles and other persons or entities which may have, relative to Funds and Advisory-Americas and its Clients, similar or different structure, investment objectives and policies.

Funds and Advisory is a unit of BBPLC that is registered with the United Kingdom Financial Services Authority as an investment manager and provides investment management and advisory services to its clients outside the United States and Canada. Subject to Funds and Advisory-Americas duty to seek best execution, Funds and Advisory-Americas utilizes Funds and Advisory's global trading team, based out of the London office of BBPLC, to perform certain trading and/or execution functions upon the receipt of instructions from Funds and Advisory-Americas pursuant to a service level agreement. Funds and Advisory receives compensation for providing such services to Funds and Advisory-Americas. Due to the global nature of the business, certain other tasks such as FX hedging, cash management, futures rolls, margin management, daily process control & system checks, project checks & research work, reviewing external trade acknowledgements, allocations advice checks and daily report reviews, also may be centralized in Funds and Advisory, but in each case, investment decisions for U.S. Clients will be made by Funds and Advisory-Americas. Certain employees of Funds and Advisory, who have been designated as Associated Persons of Funds and Advisory-Americas, provide investment advisory and asset management services to U.S. and Canadian clients on behalf of Funds and Advisory-Americas.

In addition, BCI, in its broker-dealer capacity, may arrange for the sale of Fund or Sub-Advised Fund interests and/or other advisory services of Funds and Advisory-Americas to certain of its Clients. In such capacity, BCI will be acting as an agent for the relevant Fund, Sub-Advised Fund or Funds and Advisory-Americas, respectively, and will not have a fiduciary obligation to Funds and Advisory-Americas' Clients. As a result of these sales activities, BCI sales personnel may receive compensation for their services, including sales credits. Funds, Sub-Advised Fund investors and SMA Clients should therefore be aware that the role of BCI as broker-dealer may create potential conflicts of interest due to such agency relationships and the receipt of any such compensation or benefit (including sales credits), and those conflicts of interest may be adverse to them.

Funds and Advisory-Americas has taken or will take certain steps to mitigate these and other potential conflicts of interest. Funds and Advisory-Americas has created information barriers between itself and other parts of Barclays. These barriers are intended to prevent the flow of material non-public information (including information relating to investment strategies, trading positions and trading decisions) among the personnel of Funds and Advisory-Americas and the personnel of other parts of Barclays. For example, employees of Funds and Advisory-Americas are located in an office that is in a separate, walled-off area that is accessible only through the use of distinct security access cards.

Funds and Advisory-Americas also utilizes its own password-protected systems, which are not accessible by employees of other parts of Barclays, and personnel do not share information about their trading activities with other employees of Barclays or coordinate their trading activities in any way with Barclays. Conversely, Funds and Advisory-Americas personnel do not have access to the trading systems or information of Barclays (except for information that is made available to third-party clients of Barclays and only on the same terms on which such information is made available to clients of Barclays). Moreover, Funds and Advisory-Americas has its own internal reporting lines. Funds and Advisory-Americas management is responsible for any decision relating to the compensation, hiring, firing and promotion of Funds and Advisory-Americas personnel in accordance with firm policies and the supervision of Associated Persons in connection with their activities relating to Clients of Funds and Advisory-Americas. On any issues involving actual conflicts of interest, Funds and Advisory-Americas will be guided by its fiduciary and other legal obligations, including but not limited to contractual obligations, as well as its good faith business judgment as to a Client's best interests. Subject to the foregoing, Funds and Advisory-Americas may take such actions as it deems necessary or appropriate to mitigate the conflict.

**C. Recommendation and Selection of Other Investment Advisors**

From time to time, Funds and Advisory-Americas may recommend or select other investment advisers for its Clients, including affiliated advisors or managers and receive direct or indirect compensation or/benefit from them. As a result, Funds and Advisory-Americas may have actual or potential conflicts of interest in making any such recommendation or selection.

Currently the GTAA Fund is invested in an investment vehicle advised by Funds and Advisory. Funds and Advisory-Americas addresses these potential conflicts of interest by reviewing performance as well as fees and expenses to ensure that performance is consistent with the stated investment objectives of the investment vehicle and will monitor against the investment objectives of any Client who may be invested in that investment vehicle and to ensure that such Clients are not charged additional fees or expenses. See the Investments in Affiliated Funds section in Item 11.C.

**ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND  
PERSONAL TRADING**

**A. Code of Ethics**

Funds and Advisory-Americas has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 that memorializes Funds and Advisory-Americas’ fundamental duties as a fiduciary. The Code of Ethics sets forth the standards of business conduct expected of all employees of Funds and Advisory-Americas and addresses potential conflicts of interest that may arise from personal trading, gifts, entertainment, confidential and material non-public information, outside business activities, political contributions, and addresses prevention of insider trading by employees. The Code requires employees at all times to place the interest of Clients first and that all personal securities transactions are conducted in such a manner to avoid any actual or perceived conflicts of interest and to refrain from taking advantage of their positions inappropriately. The Code restricts supervised persons from trading in securities on BCI’s “Watch List” and the “Restricted List”. The Code also requires each employee to safeguard material non-public information in such employee’s possession and each employee is prohibited from using such information to such employee’s personal benefit.

Furthermore, the Code requires employees to abide by federal securities laws and escalate actual and perceived violations. Employees must report personal trades and obtain pre-approval for certain securities transactions.

Each employee receives a copy of the Code upon hiring and annually thereafter. In addition, each person is required to initially and annually certify that he or she has read, understood and complied with the Code and acknowledge receipt of any amendments to the Code. Clients and prospective Clients may request a copy of the Code by contacting the client services division of Funds and Advisory-Americas at 1-877-247-6070.

**B. Personal Trading**

Subject to established policies and procedures including the Code as described above, Funds and Advisory-Americas, its affiliates and its employees may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of Clients. Funds and Advisory-Americas, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. Potential conflicts also may arise due to the fact that Funds and Advisory-Americas and its personnel may have investments in some Clients but not in others or may have different levels of investments in various Clients. Funds and Advisory-Americas has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

Key aspects of the employee trading policies and procedures include: (i) a requirement for securities accounts to be maintained at a Barclays approved broker; (ii) prohibitions against employee participation in certain IPOs and trading on the basis of material non-public information; (iii) pre-approval requirements for certain investments; (iv) trade restrictions including: a minimum holding period of 14 days for most personal securities transactions and “1 Day Black-Out” period for personal trading in the same reportable securities as Funds and Advisory-Americas’ Clients. Limited exceptions will be accepted on a case by case basis by Compliance. In addition employees must (i) annually affirm in writing that all transactions during the year were reported to the Firm; (ii) all reportable positions were disclosed; (iii) all newly opened securities accounts and/or private placements were disclosed; and (iv) that the employee has read, understood and complied with the Code of Ethics.

### **C. Participation or Interest in Client Transactions**

Funds and Advisory-Americas has a compliance program that is reasonably designed to detect and prevent, among other things, improper or abusive conduct where potential material conflicts of interest may exist with respect to a Client.

From time to time, Funds and Advisory-Americas may buy or sell for Clients securities, other instruments or products in which Barclays has a direct or indirect financial interest, subject to the Client's investment objectives, guidelines and regulatory requirements. Such financial interest could include, but is not limited to, Barclays' role as a market-maker in the security, instrument or product, manager or co-manager or other participant in the underwriting of initial and secondary public offerings of securities, or financial advisory services provided to a client of Barclays, such as advice relating to mergers and acquisitions and/or corporate finance. In such instances, the purchase or sale of a security, instrument or product as directed by Funds and Advisory-Americas on behalf of its Client(s) may directly or indirectly benefit (or act to the detriment of) Barclays. As such, Funds and Advisory-Americas may be deemed to have a conflict of interest.

Affiliates of Funds and Advisory-Americas, such as BCI, and their clients and counterparties may themselves invest in securities (including related securities, such as warrants, options and futures) that Funds and Advisory-Americas may recommend to its Clients and may compete with Funds and Advisory-Americas and/or its Clients. Furthermore, Funds and Advisory-Americas may, from time to time, recommend or purchase and sell securities (including related securities) for Clients accounts, which may occur at or about the same time that affiliates of Funds and Advisory-Americas, such as BCI, may purchase or sell such securities or related securities, for their own accounts. Such activities of affiliates and their clients and counterparties may have an impact on the price or value, or availability of such securities or related securities and may directly or indirectly benefit (or act to the detriment of) such affiliates and/or negatively impact the value of the SMA or the net asset value of a Fund or Sub-Advised Fund.

In addition, the views and opinions of Funds and Advisory-Americas may be the same or different from those of the investment banking and research departments of members of Barclays Group. As a consequence, Clients may hold securities, instruments or other products as to which Funds and Advisory-Americas has a different investment opinion or outlook than the investment banking and research departments and/or other advisory affiliates of Barclays.

In addition, Funds and Advisory-Americas may give differing advice to Clients subject to the Client's investment objectives, guidelines and regulatory requirements.

As a member of Barclays Group, Barclays, including BCI, participates in a comprehensive compliance program and has adopted policies and procedures that impose certain conditions and restrictions with respect to proprietary transactions for the account of BCI, BBPLC or their affiliates. Furthermore, please see "Addressing Potential Conflicts of Interest", and "Personal Trading" sections above for addressing potential conflicts of interest.

#### **Principal Transactions**

A Principal Transaction is defined where an investment adviser, acting for its own account or an account of an affiliate buys a security or other product from, or sells a security or other product to, a client account. Principal transactions also include "riskless principal" or "back-to-back" transactions (e.g., where an affiliated broker-dealer executes simultaneous purchases and sales of a security for the buyer and seller after locating counterparties in the market and has title to the security (or technical ownership rights) for a very brief period of time as it passes through the inventory of the broker-dealer from the seller to the buyer).

Funds and Advisory-Americas generally does not engage in principal transactions. However, in the case of certain Clients, Barclays may, for its own account, buy securities, instruments or other products from or sell securities, instruments or other products to a Client or enter into a derivative transaction (a "principal transaction"), when permitted by law and in accordance with processes and procedures of Funds and Advisory-Americas. In these instances, Funds and Advisory-Americas, in accordance with Section 206(3) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), will disclose to the Client (provided that such Client is not a registered investment company) in writing the capacity in which Barclays is acting, potential conflicts of interest, and any actual or potential

fees that may be earned by Barclays. Funds and Advisory-Americas will also obtain specific written consent from the Client before the settlement of the transaction. Principal transactions (including riskless principal transactions) are prohibited in accounts that are subject to the Employee Retirement Income Security Act of 1974, as amended.

#### Agency Cross Transactions

Agency Cross transactions are defined when an investment adviser, using an affiliated broker-dealer or, if a dual registrant, acting in its capacity as a broker-dealer, crosses the transaction of an advisory client with the transaction of a brokerage client, and receives transactional compensation. As such, agency cross transactions potentially raise conflicting division of loyalties and responsibilities. The Investment Advisers Act Rule 206(3)-2 require advisors send to the relevant Clients at or before the completion of each agency cross transaction a confirmation containing the nature of the trade, the date, an offer to furnish the time of the trade, and the source of any other remuneration received as a result of the trade. Funds and Advisory-Americas will seek to obtain a blanket prior written consent for agency cross transactions from its Clients when entering into investment management agreements, subscription documents or other mutually acceptable agreements. Such transactions will be conducted in accordance with Rule 206(3)-2 of the Advisers Act.

#### Agency Transactions

In the case of certain Clients, Barclays may buy or sell securities, instruments or other products on behalf of any such Clients (an “agency transaction”), when permitted by law and in accordance with the processes and procedures of Funds and Advisory-Americas. Funds and Advisory-Americas is subject to its duty to seek best execution, if Funds and Advisory-Americas uses Barclays to execute certain Client transactions, Barclays will be entitled to receive compensation for such services.

#### Cross Trades

Funds and Advisory-Americas may effect a transaction involving securities, other instruments or products between two or more Clients. In such case, one Client would purchase securities, other instruments or products held by another Client. Funds and Advisory-Americas will effect these transactions only (i) when it deems the transaction to be in the best interests of both Clients; and (ii) at a price that Funds and Advisory-Americas has determined by reference to independent market indicators, which Funds and Advisory-Americas believes will ensure the cross trade achieves best execution for each such Client. Neither Funds and Advisory-Americas nor any of its affiliates will receive compensation directly or indirectly, for arranging such a transaction.

*To the extent that Funds and Advisory-Americas or its affiliates engage in principal transactions, agency transactions, agency cross transactions and/or cross trades, such transactions will be consummated in accordance with Funds and Advisory-Americas’ compliance policies and procedures, Section 206(3) of the Advisers Act and, as applicable, Rule 206(3)-2 promulgated thereunder.*

If (i) a Fund engages an “Independent Representative,” who will be independent from and unaffiliated with, Funds and Advisory-Americas and its affiliates, and (ii) any transaction, including any transaction effected between the Fund and Funds and Advisory-Americas or its affiliates, is subject to the disclosure and consent requirements of Section 206(3) of the Advisers Act, such requirements will be satisfied with respect to a Fund and all its investors if disclosure is given to, and consent obtained from, the Independent Representative of the Fund.

#### Investments in Affiliated Funds

Clients managed by Funds and Advisory-Americas may implement their investment strategy through an investment in another fund (which may be managed by Funds and Advisory) that implements an investment strategy substantially similar to that of the Client. With respect to any investment made in another fund managed by Funds and Advisory, it is possible that Barclays may engage in principal transactions, agency transactions, agency cross transactions and/or cross trades with such funds in accordance with applicable laws and Funds and Advisory processes and procedures. Funds and Advisory-Americas may, in its discretion, elect to engage in such an investment approach at any time. During periods in which a Client takes this investment approach, the Client will be subject to the risks associated with highly concentrated investments, including but not limited to credit risk, illiquidity of the underlying investment and lack of diversification. Barclays may invest in a Fund managed by Funds and Advisory-Americas for the purpose of seeding the investment in such Fund. A Client may invest in an investment vehicle managed by Barclays. In the event



that a Fund Client does acquire an interest in other funds operated, sponsored or managed by Barclays, investors of such Fund Client invested in such funds will not be charged a separate Management Fee or Performance Fee, other than what is disclosed in the applicable offering document or investment management agreement of the Client.

Employee Investment in Funds and Advisory-Americas Products

Certain Barclays employees may be investors in Funds managed by Funds and Advisory-Americas. Any such investments are made in conformity with the Code of Ethics as well Barclays Global Personal Investments Policy.

## **ITEM 12 – BROKERAGE PRACTICES**

### **A. Factors for Selection of Brokers-Dealers**

#### **Best Execution**

Funds and Advisory-Americas executes transactions for its Client accounts according to its best execution policies and procedures. In general, best execution means executing trades at the best net price considering all relevant circumstances surrounding the trade. Included in best execution are several factors, including, for example, best price, including commissions; capital position of the counterparty or FCM; ability to consummate and clear trades in an orderly and satisfactory manner; quality, full range and reliability of services; value of research and investment information provided; customary practices in prevailing markets for particular types of investments; risks taken in positioning a block of securities; and breadth and quality of market coverage resulting in a continuous flow of information regarding bids and offers. While Funds and Advisory-Americas generally seeks reasonably competitive trade execution cost, Funds and Advisory-Americas does not necessarily pay the lowest commission or spread available provided that the difference in cost is reasonably justified by the quality of the execution services provided. Funds and Advisory-Americas maintains a list of approved counterparties with which it may conduct business.

#### **Research and Other Soft Dollar Benefits**

Funds and Advisory-Americas may select broker-dealers (including affiliated broker-dealers) that furnish research and brokerage services. Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” for investment advisers that use their clients’ commission dollars to purchase brokerage and research services. The safe harbor provides protections against claims that Funds and Advisory-Americas may have violated its fiduciary duty to its Clients if it does not pay the lowest possible commission but receives brokerage and research services from the counterparty in exchange for the direction of client transactions. Funds and Advisory-Americas does not currently have formal soft dollar arrangements (written or verbal; contractual or quid pro quo) although it reserves the right to do so in accordance with its investment management agreements and fund offering documents.

#### **Directed Brokerage**

A Client may direct Funds and Advisory-Americas to affect some or all of its transactions through a specific broker; provided that the Client gives such direction in writing. In such cases, Funds and Advisory-Americas may be unable to achieve most favorable execution of client transactions for the Client. Directing brokerage in such manner may also prove more costly for the Client. For example, the Client may have to pay higher brokerage commissions because Funds and Advisory-Americas may not be able to aggregate orders to reduce transaction costs, or the Client may receive less favorable prices.

#### **Service Level Agreement with Funds and Advisory**

Funds and Advisory will provide trading services to Funds and Advisory-Americas pursuant to a service level agreement, subject to its duty to seek best execution and the oversight and review by Funds and Advisory-Americas. Funds and Advisory will receive compensation for such services. Upon receiving instructions from Funds and Advisory-Americas to execute a trade, Funds and Advisory will generally have trading discretion relating to price, broker, exchange selection and time of execution with the sole aim of seeking best execution, but Funds and Advisory will not have any investment discretion with respect to any transactions executed on behalf of Funds and Advisory-Americas. Associated Persons of Funds and Advisory-Americas may have investment discretion with respect to certain transactions that they execute on behalf of Funds and Advisory-Americas Clients. Funds and Advisory-Americas performs periodic best execution reviews of counterparties used to effect Client transactions. To the extent trades are executed on behalf of Funds and Advisory-Americas Clients in jurisdictions outside the United States, Funds and Advisory-Americas will comply with the best execution policy in effect in that jurisdiction, subject to any additional requirements set forth in the Funds and Advisory-Americas best execution policy. Additionally, Funds and Advisory-Americas attends Funds and Advisory Best Execution Committee to oversee Funds and Advisory’s implementation of Funds and Advisory-Americas best execution policies and procedures and the broker-dealer selection process, as well as to perform periodic best execution reviews of the broker-dealers used to effect Client

transactions. All trades proposed by Funds and Advisory will be reviewed and approved by Funds and Advisory-Americas prior to the execution of the trade.

## **B. Order Aggregation**

Funds and Advisory-Americas may aggregate Client trades when such aggregation is expected to be in the best interest of all participating Clients. Funds and Advisory-Americas generally will aggregate trades, subject to best execution. Although Funds and Advisory-Americas is not required to aggregate trades, when the decision to aggregate is made, concurrent orders will be aggregated on a global basis, among all of Funds and Advisory's clients, including Funds and Advisory-Americas' Clients. Funds and Advisory's clients who pay a Performance Fee (or pay a higher Performance Fee relative to another Funds and Advisory client) will not be given any preference in respect of aggregation relative to other clients who do not pay Performance Fees or who pay lower Performance Fees. If an aggregated order is not completely filled, it will typically be allocated on a *pro rata* basis to all of Funds and Advisory's clients and Funds and Advisory-Americas Clients participating in the order promptly following execution. Where a combined order is executed at more than one price over the course of a day, the executed transactions will be allocated so that each account receives the average unit price and bears its *pro rata* share of the transaction costs, to the extent reasonably practicable. To the extent that any of those orders remains unfilled following that allocation, the unfilled amount may be combined with subsequent orders in that security, instrument or product, if any, for allocation of subsequent transactions.

## **C. Trade Allocation**

Funds and Advisory-Americas has a duty to allocate investment opportunities among Clients for which such opportunities are appropriate in a fair and equitable manner. When an investment opportunity is appropriate for multiple Clients (including one or more Funds), the investment is typically allocated to such Clients pursuant to a predetermined formula that generally results in a *pro rata* allocation. Allocations of investment opportunities will generally be made first by determining the Client or Clients for which a particular investment opportunity is appropriate. If the investment opportunity is appropriate for more than one Client, an allocation between or among such Clients may be made *pro rata*, based on the net asset value of the assets managed by Funds and Advisory-Americas on behalf of such Client, giving appropriate consideration to the current capital exposure (as well as leverage, if applicable) to the applicable strategy utilized by the Clients. Under certain circumstances, other criteria will be used in the allocation process as determined appropriate from time to time. In such cases, Funds and Advisory-Americas may use *pro rata*, rotational, percentage or other allocation methods that it determines to be fair and reasonable.

Funds and Advisory-Americas generally will be required to designate the amount of securities, instruments or products to be purchased or sold for each account participating in any aggregated order at the time the order is communicated to Funds and Advisory. Such predetermined allocation will be based upon the risk parameters of each Client. In certain cases, when Funds and Advisory-Americas determines that such *pro rata* allocation is not appropriate under the particular circumstances, the allocation will be made based on other factors that Funds and Advisory-Americas deems appropriate, including, without limitation, the avoidance of a Client holding odd lots or similar de minimis number of shares, units or other amounts. In such cases, Funds and Advisory-Americas will increase or decrease the amount of securities, instruments or products that would otherwise be allocated to each Client by reallocating the securities, instruments or products in a manner which Funds and Advisory-Americas deems fair and equitable to Clients over time. The rationale, factors considered and outcome of any allocation that varies from *pro rata*, based on the net asset value of the assets managed by Funds and Advisory-Americas on behalf of the applicable Clients, will be recorded. Circumstances may occur in which an allocation could have adverse effects on a Client with respect to the price or size of securities positions obtainable or saleable.

To help in mitigating the risks and achieving fair treatment of all Clients, Funds and Advisory-Americas' compliance officer or his or her designee will, at least quarterly, review transactions involving Clients or Client accounts that pay

Performance Fees to determine whether such Clients or Client accounts may be receiving more favorable trade allocations or pricing, or other more favorable treatment, than other Clients or Client accounts.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. General Description**

Funds and Advisory-Americas performs various daily and periodic reviews of each Client's portfolio. Such reviews are conducted by the Funds and Advisory-Americas portfolio management team. Accounts are reviewed for consistency with investment guidelines and objectives and compliance with the relevant investment guidelines. The Head of Portfolio Management and Structuring for Funds and Advisory-Americas is responsible for managing the portfolios in accordance with relevant Client investment guidelines. Compliance provides additional monitoring of investment guidelines.

### **B. Factors Prompting Review of Client Accounts Other than a Periodic Review**

A review of a Client account may be triggered by any unusual activity or special circumstances.

### **C. Client Reports**

For SMA Clients, Funds and Advisory-Americas will provide the Client with reports and information in accordance with the provisions set forth in its relevant investment management agreement. Generally, the following reports will be provided to SMA Clients: (i) an account statement from the custodian for the SMA reflecting the value of the SMA assets for the applicable period (as mutually agreed between Funds and Advisory-Americas and the SMA Client; and (ii) a report from Funds and Advisory-Americas providing a summary of portfolio performance (as mutually agreed between Funds and Advisory-Americas and the SMA Client relating to the applicable period (which will include a legend encouraging the SMA Client to compare this report with that received from the custodian). SMA Clients may have access through websites of their applicable custodian or administrator (or through another form of communication that is mutually acceptable to the SMA Client and Funds and Advisory-Americas) to information regarding their portfolio, including, among others, net asset value, portfolio holdings (including collateral if applicable) and portfolio transactions.

For Sub-Advised Funds, Funds and Advisory-Americas will generally provide a managing adviser with reports to assist the managing adviser in producing periodic reports for the applicable Sub-Advised Fund. These reports generally include allocations, market reviews, and performance summaries.

For Funds, Funds and Advisory-Americas will provide the Funds and investors in each Fund with annual audited financial statements for the applicable Fund within 90 days of the end of such Fund's fiscal year-end. The administrator of the GTAA Fund intends to provide each investor in the GTAA Fund with monthly statements relating to such investor's capital account and fees paid to Funds and Advisory-Americas. Funds and Advisory-Americas may also periodically provide supplemental reports or commentaries to the underlying investors in the Funds.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Economic Benefits for Providing Services to Clients**

Funds and Advisory-Americas has no arrangements in which it is paid cash or receives some economic benefit from a non-Client in connection with giving advice to Clients.

### **B. Compensation to Non-Supervised Persons for Client Referrals**

Funds and Advisory-Americas may utilize BCI employees to solicit Clients, subject to all requirements of applicable law. BCI sales personnel may receive compensation for their services, including sales credits. Clients and investors of Clients should therefore be aware that such role of BCI may create potential conflicts of interest due to such solicitation relationships and the receipt of any such compensation (including through the allocation of sales credits), and those conflicts of interest may be adverse to them.

In addition, Funds and Advisory-Americas may enter into third party solicitation agreements for certain advisory products for marketing purposes. Under such agreements, the third party may solicit or refer Clients to Funds and Advisory-Americas, as the case may be, and receive compensation for such services. As a result of these arrangements, fees paid by Clients who are solicited/referred by third parties may differ from the prevailing rate applicable to other Funds and Advisory-Americas Clients. All compensation paid to the third party soliciting or referring the Client will be fully disclosed to the Client as required by applicable law. Funds and Advisory-Americas has not entered into any third party solicitation arrangements.

Funds and Advisory-Americas may also engage BCI and/or other registered counterparties to act as placement agent(s) for each of the Funds and placement of Interests. In such capacity, the personnel of BCI and/or the placement agent may be compensated (including through the allocation of sales credits) for distributing Interests in such Funds.

## **ITEM 15 – CUSTODY**

### **A. Separate Accounts**

Other than with respect to Funds, Funds and Advisory-Americas does not intend to have custody of Client assets. However, it is possible that, because of the ability to deduct fees from an SMA or because of a broad power of attorney, Funds and Advisory-Americas would be considered to have custody over assets in an SMA. The compliance officer of Funds and Advisory-Americas will review all investment management agreements to determine whether Funds and Advisory-Americas has custody so that, if custody exists, Funds and Advisory-Americas can take necessary steps to meet the requirements of the Custody Rule.

Institutional Accounts typically select their own custodian. Under the investment management agreement, Funds and Advisory-Americas generally invoices the Client and the Client directs its custodian to pay Funds and Advisory-Americas. Funds and Advisory-Americas requires its Clients to maintain assets at a Qualified Custodian. The Qualified Custodian must send statements, no less than quarterly, directly to the Client. Clients should carefully review those statements and are urged to compare the account statements that they receive from their qualified custodian with any that they receive from Funds and Advisory-Americas.

### **B. Funds**

With respect to Funds, Funds and Advisory-Americas is deemed to have custody of Client funds and securities pursuant to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) because it has the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client’s account or otherwise withdrawing funds from a Client’s account. Account statements related to the investors in the Funds are sent by qualified custodians to such investors. Funds and Advisory-Americas is deemed to have complied with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors at least within 120 days of the end of its fiscal year.

#### **ITEM 16 – INVESTMENT DISCRETION**

Funds and Advisory-Americas accepts discretionary and non-discretionary trading authority.

In the case of SMAs and Sub-Advised Funds, limitations in place are individually negotiated between Funds and Advisory-Americas and the relevant Client and memorialized in the investment management agreement, sub-advisory agreement or similar agreement with the Client.

In the case of Funds, limitations as to the discretion that can be exercised are outlined in the Funds' offering documents, governing documents and investment management agreements.

When Funds and Advisory-Americas has discretionary authority to effect brokerage transactions for a Client, the extent of the limitations on that authority is determined by agreement with the Client. Agreements will typically include or cover the type of security or other instrument or product to be bought or sold, quantitative limitations, the ability to use broker-dealers within Funds and Advisory-Americas discretion and the ability to agree to various commission rates as permitted by law. Funds and Advisory-Americas will adhere to such limitations on authority contained in Client contracts, or other applicable documents such as a Funds' offering documents, which necessarily vary from Client to Client based on Client objectives and other factors, and will monitor the portfolios for compliance with such limitations.



## **ITEM 17 – VOTING CLIENT SECURITIES**

Funds and Advisory-Americas will accept authority to vote client proxies. In compliance with the Advisers Act Rule 206(4)-6, Funds and Advisory-Americas has adopted proxy voting policies and procedures (“Proxy Voting Policy”) that are designed to reasonably ensure that Funds and Advisory-Americas votes proxy proposals, amendments, consents or resolutions (collectively, “Proxies”) prudently and in the best interest of its Clients for whom Funds and Advisory-Americas has voting authority. The Proxy Voting Policy also describes how Funds and Advisory-Americas address conflicts that may arise between its interests and those of its Clients with respect to voting Proxies.

Funds and Advisory-Americas is responsible for developing, authorizing, implementing and updating the Proxy Voting Policy, overseeing the process for voting Proxies and may engage an independent third-party vendor as voting delegate to review, monitor and/or vote Proxies. Funds and Advisory-Americas retain final authority and fiduciary responsibility for voting Proxies.

### **Conflicts**

Client proxies are voted as prescribed in the Proxy Voting Policy except when (i) Funds and Advisory-Americas has determined that it would be in a Client’s best interest for a proxy to be voted differently, (ii) the Proxy Voting Policy is silent on how the proxy should be voted. In each case, the vote is determined by a special committee, based on the Client’s interests and after screening for and addressing any conflicts of interest faced by Funds and Advisory-Americas or a particular employee in determining the manner of the vote.

### **Proxy Voting Policy and Client Records**

To obtain a copy of Funds and Advisory-Americas’ Proxy Voting Policy, please call Funds and Advisory-Americas at 1-877-247-6070. Clients may also obtain information about how Funds and Advisory-Americas voted their specific proxies by calling Funds and Advisory-Americas at the number above.

#### **ITEM 18 – FINANCIAL INFORMATION**

Funds and Advisory-Americas is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.