

Barclays Wealth and Investment Management Portfolio Management Program

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This wrap fee program brochure provides information about the qualifications and business practices of the Wealth and Investment Management division of Barclays Bank PLC (“BBPLC”), which functions in the United States through Barclays Capital Inc. (“BCI” or “Barclays”), an affiliate of BBPLC. If you have any questions about the contents of this brochure, please contact us at 800 253 4626. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Barclays Wealth and Investment Management offers wealth management products and services to its clients. BBPLC, registered in England and Wales (no. 1026167), has a registered office at 1 Churchill Place, London, E14 5HP, United Kingdom, and is regulated by the Financial Services Authority. BCI is a registered broker-dealer and investment adviser, regulated by the US Securities and Exchange Commission. Member FINRA and SIPC. Investment adviser registration does not imply a certain level of skill or training.

Additional information about Barclays is available on the SEC’s website at www.adviserinfo.sec.gov.

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Material Changes

As this is the first brochure with respect to the Barclays Portfolio Management Program, this section currently is not applicable.

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Services, Fees and Compensation

Barclays Wealth and Investment Management offers a wide range of investment advisory services to meet the needs of clients with diverse investment objectives and goals. Barclays Wealth and Investment Management is part of Barclays Bank PLC (“BBPLC”) and functions in the United States through Barclays Capital Inc. (“BCI” or “Barclays”), an affiliate of BBPLC. This Brochure relates to the Barclays Portfolio Management Program (the “Program”).

The Program offers clients the opportunity to select one or more investment strategies (each, a “Strategy”) managed by portfolio managers who are employees of Barclays (or an affiliate of Barclays) (“Portfolio Managers”). The Strategies are designed to meet a range of client investment needs based on clients’ investment objectives and goals. Portfolio Managers make investment decisions for clients’ accounts in accordance with the selected Strategy or Strategies.

Client accounts are generally referred to Portfolio Managers through a Barclays Investment Representative. A client’s Barclays Investment Representative will help the client determine if a specific Strategy is suitable for the client. The standard Strategies available through the Program may be customized for clients based on information the clients provide concerning their financial situations, investment objectives and preferences.

Overview of the Portfolio Management Program

The Program is designed to provide clients with professional management of their Program accounts (each, an “Account”) in accordance with one or more designated Strategies. Eligible investments for the Strategies currently include, but are not limited to:

1. Equity Securities
 - Including common stock, preferred stock, American depositary receipts (ADRs), master limited partnership units (MLPs), interests in real estate investment trusts (REITs), rights and warrants.
2. Fixed Income Securities
 - Including securities issued by the US government or its agencies, mortgage-backed securities (MBS), sovereign, sovereign agency and supranational debt securities, corporate and municipal notes, bonds and other debt securities, variable rate securities, zero coupon securities and exchange-traded notes (ETNs).
3. Funds
 - Including exchange-traded funds (ETFs), mutual funds and closed-end funds (CEFs).
4. Cash and Cash Equivalents
 - Including money market funds, certificates of deposit (CDs), Treasury Bills and Federal Agency Notes, commercial paper, bankers acceptances, repurchase agreements (REPOs), custodial trust receipts, municipal variable rate demand notes (VRDNs) and other municipal short-term securities.
5. Options and Derivatives
 - Including listed and/or over-the-counter (OTC) options, futures contracts, forward contracts on interest rates, securities and foreign currencies, swaps, structured notes, residual interest bonds, caps, collars, floors, equity or credit-linked securities and liquid yield option notes.

Any securities issued by Barclays or its affiliates will generally not be eligible for investment through the Program. In addition, the overall investment activities in which Barclays and its affiliates engage in may limit the investment opportunities for Accounts in certain markets in which limitations are imposed by regulators upon the amount of investment by affiliated investors, in the aggregate or in individual issuers.

The following Strategies are offered within the Program:

1. Equity Income Strategy – Strategy provides exposure to high quality, dividend yielding stocks. Seeks to achieve current income by investing in income yielding securities (US common stocks, international ADRs and ETFs) across sectors to generate yield with a focus on total return and preservation of principal.
2. Fixed Income Strategies – Three select style strategies:
 - Core Taxable Strategy – Strategy provides exposure to a range of Fixed Income Securities, including securities issued by the US government or its agencies, MBS, and municipal, corporate, sovereign, sovereign agency and supranational debt securities. Seeks risk-adjusted taxable income with additional focus on liquidity and principal preservation through investing primarily in Fixed Income Securities.
 - Core Municipal Strategy – Strategy provides exposure to US municipal debt securities. Seeks risk-adjusted tax-exempt income with additional focus on liquidity and principal preservation through investing primarily in Fixed Income Securities.
 - Tax Responsive Strategy – Strategy provides exposure to a broad range of Fixed Income Securities, including securities issued by the US government or its agencies, MBS, and municipal, corporate, sovereign, sovereign agency and supranational debt securities. Seeks risk-adjusted after-tax income with additional focus on liquidity and principal preservation through investing primarily in Fixed Income Securities.

Additional Strategies may be included in the Program from time to time.

Participation in the Program requires clients to grant Barclays full discretionary authority over their Accounts.

Client Suitability

Barclays will determine whether the Program and a particular Strategy are suitable for a client based upon the information the client provides in the suitability questionnaire (the “Questionnaire”). Subject to any periodic updates, Barclays will continue to rely on this information during the time a client participates in the Program. Therefore, it is important that the information a client provides to Barclays in the Questionnaire is accurate and complete. Barclays will periodically, but no less than annually, contact the client to discuss any updates or changes to this information. Any other changes in this information should be provided by the client to the client’s Barclays Investment Representative on a timely basis.

Investment Restrictions

Program clients may impose certain reasonable restrictions on the purchase of specific securities for their Accounts. Barclays will not accept any restrictions that are unreasonable or inconsistent with the applicable Strategy or the philosophy, nature or operation of the Program. Investment restrictions do not apply to investments made by a Fund in which an Account invests. The determination of whether to accept a requested restriction is made solely at the discretion of Barclays. If Barclays accepts a restriction for an Account, the performance of that Account will differ from similar unrestricted Accounts.

Tax Loss Harvesting

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

Brokerage, Administrative Services and Custody

Barclays typically provides Program clients not only with discretionary portfolio management services, but also with administrative, brokerage, custodial and other related services. To participate in the Program, clients must open and maintain one or more Accounts.

In limited circumstances, if Barclays agrees, clients may use a third party custodian ("Third-Party Custodian") to maintain custody of assets in an Account. If a client chooses a Third-Party Custodian, the client will be responsible for all related custodial fees and expenses, which are in addition to the Program fees. Furthermore, any performance reports provided by Barclays for the client's Account will be based on information provided by the Third-Party Custodian. Barclays will not be responsible for verifying the accuracy of such information or any losses or errors by a Third-Party Custodian in the Account. Clients that have chosen a Third-Party Custodian have agreed to promptly notify their Barclays Investment Representative about any additions of assets to the Account maintained at the Third-Party Custodian and have agreed that Barclays will not be responsible or liable for any losses due to the client's failure to provide such prompt notification.

Fees

Information about the Program Fees

A client will pay a single inclusive fee to Barclays for the advisory and other services described in this brochure, which covers all investment advisory, administrative, brokerage, custodial and other related services provided by Barclays and its affiliates under the Program (other than custodial services provided by a Third-Party Custodian).

The Program fees will vary for each Account depending on, among other things, the amount of assets in the Account and the Strategy or Strategies designated for the Account. The single inclusive fee, which is expressed at an annual rate as a percentage of assets under management, is generally calculated and payable in arrears on a quarterly basis. The maximum fee rate applicable to an Account differs based on asset levels in the Account. Once a threshold is reached, the applicable fee rate will be applied to all assets in the Account. For example, an Account following an Equity Income Strategy with \$2,500,000 of assets will be charged based on a maximum fee rate schedule of 1.25% on all of the assets in the Account, whereas an Account following an Equity Income Strategy with \$5,000,000 of assets will be charged based on a maximum fee rate schedule of 1.00% on all of the assets in the Account.

If a client maintains the Account's assets at a Third-Party Custodian, Barclays will value the securities in the Account to calculate the Program fees based on information provided by the Third-Party Custodian. Barclays will not be responsible for verifying the accuracy of such information or any losses or errors by the Third-Party Custodian in the client's Account.

Program fees may be negotiable based upon a number of factors including, but not limited to, (i) the range of services provided, (ii) the type and size of the Account, (iii) the level of client assets committed to the Program, (iv) the level of client assets committed to a specific asset class within the Program and (v) the level of client assets held at Barclays. The Program fees charged to a client in the Program may be higher or lower than the fees Barclays charges other clients in the Program or in another investment advisory program. In special circumstances, and with the client's agreement, the fee charged to a client for an Account may be more than the maximum annual fee rate stated in this section.

In light of the fact that certain clients may have specialized or particular needs, the fees charged by Barclays may vary from the rates stated below. From time to time, the fee schedule may be changed and new clients might not be offered a fee schedule that was previously in effect.

The following maximum fee rate schedules currently apply:

Equity Income Strategy – Fees

Equity Income Strategies are priced according to the following maximum fee rate schedule. The maximum fee rate for each threshold is listed below:

Asset Range	Annual Fee Rate
\$0–\$2,499,999	1.50%
\$2,500,000–\$4,999,999	1.25%
\$5,000,000–\$19,999,999	1.00%
\$20,000,000+	0.75%

Fixed Income Strategies – Fees

Fixed Income Strategies are priced according to the following maximum fee rate schedule. The maximum fee rate for each threshold is listed below:

Asset Range	Annual Fee Rate
\$0–\$9,999,999	0.85%
\$10,000,000–\$24,999,999	0.80%
\$25,000,000–\$49,999,999	0.75%
\$50,000,000–\$99,999,999	0.70%
\$100,000,000+	0.65%

Cost for Clients

Participation in the Program and the payment of the Program fees may cost a client more or less than the client would pay if the client were to purchase separately the services provided under the Program. Factors that bear upon the cost of the Program fees in relation to the cost of the same services purchased separately include, among others, the expected and/or historical size or number of trades

for the Account, the type and size of the Account and the number and range of supplementary advisory and client-related services provided to the Account.

Furthermore, an investor could invest directly in the securities included in a Strategy outside of the Program without incurring the Program fees, but such an investor would not receive the active management services Barclays provides and may incur redemption fees and higher transaction costs.

Clients may also be able to obtain some or all of the types of services available through the Program from other financial firms or through other Barclays investment advisory programs and the Program fees may be higher or lower than the fees charged by other financial firms or Barclays in other investment advisory programs for comparable services, assuming such services are available. It is the clients' responsibility to review the other services and investments available through Barclays and its affiliates with their Barclays Investment Representatives to determine whether they may be more appropriate for a client than the Program.

Householding

Accounts that have a family or business relationship to each other may be permitted to aggregate the assets held in their Accounts for purposes of determining the maximum fee rate applicable to each Account. In addition, the client's assets may be aggregated for the purposes of applying the fee in accordance with the terms of the fee schedule to the Barclays Portfolio Management Program Client Agreement ("Program Agreement").

Other Fees and Expenses

In addition to the Program fees described above, clients may bear additional fees or charges relating to transactions that are conducted by broker-dealers other than BCI. These additional fees and charges may include any execution or service charges, dealer mark-ups and mark-downs, odd-lot differentials, exchange fees, transfer taxes, margin and short sale fees, electronic fund transfer fees, and any charges mandated by law. Fixed income and certain other types of securities that generally are traded on a principal basis and trades involving these types of securities may be executed by other dealers. Dealers executing principal trades typically include a mark-up, mark-down or spread in the net price at which the transaction is executed. As a result, these trades will include the payment of mark-ups, mark-downs or spreads to unaffiliated dealers. Certain BCI divisions will effect transactions in OTC securities on an agency basis through unaffiliated market makers who may receive a mark-up, mark-down or spread for these transactions. Also, BCI may charge separate fees in connection with the establishment, administration and termination of retirement plans.

Interest may be charged to a client's Account if that Account has a debit balance caused by client activity or if the client borrows to finance investments (margin).

Clients also bear the charges or other costs and expenses relating to transactions in non-US securities, including, among other possible costs, trading charges with respect to foreign securities (other than commissions otherwise payable to an affiliate of Barclays), American Depositary Receipts (ADRs) conversion fees and costs associated with foreign exchange transactions.

Clients will also be responsible for fees associated with certain transactions that are imposed by regulatory bodies, such as the SEC.

Clients that invest in Strategies that utilize Funds will pay all fees and expenses applicable to an investment in the Funds. Fees associated with a Fund may include asset-based fees and other compensation payable to the Fund manager in consideration of the manager's services to the Fund and fees paid for administration, distribution, shareholder servicing, sub-accounting, sub-transfer agency and other related services. These underlying fees and expenses, which are paid directly or indirectly by each Fund, ultimately will be borne by clients as investors in the Fund. Barclays and its affiliates provide services to Funds in a number of different capacities and the Funds or their affiliates

may pay distribution fees, placement agent fees and other fees and expenses to Barclays and its affiliates for these services. Clients that invest in Strategies that utilize ETNs will pay all fees and expenses applicable to an investment in the ETNs. Clients should understand that Barclays and its affiliates may retain these fees and expenses with respect to Funds and ETNs, which are in addition to any advisory fees charged to the client by Barclays. Clients should refer to the underlying Fund and ETN prospectuses or other offering memoranda for more detailed information regarding the fees associated with investments in the Funds and ETNs. To the extent mutual funds are made available through the Program, they are offered at net asset value without the imposition of sales charges.

Interest and dividends received on Account investments are credited to the Account.

Compensation for Recommending the Wrap Fee Program

A portion of the fees and charges under the Program will be paid to Barclays Investment Representatives and employees of BCI and its affiliates. Such payments may be made for the duration of an Account's participation in the Program, or for certain arrangements, a shorter period of time. The amount of these payments may be greater if the client participates in the Program than they would be if the client paid separately for investment advice, brokerage, custodial and other services. Therefore, the individuals making the recommendation may have a financial incentive to recommend the Program over another alternative. There may be a financial incentive to recommend one Strategy over another because the compensation paid for the referral of a client to a particular Strategy may be higher than that paid for a different Strategy.

Portfolio Manager Compensation

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

Account Requirements and Types of Clients

Account Requirements

The minimum Account size varies depending on the Portfolio Manager and the Strategy. The standard minimum Account size ranges between \$100,000 and \$2,000,000 for Equity Income Strategies and between \$500,000 and \$10,000,000 for Fixed Income Strategies. If a client withdraws assets from an Account with the result that the value of the Account is less than the required minimum, Barclays may elect to terminate the Account. Barclays reserves the right to make exceptions to the minimum Account size requirement on a case-by-case basis.

Types of Clients

The Program is made available to all Barclays clients, including individuals, trusts, estates, Individual Retirement Accounts (IRAs), pension and profit sharing plans, charitable organizations, corporations and other business entities.

Termination of Program Agreement

The Program Agreement may be terminated at any time on written notice by Barclays or the client, and termination will become effective on receipt of such notice (subject to any liabilities or obligations

arising before termination). The procedures and conditions pursuant to which Barclays or any client may terminate the Program Agreement are described in the Program Agreement. In the event the Program Agreement is terminated as of the date other than at the end of the fee period, Barclays will be entitled to charge a proportionate part of the fees otherwise applicable to the then current period. Termination of the Program Agreement will not preclude the consummation of any transaction initiated prior to termination.

Portfolio Manager Selection and Evaluation

Portfolio Manager Selection

All of the Portfolio Managers that provide investment advisory services through the Program are employees of Barclays (or an affiliate). Only individuals that meet Barclays' high standards for its investment professionals, including prior portfolio management experience or substantial investment expertise, are hired as Portfolio Managers. In addition, each Portfolio Manager is required to obtain appropriate industry certifications and registrations under appropriate federal, state and other applicable regulatory requirements.

Portfolio Managers are not subject to the same evaluation processes that apply to third-party managers in many of Barclays' other investment advisory programs. Before a Portfolio Manager may manage Strategies through the Program, the Portfolio Manager needs approval from the Portfolio Management Investment Committee (the "Investment Committee"). The Investment Committee voting members are comprised of members of Barclays management. Portfolio Managers are not members of the Investment Committee. In addition to approving the inclusion of Portfolio Managers in the Program, the Investment Committee is responsible for the oversight of the Portfolio Managers, including oversight of whether each Portfolio Manager is implementing each Strategy consistently with the stated process and approach. See "Portfolio Manager Performance" below.

Barclays may cease to offer Portfolio Managers and Strategies in the Program for any reason, and at any time.

Potential clients considering participating in the Program will be assisted by a Barclays Investment Representative who will help identify the client's investment objectives, risk tolerance and investment time horizons as indicated by the client's Questionnaire. Based on the client's responses, the Barclays Investment Representative will identify suitable Strategies. Clients are urged to discuss with their Barclays Investment Representatives any changes in investment objectives, risk tolerance or investment time horizons, so that they can consider whether to remain invested in the Strategy or switch to another Strategy available in the Program or in another program.

Barclays has a conflict in using the services of its employees in managing the Accounts, because this will result in more overall compensation to Barclays and its affiliates than if unaffiliated portfolio managers were used. Unaffiliated portfolio managers are available at Barclays through other programs.

Portfolio Managers make decisions for clients based on the Strategy or Strategies selected by those clients. In doing so, as a result of similarities or differences in their investment mandates or otherwise, Portfolio Managers have potential conflicts in connection with the investments of, and transactions effected for, clients in the Program and other clients of Barclays and its affiliates, including in situations in which members of the Barclays organization have a pecuniary or investment interest. From time to time, Portfolio Managers may be restricted from purchasing or selling securities on behalf of clients because of regulatory and legal requirements applicable to Barclays and its affiliates and/or its internal policies. A client not advised by Barclays may not be subject to the same restrictions.

Portfolio Managers may utilize the personnel or services of other Barclays entities in a variety of ways to make available to clients the firm's global capabilities. While Barclays believes this practice generally will be favorable to its clients, it may give rise to certain conflicts of interest with respect to: (i) allocation of investment opportunities; (ii) execution of portfolio transactions; (iii) client servicing; and (iv) fees. Additionally, clients utilizing the services of affiliates of Barclays may otherwise be disadvantaged as a result of, among other things: (i) differences in regulatory requirements of various jurisdictions or organizations to which Barclays and its affiliates are subject; (ii) the terms of the differing internal policies and procedures applicable to Barclays and its various affiliates, or to the client's investment advisory mandates and other agreements; or (iii) the terms of the governing documents for a private fund, mutual fund or other investment product. Barclays and its affiliates will seek to mitigate any conflicts that arise and may determine not to utilize the personnel or services of a particular affiliate in circumstances where it is believed that the potential conflict or adverse impact of ameliorative steps may outweigh the potential benefits. In addition, Barclays participates in a comprehensive compliance program and has adopted policies and procedures that are intended to address and mitigate actual and potential conflicts of interest.

Portfolio Manager Performance

On a quarterly basis, the Investment Committee conducts a review of performance for all Strategies being managed in the Program. If a Strategy's performance is outside established criteria, the Investment Committee will inquire into the drivers of performance. Strategies that have extended performance outside of established criteria will be brought to the attention of senior management for further review and discussion to determine whether any changes should be implemented, including whether that particular Strategy should continue in the Program.

Performance for each Strategy is calculated using asset-weighted monthly performance returns for Portfolio Managers' composite data. The Portfolio Managers assign accounts to performance composites. On a periodic basis, Barclays management reviews this data to check for consistency between Accounts invested in the same Strategy. Management reviews any outlier Accounts in each Strategy to determine the reason for the deviation from the average returns.

Advisory Business

Barclays sponsors a number of other investment advisory programs, including the Barclays Wealth ETF Tactical Allocation Program ("BETA Program"), the Investment Advisory Representatives Program (the "IAR Program"), the Barclays Wealth Select Advisors Program ("BWSA Program") and the Barclays Wealth Accommodation Manager Program ("Accommodation Program").

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

IAR Program. The services offered under the IAR Program are designed to provide customized strategic investment advice or asset allocation services to clients based on their individual needs. The process for a client generally begins with the development of the client's investment objectives. Barclays works with the client to determine the client's return objectives, investment horizon, risk tolerance, and desired account guidelines, including any reasonable constraints and restrictions.

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

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

In addition to the various wrap fee programs that it offers its clients, Barclays offers a number of discretionary and non-discretionary advisory services to clients. A more detailed description of the other investment advisory programs and advisory services that Barclays offers to its clients, including a description of how other types of client accounts are managed, is available in the applicable disclosure Brochure at www.adviserinfo.sec.gov. Like the Program fees payable to Barclays for providing services under the Program, Barclays receives fees for providing services under such other investment advisory programs.

Investment Restrictions

As stated above, Accounts are managed in accordance with the designated Strategy or Strategies, subject to any reasonable restrictions applicable to an Account. See "Investment Restrictions" under the "Services, Fees And Compensation" Section.

Performance-Based Fees

Barclays does not charge performance based fees to the Accounts in the Program.

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

Barclays has adopted policies and procedures that it believes are reasonably designed to mitigate the conflicts of interest posed by these arrangements. Additionally, the Investment Committee meets regularly to review all allocation decisions and to determine their consistency with Barclays' policies and procedures. All investment decisions are also subject to periodic review by Barclays' Chief Compliance Officer or his or her delegate.

Methods of Analysis, Investment Strategies and Risk of Loss

On occasion, Portfolio Managers may utilize a Strategy for an Account other than or in addition to the Strategies described in this Brochure. New Strategies may be introduced as Barclays deems appropriate. All new Strategies will be subject to review and approval of the Investment Committee (as described above). A description of the current Strategies is set out below.

1. **Equity Income:** Strategy provides exposure to high-quality, dividend yielding stocks. Seeks to achieve current income by investing in income yielding securities (US common stocks, international ADRs and ETFs) across sectors to generate yield with a focus on total return and preservation of principal.
2. **Fixed Income – Core Taxable:** Strategy provides exposure to a range of Fixed Income Securities, including securities issued by the US government or its agencies, MBS, and municipal, corporate,

sovereign, sovereign agency and supranational debt securities. Seeks risk-adjusted taxable income with additional focus on liquidity and principal preservation through investing primarily in Fixed Income Securities.

3. **Fixed Income – Core Municipal:** Strategy provides exposure to US municipal debt securities. Seeks risk-adjusted tax-exempt income with additional focus on liquidity and principal preservation through investing primarily in Fixed Income Securities.
4. **Fixed Income – Tax Responsive:** Strategy provides exposure to a broad range of Fixed Income Securities, including securities issued by the US government or its agencies, MBS, and municipal, corporate, sovereign, sovereign agency and supranational debt securities. Seeks risk-adjusted after-tax income with additional focus on liquidity and principal preservation through investing primarily in Fixed Income Securities.

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

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

The following is a brief summary of some of the material risks involved with the Strategies described above:

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

Equity Securities: The price of equity securities may rise or fall, sometimes rapidly or unpredictably, because of changes in a company's financial condition. These price movements may result from economic changes or macro factors such as the economic performance of a particular country, interest rate movements, and international developments. Sector or industry developments as well as changes in government regulations may affect equity prices.

Fixed Income Securities: Among the principal risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds or other fixed income securities. Credit risk refers to the possibility that the issuer of the security will not be able to make timely principal and interest payments or that negative perceptions of the issuer's ability to make payments will cause the price of that bond to decline. An issuer of lower quality or weakened financial condition reduces potential market liquidity. Certain bonds also contain optional call risk where the issuer can repay the bond prior to maturity. Obligations of US Government agencies and authorities are supported by varying degrees of credit, but generally are not backed by the full faith and credit of the US Government. Investments in non-investment-

grade debt securities (“high-yield bonds” or “junk bonds”) may be subject to greater market fluctuations and risk of default or loss of income and principal than securities in higher rating categories.

Mortgage-Backed Securities (MBS): Mortgage loans or the guarantees underlying the mortgage-backed securities may default or otherwise fail, leading to non-payment of interest and principal. In times of declining interest rates, higher-yielding securities may be prepaid and an Account will have to replace them with securities having a lower yield. In times of rising interest rates, mortgage prepayments may slow causing securities considered short - or intermediate-term to be long-term securities that fluctuate more widely in response to changes in interest rates than shorter-term securities. These securities can be extremely sensitive to changes in interest rates and prepayment rates.

Municipal Securities Risk: Municipal securities are subject to interest rate and credit risks. There may be less information available on the financial condition of issuers of municipal securities than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. A portion of the income may be taxable. Some clients may be subject to the Alternative Minimum Tax. Income from municipal bonds can be declared taxable by unfavorable changes in Federal or State tax law, adverse interpretations by the Internal Revenue Service (IRS) or state tax authorities or noncompliant conduct of a bond issuer.

Non-US Securities Risk: Investments in the securities of non-US issuers are subject to the risks associated with non-US markets in which those non-US issuers are organized and operate including, but not limited to, risks related to foreign currency, limited liquidity, less government regulation, and the possibility of substantial volatility due to adverse political, economic or other developments, differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations and potential restrictions on the flow of international capital. These risks are often heightened for investments in smaller capital markets or emerging, developing and frontier markets.

Mutual Funds, ETFs, and CEFs: Mutual funds, ETFs and CEFs represent an investment in a pooled investment vehicle that is subject to its own fees and expenses. Shareholders of these investments pay fees to the service providers of the funds, for example, management and administrative fees, and may be subject to certain distribution and shareholder service fees. The actual returns of an investment in these Funds will be reduced by those fees and expenses. Investing in funds involves risk, including possible loss of principal. There is no guarantee that the investments will appreciate during the time they are held or that investors in these funds will benefit from greater asset diversification. The risks for each fund investment will vary depending on the investment objective and underlying investments (e.g., equities, fixed income, non-US securities and other investments) of each mutual fund, ETF and CEF.

ETFs and CEFs: Investors in ETFs and CEFs are subject to different risks than investors in open-end mutual funds. Because these securities often trade on an exchange and generally are not individually redeemable, shares in ETFs and CEFs may not be as liquid as open-end mutual funds. In addition, the price of these securities trading on an exchange can move independently of, and at a discount to, the net asset value of the securities comprising the fund’s portfolio. Certain ETFs and CEFs employ leverage, which can magnify losses.

Index Funds: Investment in an index fund represents an interest in an underlying basket of securities designed to obtain investment results that correspond generally to price and yield performance of a particular index of securities, such as the S&P 500 Index. There is no assurance that the investment performance of the index fund will match the return of the index it aims to track.

ETNs: ETNs are unsecured debt obligations of a particular issuer with returns that generally track the total return of an underlying index, commodity or asset class. Unlike standard debt securities, ETNs may not return the principal amount at maturity and, therefore, depending on the specific terms of the product, investors could lose all or a substantial portion of their investment based on the performance of the ETN's reference asset. Investors could also lose their entire investment if the issuer becomes insolvent. ETNs are not traditional investments and investing in ETNs is not equivalent to investing directly in the underlying asset. ETNs may contain a call feature which allows the issuer to repurchase the ETN at its option prior to maturity. If this call feature is exercised, investors may not be able to reinvest the proceeds received at a comparable rate of return. While ETNs are generally listed on an exchange, the issuer is not obligated to maintain such listing or to ensure that there is a secondary market for the ETNs.

REITs: An investment in real estate investment trusts (REITs) includes the possibility of a decline in the value of real estate, possible lack of available money for loans to purchase real estate, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, prolonged vacancies in rental properties, changes in zoning laws, casualty or condemnation losses, variations in rental income, changes in neighborhood values, the appeal of properties to tenants, costs of clean up and liability to third parties resulting from environmental problems, costs associated with damage from natural disasters not covered by insurance, increases in interest rates and changes to tax and regulatory requirements.

Some REITs may have limited diversification, making them more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. Also, the performance of a REIT may be affected by its failure to qualify for tax-free pass-through of income, or the REIT's failure to maintain exemption from registration under the Investment Company Act of 1940.

Master Limited Partnerships: Master Limited Partnerships (MLPs) historically have shown sensitivity to interest rate movements. In an increasing interest rate environment, MLPs may experience upward pressure on their yields in order to stay competitive with other interest rate sensitive securities. Also, a significant portion of the market value of an MLP unit may be based upon its current yield. Accordingly, the prices of MLP units may be sensitive to fluctuations in interest rates and may decline when interest rates rise. In addition, rising interest rates could adversely impact the financial performance of MLPs by increasing their costs of capital. Also, because MLPs normally pay out the majority of their operating cash flows to partners, they may rely significantly on capital markets for access to equity and debt financing in order to fund organic growth projects and acquisitions. MLPs are designed not to be subject to corporate income taxes. Instead, unit holders of an MLP are personally responsible for paying taxes on their individual portions of the MLP's income, gains, losses, and deductions. Barclays does not provide tax or legal advice in respect of these investments. Clients should consult their legal and tax advisors to understand the tax implications of investing in MLPs.

Options: The Strategies that involve options present certain risks. If the Portfolio Manager writes (sells) an uncovered call option for an Account and the value of the underlying instrument increases above the exercise price, the Account can incur large and unlimited losses until the option expires or other option contract remedies are exercised. If the Portfolio Manager writes (sells) an uncovered put option for an Account, the Account bears the risk of loss if the value of the underlying instrument declines below the exercise price. If the Portfolio Manager writes (sells) combination or straddle options for an Account (where a put and a call option are written on the same underlying instrument), the potential risk of loss is unlimited. If a secondary market in options were to become unavailable, the Portfolio Manager could not engage in a closing transaction and the Account would remain obligated until expiration or assignment. In accordance with the option account agreement, if the client does not meet applicable margin payment requirements, BCI may liquidate stock or options positions in the Account, with little or no prior notice to the client.

Derivatives: Certain Strategies involve the use of derivatives. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) system risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that a party to a contract faces when it has performed its obligations under a contract but has not yet received value from its counterparty).

Leverage: Leverage may be employed in a Strategy in a number of ways, including by purchasing instruments with the use of borrowed funds, selling securities short, trading options or futures contracts, using total return swaps and entering into reverse repurchase agreements. While the use of leverage can substantially improve a Strategy's returns, leverage may also significantly increase the magnitude of potential losses.

The foregoing summary is not, and is not intended to be, a complete discussion of the potential risks associated with investments made in the Program.

Voting Client Securities

Unless a client instructs Barclays to the contrary in writing, the client delegates to Barclays the authority to vote proxies with respect to securities in the client's Account that is custodied with Barclays. A client may retain the authority to vote proxies and instruct Barclays to send directly to the client all proxies and proxy solicitations relating to the securities held in the Account. If Barclays does not have authority to vote proxies and has custody of the assets, Barclays will send clients all proxies, proxy solicitations and other issuer-related materials (such as annual and quarterly reports) relating to the securities in the Account. In cases where it does not have the authority to vote proxies, Barclays does not render any advice with respect to a particular proxy solicitation.

Barclays generally will not accept voting authority with respect to shares of registered investment companies (i.e., mutual funds, ETFs and CEFs). Proxy solicitations and other related materials issued by these funds will be forwarded to clients to obtain voting instructions.

For clients whose Account assets are maintained at Third-Party Custodians, the client retains the right to vote, and has agreed that Barclays will not vote, proxies with respect to any securities in the Account, and any related proxy materials received will be forwarded to the client.

Irrespective of a client's selection regarding proxies, legal notices related to investments in an Account will be sent to clients directly by Barclays. Barclays will not advise or act for clients in legal proceedings, including class action litigations and bankruptcies, involving securities in Accounts. Clients will be fully responsible for acting with respect to such legal proceedings.

Summary of Proxy Voting Policies and Procedures

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

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

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

Client Information Provided to Portfolio Managers

Each client is asked to complete a Questionnaire prior to opening an Account and selecting a Strategy. The Portfolio Manager will rely on this information during the time a client remains in the Program. Therefore, it is important that the information a client provides to Barclays in the Questionnaire is accurate and complete. Any changes to this information, including any changes to investment restrictions imposed on an Account, should be provided to the client's Barclays Investment Representative on a timely basis. The client's Barclays Investment Representative will communicate this information to the appropriate Portfolio Manager.

Client Contact with Portfolio Managers

Barclays Investment Representatives will serve as the primary point of contact for a client. Portfolio Managers may interact with Program clients on a regular basis. In certain situations, clients may speak directly to a Portfolio Manager without the involvement of the client's Barclays Investment Representative.

Additional Information

Disciplinary Information

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

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

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

During the period from at least mid-2005 through the fall of 2007, and sporadically thereafter into 2009, Barclays based its LIBOR submissions for U.S. Dollar (and at limited times other currencies) on the requests of current and former Barclays swaps traders who were attempting to affect the official

LIBOR rate in order to benefit their derivatives trading positions. This same conduct occurred with respect to Barclays' EURIBOR submissions during the period of at least mid-2005 through mid-2009.

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

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

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

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

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

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

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

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

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

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

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

BBPLC also breached Principle 5 on numerous occasions between February 2006 and October 2007 by seeking to influence the EURIBOR and (to a much lesser extent) the US dollar LIBOR, submissions of

other banks. As a result of this conduct, there was a risk that the published LIBOR and EURIBOR rates would be manipulated.

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

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

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

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

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

In a related matter, under a Non-Prosecution Agreement ("NPA") dated June 26, 2012 with the U.S. Department of Justice Criminal Division, Fraud Section ("DOJ"), Barclays Bank PLC and its parent, subsidiaries and affiliates (collectively, "Barclays Group") admit, accept and acknowledge responsibility for the conduct set forth by the Department of Justice in the Statement of Facts ("Statement") attached to the NPA. Following is a summary of the Statement:

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

From approximately August 2007 through at least approximately January 2009, Barclays Group often submitted inaccurate Dollar LIBORs that under-reported its perception of its borrowing costs and its

assessment of an appropriate Dollar LIBOR submission, and were nearer to the expected rate contributions of other banks, at the direction of certain members of management of Barclays Group, including senior managers in the treasury department and managers of the money markets desk. Such rates were false because they were lower than what Barclays Group otherwise would have submitted and contrary to the definition of LIBOR. This was done to protect Barclays Group'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 FINRA's allegations and findings, has voluntarily agreed to censure, and to pay a fine of \$3,000,000 related to FINRA allegations that BCI failed to supply investors with accurate information with respect to certain mortgage-backed securitizations on the website maintained by BCI pursuant to the requirements of Securities and Exchange Commission Regulation AB ("Reg AB Website"). FINRA alleged that BCI's failure to maintain accurate information on its Reg AB Website resulted in the violation of National Association of Securities Dealers Rules 3010 and 2110, and FINRA Rule 2010.

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

BBPLC has disclosed in annual results announcements, annual reports and accounts and Forms 20-F and other publicly available filings since 2007 that it has been conducting an internal review of its conduct with respect to US dollar payments made between January 1, 2000 and July 31, 2007, involving countries, persons and entities subject to US economic sanctions and that it has been reporting the results of that review to the US Authorities (as defined below). BBPLC announced on August 18, 2010 that it had reached settlements (the "Settlements") with the United States Department of Justice, the Manhattan District Attorney's Office, and the US Department of Treasury's Office of Foreign Assets Control ("OFAC") (together the "US Authorities") in relation to the investigation by those agencies into compliance with US sanctions and US dollar payment practices. In addition, an Order to Cease and Desist has been issued upon consent by the Federal Reserve Bank of New York and the New York State Banking Department. BBPLC has agreed to pay a total penalty of US\$298 million and has entered into Deferred Prosecution Agreements covering a period of 24 months. The Deferred Prosecution Agreements mean that no further action will be taken against BBPLC by the US Authorities if, as is BBPLC's intention, for the duration of the defined period it meets the conditions set forth in its agreements with the US Authorities. The Settlements did not involve the Wealth and Investment Management division of Barclays or its investment advisory activities and the Settlements will not have any impact on clients' Accounts or the services that Barclays provides to clients.

On June 6, 2007, BBPLC, without admitting or denying the findings contained therein, consented to the issuance of a court order in which the SEC found that BBPLC violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Exchange Act Rule

10b-5 by engaging in the purchase and sale of certain distressed debt securities while aware of material non-public information concerning such debt issuers and not enforcing trading restrictions when in possession of material non-public information. Based on these findings, BBPLC agreed to a fine of US\$6 million, disgorgement of approximately US\$4 million and prejudgment interest of approximately US\$1 million.

Other Financial Industry Activities or Affiliations

Other Business Activities

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

BCI generally executes client trades as broker-dealer. BCI may receive compensation including, but not limited to, commissions when it executes transactions for advisory clients. Additional information about Barclays' brokerage practices is available in this Brochure under the heading "Other Fees and Expenses" in the "Services, Fees And Compensation" section.

Other Financial Industry Activities or Affiliations

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

Barclays serves as an investment adviser for the Barclays Wealth Advisor Series ("BWAS") Funds. BCI and its affiliates may also serve as sponsor or placement agent for certain private investment funds and feeder funds offered to Barclays clients.

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

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

Cash. Because Barclays Bank Delaware is affiliated with BCI, Barclays and its affiliates may benefit more from having the client's available funds deposited at Barclays Bank Delaware than at an unaffiliated bank. Clients with Account assets maintained at Third-Party Custodians should establish appropriate sweep arrangements with their Third-Party Custodian.

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

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

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

Code of Ethics

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

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

Barclays clients may request a copy of the Barclays Code by contacting the client service division at Barclays at 800 253 4626.

Participation or Interest in Client Transactions

Barclays and its affiliates are engaged in providing a wide variety of financial services and, as a result, may serve in various capacities in connection with the separate accounts and investment products and the managers and sponsors of those separate accounts and investment products. Barclays and its affiliates provide investment banking services, advisory services, prime brokerage services, brokerage services, placement agent, referral or other services for some or all of the separate accounts and investment products in which Barclays recommends allocations and/or invests client assets. In addition, Barclays may receive advisory and other fees and expenses, distribution, administrative and shareholder servicing, prime brokerage, placement agent, interest and other fees or compensation

from the separate accounts and investment products and the managers and sponsors of those separate accounts and investment products with which clients invest some or all of their assets. The fees and profits earned by Barclays on transactions for or with client Accounts may be in addition to the investment advisory and other fees clients pay Barclays. Barclays and its affiliates will not be required to share this compensation with clients or to offset this compensation against fees and expenses clients may otherwise owe Barclays.

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

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

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

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

In the context of managing an Account, Barclays has a corresponding conflict of interest when considering modifying a client's holdings in a way that reduces allocations to affiliated or related entity investment products in that doing so will decrease the fees, compensation and other benefit to Barclays and its employees. If Barclays determines that an affiliated or related entity investment product meets the investment objectives and other criteria established by a client, Barclays is under no obligation to consider other investment products or generally to canvass the universe of other investment products that are available. In these circumstances, there may (or may not) be one or more other investment products that may be a more appropriate investment recommendation from the standpoint of the factors that Barclays has taken into consideration or other factors. Clients should understand that because affiliated or related entity investment products may not be subject to the same investment and operational due diligence that will be performed on other investment products, Barclays may recommend an investment in affiliated or related entity investment products that would

not be considered by Barclays if it applied the same criteria or factors or conducted the same due diligence as it applies or conducts for other investment products.

Directed Brokerage and Best Execution

Under the terms of the Program Agreements, clients generally elect to direct order execution to Barclays. However, other broker-dealers may be used from time to time when deemed appropriate or when BCI and its affiliates are otherwise restricted from trading. In selecting other broker-dealers, Barclays will take into account the net price (after giving effect to brokerage commissions and other costs) as well as other factors, such as capital position of the broker-dealers, ability to consummate and clear trades in an orderly and satisfactory manner, consistent quality of service, risks taken in positioning a block of securities and broad market coverage.

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

BCI will provide execution services relative to the purchase and/or sale of securities for the Accounts and will be compensated for such services through the Program fee. Any such transactions are executed in compliance with Section 11(a) of the Securities Exchange Act of 1934 to the extent applicable.

Principal Transactions

With respect to certain portfolio transactions conducted on behalf of Accounts, when appropriate and permitted by law, BCI or an affiliate of BCI may, for its own account, buy securities from or sell securities to an Account (a “principal transaction”). In these instances, BCI, in accordance with Section 206(3) of the Advisers Act, will disclose to the applicable client in writing before the completion of the transaction the capacity in which Barclays is acting and obtain specific consent from the client for such transaction prior to settlement.

Agency-Cross Transactions

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

Cross-Transactions

With respect to certain portfolio transactions conducted on behalf of the Accounts, when appropriate and permitted by law, Barclays may cause an Account to engage in a cross-transaction with one or more of other Accounts or other clients without involving a broker-dealer or sending the orders to the market (a “cross-trade”). In a cross-trade, Barclays may have a potentially conflicting division of loyalties and responsibilities to both sides of the cross-trade. Barclays will only execute a cross-trade to the extent that it is consistent with best execution and so long as no client is disfavored by the cross-trade.

Participation or Interest in Personal Trading

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

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

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

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

Additional Potential Conflicts of Interest

The results of the investment activities of a client may differ significantly from the results achieved by other clients of the Program or by clients of Barclays and its affiliates in general (collectively “Barclays Clients”). The Portfolio Managers will manage the assets of a Program client in accordance with the Strategy or Strategies selected by the client. However, Barclays and its affiliates (to the extent they have independent relationships with Barclays Clients), may give advice, and take action, with respect to their own accounts or the account of any Barclays Client that is different from, or adverse to, a client in the Program. In particular, members of Barclays and one or more Barclays Clients may buy or sell positions while another Barclays Client is undertaking the same or a differing, including potentially opposite, strategy. Similarly, transactions by Barclays Clients may benefit Barclays and/or its affiliates. For example, Barclays Clients may, to the extent permitted by applicable law, invest directly or indirectly in the securities of companies in which Barclays or one of its affiliates, or a Barclays Client, has an equity, debt, or other interest. In addition, to the extent permitted by applicable law, Barclays Clients may engage in investment transactions which may result in other Barclays Clients, or proprietary accounts of Barclays or its affiliates, being relieved of obligations or otherwise able to divest or cause Barclays Clients to divest certain investments. The purchase, holding and sale, as well as the voting of investments by Barclays Clients may enhance the profitability or increase or decrease the value of the investments of Barclays or its affiliates or the Barclays Client’s own investments with respect to such companies.

From time to time, Barclays or its affiliates may take an investment position or action for one or more accounts that may be different from, or inconsistent with, an action or position taken for one or more other accounts having similar or differing investment objectives. These positions and actions may adversely impact, or in some instances may benefit, one or more affected accounts. For example, a Barclays Client may buy a security and another Barclays Client may establish a short position in that same security. The subsequent short sale may result in a decrease in the price of the security which the first Barclays Client holds. Conversely, a Portfolio Manager may establish a short position in a security for a Barclays Client and another Portfolio Manager may buy that same security for a different Barclays Client. The subsequent purchase may result in an increase of the price of the underlying position in the short sale exposure to a Barclays Client’s detriment. Similarly, transactions in investments by one or more Barclays Clients and by Barclays or its affiliates may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of another Barclays Client, including, but not limited to, in small capitalization, emerging market, or less liquid strategies. When one Portfolio Manager implements a portfolio decision or strategy ahead of, or contemporaneously with, similar portfolio decisions or strategies of another Portfolio Manager, market impact, liquidity constraints, or other factors could result in one or more Barclays Clients receiving less favorable trading results, the costs of implementing such portfolio decisions or strategies could be increased or the affected Barclays Clients could otherwise be disadvantaged.

Under certain circumstances, a Barclays Client (or a group of Barclays Clients) may invest in a transaction in which one or more other Barclays Clients are expected to participate, or already have made or will seek to make, an investment. These Barclays Clients (or groups of Barclays Clients) may have conflicting interests and objectives in connection with such investments, including with respect

to views on the operations or activities of the portfolio company involved, the targeted returns from the investment and the time frame for, and method of, exiting the investment. Conflicts will also arise in cases where different Barclays Clients (or groups of Barclays Clients) invest in different parts of an issuer's capital structure, including circumstances in which one or more Barclays Clients may own private securities or obligations of an issuer and other Barclays Clients may own public securities of the same issuer. For example, a Barclays Client (or group of Barclays Clients) may acquire a loan, loan participation or a loan assignment of a particular borrower in which one or more other Barclays Clients have an equity investment. In negotiating the terms and conditions of any such investments, or any subsequent amendments or waivers, the Portfolio Managers may find that their own interests, the interests of Barclays and its affiliates and/or the interests of a Barclays Client (or group of Barclays Clients) could conflict. If an issuer in which a Barclays Client (or group of Barclays Clients) and one or more other Barclays Clients hold different classes of securities (or other assets, instruments or obligations issued by such issuer) encounters financial problems, decisions over the terms of any workout will raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, a debt holder may be better served by a liquidation of the issuer in which it may be paid in full, whereas an equity holder might prefer a reorganization that holds the potential to create value for the equity holders. Any of the foregoing conflicts of interest will be discussed and resolved on a case-by-case basis according to the policies and procedures adopted by Barclays or its affiliates from time to time. There can be no assurance that any actual or potential conflicts of interest will not result in a particular Barclays Client or group of Barclays Clients receiving less favorable investment terms in certain investments than if such conflicts of interest did not exist.

Managing Conflicts Associated with Participation or Interest in Client Transactions

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

Aggregated Order Creation, Allocations and Trade Errors

Barclays may, but is not required to, aggregate orders for the sale or purchase of securities for more than one Account to obtain favorable execution to the extent permitted by law. If Barclays aggregates orders for Accounts, Barclays will allocate the trade among participating Accounts in a manner that is fair and equitable and consistent with Barclays' fiduciary duties to its clients. Allocation methods vary depending on various factors (including the type of investment, the number of shares purchased or sold, the designated Strategy for an Account, client-imposed restrictions and the amount of available cash or the size of an existing position in an Account). The price to each Account participating in an aggregated order is the average share price for the aggregated order, and any transaction costs will be shared by Accounts on a pro rata basis.

Depending upon markets conditions, the aggregation of orders may result in higher or lower average prices paid or received as executed. Orders which are not aggregated are entered at the market prices prevailing at the time of the transaction. Accordingly, trades that are not aggregated and entered at different times during the same day may result in different pricing.

Barclays' policies and systems are designed to prevent trade errors. It should be noted, however, that these policies and systems cannot anticipate every potential error. Errors may occur either in the investment decision-making process (e.g., a decision may be to purchase a security or an amount of a security that violates client-imposed restrictions) or in the trading process (e.g., a buy order may be

executed as a sell order or vice versa). All trade errors are corrected as soon as practicable and are investigated for proper treatment. In addition, a full review of any errors is undertaken to determine whether a potential systematic weakness exists.

Review of Accounts

General Description

Barclays Investment Representatives periodically review the Accounts in order to assess whether the Strategy continues to be appropriate in light of the responses in each client's Questionnaire.

Barclays may conduct a review of an Account if a client contacts Barclays to request changes to his or her investment objectives or in response to significant changes to the Strategy or the Account that Barclays deems sufficient to warrant such a review. Barclays may also review the performance and trading activity of particular Accounts as part of a broader review of a Strategy.

Client Reports

Program clients are kept informed of Account activity through a monthly account statement in any month in which there is portfolio activity. In addition, a printed quarterly performance report is sent to each client that provides a summary analysis of the Account's portfolio performance, and may provide appropriate comparable benchmark indices that correspond generally with the Strategy. Benchmark indices in the quarterly performance reports may include, but are not limited to, the S&P 500 Index, the Russell 2000 Index, the MSCI World Index, and various Barclays Capital Fixed Income Indices. Benchmarks may also include contemporaneous rates on various certificates of deposit, corporate bonds, government bonds, and treasury bonds. Benchmark indices are subject to change from time to time. Performance results are shown for the current quarter, calendar or fiscal year and since inception of the Account.

If a client uses a Third-Party Custodian, the Third-Party Custodian will provide periodic custodial statements. Barclays is not responsible for the accuracy of these statements and will rely upon the data and other information presented therein or in other reports provided to Barclays by the Third-Party Custodian to prepare performance reports for the client.

Trade Confirmations

As may be directed in the Program Agreement or other writing, clients may elect not to receive confirmation of transactions for an Account on a trade-by-trade basis, except as required by applicable rules and regulations, and, in lieu thereof, receive a periodic statement that will be furnished to the client not less frequently than quarterly and that will contain the same information that would be included in the trade-by-trade confirmation for each transaction. A client's initial direction in the Program Agreement regarding receipt of trade-by-trade confirmations will apply to the client's Account, notwithstanding any changes that may be made to the designated Strategy or Strategies, until such direction is changed. A client's election to receive periodic statements in lieu of trade-by-trade confirmations is entirely optional and (i) will not affect the calculation or amount of Program fees, (ii) is not a condition to entering into or continuing participation in the Program, and (iii) may be rescinded at any time by written notice to Barclays.

If a client elects to receive periodic statements in lieu of trade-by-trade confirmations, the client may later choose to receive, and Barclays will provide to the client at no additional cost, any confirmations for transactions effected for up to a one-year period preceding the client's last periodic statement and trade-by-trade confirmations for all subsequent transactions.

Client Referrals and Other Compensation

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

Receipt of Compensation from Other Investment Advisers

Barclays does not recommend or select other investment advisers for its clients in connection with the Program and does not receive compensation from other advisers in connection with the Program.

Financial Information

Not applicable.