

# **BARCLAYS MULTI-MANAGER FUND (UK SERIES 2)**

Annual Report and Accounts

for the year ended 15 May 2014

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**\*These collectively comprise the ACD's Report together with the Investment Objective and Policy, the Investment Report, the Fund Review, the Market/Economic Review, the Outlook and the Portfolio Statement sections for each Fund.**

# Company Information

Barclays Multi-Manager Fund (UK Series 2) (the 'Company') is an Open-Ended Investment Company (the 'OEIC') with variable capital, incorporated in England and Wales under registered number IC000133, authorised by the Financial Conduct Authority (the 'FCA') with effect from 23 October 2001.

Barclays Multi-Manager Fund (UK Series 2) is structured as an umbrella company with six available sub-funds ('Funds'), which may be increased in the future. The Funds are as follows:

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Barclays UK Lower Cap Fund  
Barclays Sterling Bond Fund  
Barclays UK Alpha (Series 2) Fund  
Barclays Europe (ex-UK) Alpha Fund  
Barclays UK Equity Income (Series 2) Fund  
Barclays US Alpha Fund

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Each Fund is operated as a separate entity with its own portfolio and investment objective. The objective of each Fund is shown within the pages of this report relating to the Fund.

The Authorised Corporate Director's Report comprises pages 3 to 5 and 145 to 148 of the Annual Report and Accounts, together with the Investment Objective and Policy, the Investment Report, the Market/Economic Review, the Fund Review, the Outlook and the Portfolio Statement sections for each Fund.

## Fund Liabilities

With effect from 3 December 2013, the Company has implemented changes to its Prospectus and Instrument of Incorporation to reflect the requirements of the OEIC Regulations which provide that the assets of each Fund belong exclusively to that Fund and shall not be used to discharge the liabilities of or claims against the Company, any other Fund or any other person or body.

The Authorised Corporate Director (the 'ACD') may, however, allocate assets received or liabilities that it incurs on behalf of the Funds, which are not attributable to a particular Fund, between the Funds in a manner which it considers to be fair to the Shareholders of the Company. The ACD would normally expect any such re-allocation to be effected on a pro-rata basis having regard to the Net Asset Values of the relevant Funds.

Investors should be aware that the concept of segregated liability between the Funds is relatively new. Where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the OEIC Regulations regarding the segregated liability the Funds and cross investment between Funds.

Shareholders are not, however, liable for the debts of the Company. A Shareholder is not therefore liable to make any further payment to the Company after paying the purchase price of Shares.

## Valuation Point and Price Publication

The Funds are valued at 1am daily and prices are available on the internet at: [www.barclaysinvestments.co.uk](http://www.barclaysinvestments.co.uk).

## Share Classes

At the balance sheet date, four share classes (A-Class, B-Class, M-Class, and R-Class) were available in each Fund. The I-Class is available in Barclays Sterling Bond Fund, Barclays UK Alpha (Series 2) Fund and Barclays US Alpha Fund.

The minimum investment amounts of all classes can be found on pages 145 to 147 of the report. The B-Class shares are only available for purchase by a Barclays nominee. The M-Class shares are only available for purchase by the Investment Manager.

# Company Information (continued)

## Authorised Corporate Director

Barclays Asset Management Limited  
Registered office:  
1 Churchill Place  
London, E14 5HP  
Telephone: 0845 300 4003  
Registered in England No. 505543

Authorised and regulated by the Financial Conduct Authority.

## Directors of the Authorised Corporate Director

David Martin Dalton-Brown\*\*  
James Edward Fane de Salis (appointed 21 June 2013)  
Terence William Dunleavy  
David Jonathan Semaya (resigned 9 December 2013)  
Rory Thomas Tobin

\*\* Non-executive Director.

## Investment Adviser

Barclays Bank PLC  
Acting through its Wealth and Investment  
Management division,  
Barclays  
Registered office:  
1 Churchill Place  
London, E14 5HP

Authorised and regulated by the Financial Conduct Authority.

## Registrar

Bank Of New York Mellon  
BNY Mellon House  
Ingrave Road, Brentwood  
Essex, CM15 8TG

Authorised and regulated by the Financial Conduct Authority.

Dealing & Enquiries 0845 300 4003

Call charges will vary. We may record and monitor calls.

## Depository

National Westminster Bank PLC  
Trustee & Depositary Services  
1st Floor, Younger Building  
3 Redheughs Avenue  
Edinburgh, EH12 9RH

Authorised and regulated by the Financial Conduct Authority.

## Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London, SE1 2RT

# Company Information (continued)

## Counterparty

At the year end, the Funds were entered into Futures contracts and Forward currency contracts with the following counterparties:

Barclays Bank PLC  
1 Churchill Place  
London, E14 5HP

Citibank International plc  
Citigroup Centre  
33 Canada Square  
Canary Wharf  
London, E14 5LB

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London, EC4A 2BB

JP Morgan Chase Bank  
25 Bank Street  
Canary Wharf  
London, E14 5JP

Northern Trust Company, Chicago Branch  
50 South Lasalle Street  
Chicago  
Illinois 60675

RBC  
Riverbank House  
2 Swan Lane  
London, EC4R 3BF

HSBC Bank plc  
8 Canada Square  
Canary Wharf  
London, E14 5HQ

UBS  
3 Finsbury Avenue  
London, EC2M 2AN

# Statement of Responsibilities

## Statement of the Authorised Corporate Director's Responsibilities

The Authorised Corporate Director ('ACD') of the Company is required by the Financial Conduct Authority's Collective Investment Schemes sourcebook ('COLL'), to prepare financial statements for each accounting period which give a true and fair view in accordance with UK Generally Accepted Accounting Practice, of the net revenue and the net capital gains or losses on the scheme property for the accounting period, and the financial position of the Company at the end of that period. In preparing these financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable;
- state whether applicable Accounting Standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the basis that the Company will continue in operation unless it is inappropriate to presume this.

The ACD is also required to manage the Fund in accordance with the Instrument of Incorporation, the Prospectus and the COLL, maintain proper accounting records to enable them to ensure that the financial statements comply with the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010 and the COLL and take in these respects reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of the Depositary's Responsibilities

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook ('COLL'), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended ('the OEIC Regulations'), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of the revenue of the Company, and the investment and borrowing powers and restrictions applicable to the Company.

## Report of the Depositary to the Shareholders of Barclays Multi Manager Fund (UK Series 2)

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the sourcebook and, where applicable, the OEIC Regulations, the Instrument of Incorporation and Prospectus of the Company, and
- has observed the investment and borrowing powers and restrictions applicable to the Company.

Edinburgh  
04 August 2014

National Westminster Bank PLC  
Trustee and Depositary Services

# Independent Auditors' Report to the Shareholders of Barclays Multi-Manager Fund (UK Series 2)

## Report on the financial statements

### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 15 May 2014 and of the net revenue/(expenses) and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

This opinion is to be read in the context of what we say in the remainder of this report.

### What we have audited

The financial statements of Barclays Multi-Manager Fund (UK Series 2) (the 'Company'), which are prepared by Barclays Asset Management Limited (the 'Authorised Corporate Director'), comprise :

- the aggregated balance sheet of the Company as at 15 May 2014;
- the aggregated statement of total return of the Company for the year then ended;
- the aggregated statement of change in net assets attributable to shareholders of the Company for the year then ended;
- the balance sheets as at 15 May 2014 together with the statements of total return and statements of changes in net assets attributable to shareholders of each of the Company's sub-funds;
- the notes to the Company's financial statements and each of the Company's sub-funds, which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the 'Statement of Recommended Practice for Authorised Funds'), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

In applying the financial reporting framework, the Authorised Corporate Director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the Company's and each of the Company's sub-funds' circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and
- the overall presentation of the financial statements.

# Independent Auditors' Report to the Shareholders of Barclays Multi-Manager Fund (UK Series 2) (continued)

In addition, we read all the financial and non-financial information in the Annual Report and Accounts (the 'Annual Report') to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinions on matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Other matters on which we are required to report by exception

### Propriety of accounting records and information and explanations received

Under the Collective Investment Schemes sourcebook we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the Authorised Corporate Director

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 6, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
04 August 2014

The maintenance and integrity of the Barclays Asset Management Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# Aggregated Financial Statements

## Aggregated Statement of Total Return for the year ended 15 May 2014

|   |      | 16/05/2013 to<br>15/05/2014 |                | 16/05/2012 to<br>15/05/2013 |                 |
|---|------|-----------------------------|----------------|-----------------------------|-----------------|
|   | Note | £'000                       | £'000          | £'000                       | £'000           |
| <b>Income</b>   |      |                             |                |                             |                 |
| Net capital gains   | 2    |                             | 46,012         |                             | 149,227         |
| Revenue   | 3    | 27,637                      |                | 28,363                      |                 |
| Expenses  | 4    | (10,509)                    |                | (10,375)                    |                 |
| Finance costs: Interest   | 6    | (23)                        |                | (19)                        |                 |
| Net revenue before taxation   |      | 17,105                      |                | 17,969                      |                 |
| Taxation  | 5    | (115)                       |                | (366)                       |                 |
| Net revenue after taxation for the year   |      |                             | 16,990         |                             | 17,603          |
| Total return before distributions   |      |                             | 63,002         |                             | 166,830         |
| Finance costs: Distributions  | 6    |                             | (23,886)       |                             | (25,100)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |      |                             | <b>£39,116</b> |                             | <b>£141,730</b> |

## Aggregated Statement of Change in Net Assets Attributable to Shareholders for the year ended 15 May 2014

|  |  | 16/05/2013 to<br>15/05/2014 |                 | 16/05/2012 to<br>15/05/2013 |                 |
|--|--|-----------------------------|-----------------|-----------------------------|-----------------|
|  |  | £'000                       | £'000           | £'000                       | £'000           |
| <b>Opening net assets attributable to shareholders</b>                       |  |                             | <b>912,278</b>  |                             | <b>845,836</b>  |
| Movement due to sales and repurchases of shares:                             |  |                             |                 |                             |                 |
| Amounts receivable on issue of shares  |  | 40,524                      |                 | 112,091                     |                 |
| Amounts payable on cancellation of shares                                    |  | (144,322)                   |                 | (188,851)                   |                 |
|  |  |                             | (103,798)       |                             | (76,760)        |
| Stamp duty reserve tax   |  |                             | (43)            |                             | (56)            |
| Change in net assets attributable to shareholders from investment activities |  |                             | 39,116          |                             | 141,730         |
| Retained distribution on accumulation shares                                 |  |                             | 1,383           |                             | 1,382           |
| Unclaimed distributions  |  |                             | 207             |                             | 146             |
| <b>Closing net assets attributable to shareholders</b>                       |  |                             | <b>£849,143</b> |                             | <b>£912,278</b> |

# Aggregated Financial Statements (continued)

## Aggregated Balance Sheet as at 15 May 2014

|  | Note | £'000    | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|------|----------|---------------------|---------------------|
| <b>ASSETS</b>                                  |      |          |                     |                     |
| Investment Assets                              |      |          | 818,313             | 873,017             |
| Debtors  | 7    | 20,895   |                     | 61,927              |
| Cash and bank balances                         | 8    | 42,681   |                     | 50,573              |
| Total other assets                             |      |          | 63,576              | 112,500             |
| <b>Total assets</b>                            |      |          | <b>881,889</b>      | <b>985,517</b>      |
| <b>LIABILITIES</b>                             |      |          |                     |                     |
| Investment Liabilities                         |      |          | (142)               | (305)               |
| Creditors                                      | 9    | (17,393) |                     | (43,634)            |
| Bank overdrafts                                | 8    | (5,686)  |                     | (19,452)            |
| Distribution payable on income shares          |      | (9,525)  |                     | (9,848)             |
| Total other liabilities                        |      |          | (32,604)            | (72,934)            |
| <b>Total liabilities</b>                       |      |          | <b>(32,746)</b>     | <b>(73,239)</b>     |
| <b>Net assets attributable to shareholders</b> |      |          | <b>£849,143</b>     | <b>£912,278</b>     |

The Aggregated Financial Statements comprise the sum of the individual Funds which can be found on pages 17 to 144.

## Certification of Accounts by Directors of the Authorised Corporate Director

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the Investment Reports and Financial Statements on behalf of the Directors of Barclays Asset Management Limited.



James de Salis  
04 August 2014



Rory Tobin  
04 August 2014

# Aggregated Financial Statements (continued)

## Notes to the Aggregated Financial Statements for the year ended 15 May 2014

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### 1. Accounting policies

#### (a) Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association ('IMA') in October 2010 ('the IMA SORP 2010'). The financial statements have been prepared on a going concern basis.

#### (b) Recognition of revenue

Revenue from quoted equities and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Revenue from unquoted equity investments is recognised net of attributable tax credits when the dividend is declared.

Bond interest is accounted for on an effective yield basis, calculated with reference to the purchase price.

Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge.

Special dividends are treated as either revenue or capital depending on the facts in each particular case.

All other revenue is recognised on an accruals basis.

#### (c) Treatment of expenses

All expenses (other than those relating to the purchases and sale of investments and Stamp Duty Reserve Tax (SDRT) (Effective 30 March 2014, the Funds no longer have to pay the additional fund specific SDRT (known as Schedule 19 SDRT) which had previously been imposed at a rate of 0.5% of the value of fund shares or units sold.) are charged against revenue on an accrual basis.

#### (d) Allocation of revenue and expenses to multiple share classes and distribution policy

With the exception of the ACD's periodic fee and Registration fee, which are directly attributable to individual share classes, all revenue and expenses are allocated to the Fund's share class pro rata to the value of the net assets of the relevant share class on the day that the revenue or expenses are recognised.

The policy is to distribute all available revenue, after deduction of those expenses which are chargeable against revenue in calculating the distribution. In order to conduct a controlled dividend flow, interim distributions will be at the ACD's discretion, up to a maximum of the distributable revenue for the period. All remaining revenue is distributed in accordance with the Collective Investment Scheme sourcebook (the 'COLL').

The ordinary element of stock dividends is treated as revenue and forms part of the distribution. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of the distribution.

# Aggregated Financial Statements (continued)

## Notes to the Aggregated Financial Statements for the year ended 15 May 2014 (continued)

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### 1. Accounting policies (continued)

#### (d) Allocation of revenue and expenses to multiple share classes and distribution policy (continued)

For index linked gilt securities held on the Barclays Sterling Bond Fund, the indexation element of revenue (which represents capital protection) is retained within the Fund so as to better enable the Fund to meet its investment objective.

For the purposes of calculating the distribution, the ACD's periodic fee is charged against revenue for the Barclays US Alpha Fund, Barclays Europe (ex-UK) Alpha Fund, Barclays UK Lower Cap Fund and the Barclays UK Alpha (Series 2) Fund. The Barclays UK Equity Income (Series 2) Fund and the Barclays Sterling Bond Fund have their expenses transferred to capital for the purposes of calculating the distribution.

Where the ACD's periodic fee is transferred to capital for the purposes of calculating the distribution, the other charges and expenses for that Fund will also be transferred to capital for the purposes of calculating the distribution which may have the effect of constraining capital growth. Where the ACD's periodic fee is charged against the revenue of a Fund for the purposes of calculating the distribution, all other charges and expenses of that Fund will be treated as a revenue expense.

Distributions which have remained unclaimed by Shareholders for over six years are credited to the capital property of the Fund.

#### (e) Basis of valuation of investments

All investments are valued at their fair value as at 1am on 16 May 2014, being the most appropriate valuation point for the Fund's year end.

The fair value for non-derivative securities is bid-market price, excluding any accrued interest and the fair value for derivative instruments is the cost of closing out the contract at the balance sheet date. Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their value.

#### (f) Taxation

Provision is made for taxation at current rates on the excess of revenue over expenses, with relief for overseas taxation taken where appropriate.

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date, other than those differences that are regarded as permanent. Any liability to deferred tax is provided for at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

#### (g) Exchange rates

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange prevailing at 1am on 16 May 2014, being the most appropriate valuation point for the Fund's year end.

# Aggregated Financial Statements (continued)

## Notes to the Aggregated Financial Statements for the year ended 15 May 2014 (continued)

### 2. Net capital gains on investments

|  | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| The net capital gains on investments during the year comprise: |                                      |                                      |
| Non-derivative securities                                      | 44,707                               | 148,549                              |
| Derivative contracts   | 522                                  | 1,727                                |
| Forward currency contracts                                     | 1,517                                | (817)                                |
| Currency losses  | (543)                                | (83)                                 |
| Transaction charges  | (191)                                | (149)                                |
| Net capital gains on investments                               | 46,012                               | 149,227                              |

### 3. Revenue

|                                | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Franked UK dividends           | 13,138                               | 12,869                               |
| UK REIT dividends              | 75                                   | 85                                   |
| UK PID income                  | 142                                  | 121                                  |
| Overseas REIT dividends        | 13                                   | 25                                   |
| Unfranked UK dividends         | 1                                    | -                                    |
| Non-taxable overseas dividends | 3,476                                | 3,142                                |
| Taxable overseas dividends     | 29                                   | -                                    |
| Bond interest                  | 10,756                               | 12,100                               |
| Bank interest                  | 7                                    | 3                                    |
| Term deposit interest          | -                                    | 6                                    |
| Underwriting commission        | -                                    | 12                                   |
| Total revenue                  | 27,637                               | 28,363                               |

### 4. Expenses

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Payable to the ACD, associates of the ACD and agents of either of them:               |                                      |                                      |
| ACD's periodic fee  | 8,773                                | 8,852                                |
| Registration fee  | 919                                  | 978                                  |
|   | 9,692                                | 9,830                                |
| Payable to the Depositary, associates of the Depositary and agents of either of them: |                                      |                                      |
| Depositary fee  | 106                                  | 106                                  |
| Safe custody fee  | 81                                   | 83                                   |
|   | 187                                  | 189                                  |

# Aggregated Financial Statements (continued)

## Notes to the Aggregated Financial Statements for the year ended 15 May 2014 (continued)

### 4. Expenses (continued)

|                    | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------|--------------------------------------|--------------------------------------|
| Other expenses:    |                                      |                                      |
| Administration fee | 425                                  | 201                                  |
| Audit fee          | 72                                   | 84                                   |
| VAT on audit fee   | 12                                   | 18                                   |
| Printing fee       | 42                                   | (3)                                  |
| Tax advice fee     | 79                                   | 56                                   |
|                    | 630                                  | 356                                  |
| Total expenses     | 10,509                               | 10,375                               |

### 5. Taxation

#### (a) Analysis of taxation charge in year

|                                       | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Prior years ECJ overseas tax reclaims | (176)                                | -                                    |
| Overseas tax                          | 291                                  | 366                                  |
| Current tax [note 5(b)]               | 115                                  | 366                                  |
| Deferred tax [note 5(c)]              | -                                    | -                                    |
| Total taxation                        | 115                                  | 366                                  |

#### (b) Factors affecting taxation charge for the year

The tax assessed for the year is lower than (2013: lower than) the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:

|  | £'000   | £'000   |
|--|---------|---------|
| Net revenue before taxation  | 17,105  | 17,969  |
| Net revenue before taxation multiplied by the appropriate rate of corporation tax at 20% (2013: 20%) | 3,421   | 3,594   |
| Effects of:  |         |         |
| Double taxation relief expensed  | (1)     | -       |
| Overseas tax   | 291     | 366     |
| Prior years ECJ overseas tax reclaims  | (176)   | -       |
| Revenue not subject to taxation  | (3,338) | (3,219) |
| Excess management expenses not utilised  | 1,395   | 1,272   |
| Excess non trade loan deficit not utilised   | 2       | 1       |
| Prior period expenses utilised   | (1,479) | (1,648) |
| Current tax  | 115     | 366     |

#### (c) Provision for deferred tax

There is no deferred tax provision in the current year (15 May 2013: same).

For details of unrecognised potential deferred tax assets, see notes to the individual sub-funds. It is unlikely the Funds will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (15 May 2013: same).

# Aggregated Financial Statements (continued)

## Notes to the Aggregated Financial Statements for the year ended 15 May 2014 (continued)

### 6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

|  | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| Distributions                                      | 21,208                               | 22,401                               |
| Add: Revenue deducted on cancellation of shares    | 888                                  | 1,495                                |
| Less: Revenue received on creation of shares       | (258)                                | (1,205)                              |
| Add: Income tax deducted at source - current year  | 2,151                                | 2,409                                |
| Less: Effect of prior years' income tax adjustment | (103)                                | -                                    |
| <b>Distributions for the year</b>                  | <b>23,886</b>                        | <b>25,100</b>                        |

### Interest

|                            |               |               |
|----------------------------|---------------|---------------|
| Bank overdraft interest    | 23            | 19            |
| <b>Total finance costs</b> | <b>23,909</b> | <b>25,119</b> |

The differences between the net revenue after taxation and the distribution for the year are as follows:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Net revenue after taxation for the year | 16,990                               | 17,603                               |
| Add: Expenses transferred to capital    | 7,016                                | 7,417                                |
| Add: Shortfall on income account        | 20                                   | 70                                   |
| Less: Expenses charged against revenue  | (140)                                | (2)                                  |
| Add: Prior year distribution adjustment | -                                    | 12                                   |
| Distributions for the year              | 23,886                               | 25,100                               |

### 7. Debtors

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts receivable for creation of shares | 7,392               | 38,317              |
| Sales awaiting settlement                 | 5,402               | 14,399              |
| Bond revenue receivable                   | 4,159               | 5,428               |
| Accrued revenue                           | 3,363               | 3,353               |
| Overseas tax recoverable                  | 499                 | 357                 |
| Margin interest receivable                | -                   | 36                  |
| UK tax recoverable on REIT distributions  | 69                  | 37                  |
| Amounts receivable on FX contracts        | 11                  | -                   |
|   | <b>20,895</b>       | <b>61,927</b>       |

# Aggregated Financial Statements (continued)

## Notes to the Aggregated Financial Statements for the year ended 15 May 2014 (continued)

### 8. Net uninvested cash

|   | 15/05/2014 | 15/05/2013 |
|---|------------|------------|
|   | £'000      | £'000      |
| Amounts held at futures clearing houses and brokers | 2,217      | 2,968      |
| Bank overdrafts                                     | (5,686)    | (19,452)   |
| Cash and bank balances                              | 40,464     | 47,605     |
| Net uninvested cash                                 | 36,995     | 31,121     |

### 9. Creditors

|  | 15/05/2014 | 15/05/2013 |
|--|------------|------------|
|  | £'000      | £'000      |
| Amounts payable for cancellation of shares | 8,670      | 6,742      |
| Purchases awaiting settlement              | 6,048      | 33,868     |
| Accrued expenses                           | 1,579      | 1,823      |
| Income tax payable                         | 1,084      | 1,201      |
| Amounts payable on FX contracts            | 12         | -          |
|  | 17,393     | 43,634     |



# Barclays UK Lower Cap Fund

## Investment Objective and Policy

The Fund seeks long-term capital growth primarily through investment in UK companies excluding those companies with a large market capitalisation.

The Fund invests primarily in common stock, preferred shares and securities convertible into common stock of lower capitalisation companies domiciled in the UK or having significant operations in the UK, and listed on a UK regulated market or the regulated market of an OECD country. UK lower capitalisation companies are those whose market capitalisation, at the time of purchase, is outside the size range of companies in the FTSE 100 Index.

The Fund will invest at least 70% of its assets in the common stocks and preferred shares of medium and smaller sized UK companies. The Fund may, with the remaining portion of the assets (and on an ancillary basis), invest in larger, more established UK companies, smaller, emerging companies, non-UK equity securities, investment grade government and corporate fixed income securities and convertible debt securities.

The Fund may also invest in other transferable securities, money market instruments, derivatives, cash and near cash, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable FCA Rules).

The ACD will not invest directly in derivatives for investment purposes, without giving Shareholders at least 60 days' notice of its intention to do so and it is not intended that the use of derivatives will cause the net asset value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

## Investment Report

During the period under review, the net asset value per share attributable to the A-Class Accumulation shares rose by 16.6%.

## Market/Economic Review

The last 12 months has been a fairly profitable period to invest in UK equities. Volatility has been less of a theme and returns from UK equities have not been as impressive as those seen in many of their developed market counterparts. The period has seen the further diminishing of euro area sovereign debt concerns and worries over domestic and global growth and UK equities have continued to build on the gains seen in 2013. Recent growth figures have provided further support to markets with the UK economy showing stronger signs of recovery than many economists and market participants expected.

In what was a very strong period for developed market equities in general, UK equities performed relatively less well than a number of their developed market counterparts. The FTSE All-Share Index rose 6.8% over the period.

Sector performance was mostly positive with the Technology sector the only sector producing negative returns over the period. Healthcare was the best performing sector returning a very impressive 19.8% over the period, driven by positive sentiment and an increase in merger and acquisition (M&A) activity in the sector. Telecommunications was the second best performing sector returning 14.4% over the period. Although it is worth noting that this sector performance was almost entirely driven by the strong performance of index heavyweight Vodafone and 2014 has seen a significant reversal of some of the gains seen in the first half of the period. Consumer Services was another sector that rallied strongly as consumer confidence continues to rebound in the UK with the sector returning 9.0% over the period.

(Source: Factset, Barclays)

# Barclays UK Lower Cap Fund (continued)

## Fund Review

Early in the period, the UK Lower Cap Fund was ahead of the FTSE All-Share ex FTSE 100 ex Investment Trusts Index showing the Fund can perform strongly relative to the market in both up and down periods for markets. Stock selection continued to be the main driver of outperformance with sector allocation slightly positive. Holdings in consumer names Ted Baker and Sports Direct did well as did a position in kitchen manufacturer and distributor Howden Joinery. Keller Group, within Industrials and a top 10 overweight for some time, continued to perform strongly as they benefit from a recovery in housing in the US.

Towards the middle of the period, the Fund strongly outperformed its benchmark, despite a buoyant market towards the end of the year in 2013. It was as much about what wasn't held as what was with an underweight position in Financials helping performance. Alongside this, significant positions in Rightmove and Berkeley Group contributed to a strong performance towards the end of the year in 2013.

An interesting and volatile start to the year in the UK where the market started off complacent but then an aggregation of individual warnings, largely in the FTSE 100 arena, seemed to remind investors of the fragility of the economic recovery and lofty valuations. In this environment, the smaller companies outperformed their larger peers but the index was still down.

The outperformance of Industrials and Mining in the market overall still indicated that investors remain supportive of the second stage of the economic recovery and were cautiously adding to cheap emerging market stories. The Fund had a very strong start to the year in 2014 relative to its benchmark. Nearly all the outperformance came from stock selection in Financials and Consumer Discretionary including holdings in Lavendon, Topps Tiles and Mecom, and a lack of names such as Ashmore and ICAP.

More recently, things have been more difficult for the Fund which underperformed the index. The domestically sensitive stocks saw significant reversals and big positions in Grainger and Foxtons hurt the Fund. Some highly rated growth names, such as CSR, were also hit. Not holding Booker helped. Following a strong start to the year, the Fund is still ahead of the index year to date in 2014.

(Source: Factset, Barclays)

## Outlook

The UK market still does not look expensive but of the developed markets, we still prefer the US and Europe (ex-UK) to the UK. In the UK, the improving economy continues to favour domestically-focused sectors.

Our Tactical Allocation Committee moved in February 2014 from a neutral to a modest overweight position in developed market equities. We believe the recent setback is likely to give way longer-term, as fundamental strength reasserts itself as a driver of equity markets. The cycle and relative valuations still favour stocks.

Barclays  
Wealth and Investment Management  
(Investment Adviser)  
June 2014

# Barclays UK Lower Cap Fund (continued)

## Portfolio Statement as at 15 May 2014

All investments are in ordinary shares unless stated otherwise. The percentages in brackets show the equivalent sector holdings at 15 May 2013.

| Holding /<br>Nominal<br>Value | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|--|--------------------------|--------------------|
|                               | <b>MIDDLE EAST: 0.61% (0.00%)</b>                                |                          |                    |
|                               | <b>UNITED ARAB EMIRATES: 0.61% (0.00%)</b>                       |                          |                    |
|                               | <b>Oil Equipment, Services &amp; Distribution: 0.61% (0.00%)</b> |                          |                    |
| 323,529                       | Gulf Marine Services   | 505                      | 0.61               |
|                               | <b>PACIFIC: 0.16% (0.00%)</b>                                    |                          |                    |
|                               | <b>AUSTRALIA: 0.16% (0.00%)</b>                                  |                          |                    |
|                               | <b>Technology Hardware &amp; Equipment: 0.16% (0.00%)</b>        |                          |                    |
| 2,439,566                     | Seeing Machines^   | 134                      | 0.16               |
|                               | <b>UNITED KINGDOM: 95.26% (90.12%)</b>                           |                          |                    |
|                               | <b>Aerospace &amp; Defense: 1.54% (2.07%)</b>                    |                          |                    |
| 325,000                       | QinetiQ  | 649                      | 0.78               |
| 225,000                       | Senior   | 629                      | 0.76               |
|                               |  | 1,278                    | 1.54               |
|                               | <b>Alternative Energy: 0.52% (0.61%)</b>                         |                          |                    |
| 135,479                       | Porvair  | 428                      | 0.52               |
|                               | <b>Banks: 0.64% (0.00%)</b>                                      |                          |                    |
| 22,500                        | Bank of Georgia  | 530                      | 0.64               |
|                               | <b>Beverages: 0.92% (0.66%)</b>                                  |                          |                    |
| 125,000                       | A.G.BARR   | 764                      | 0.92               |
|                               | <b>Chemicals: 2.63% (1.71%)</b>                                  |                          |                    |
| 300,000                       | Elementis  | 820                      | 0.99               |
| 214,900                       | Synthomer  | 568                      | 0.69               |
| 45,000                        | Victrex  | 791                      | 0.95               |
|                               |  | 2,179                    | 2.63               |
|                               | <b>Construction &amp; Materials: 2.00% (5.20%)</b>               |                          |                    |
| 72,700                        | Keller   | 687                      | 0.83               |
| 24,307                        | Kier   | 407                      | 0.49               |
| 70,615                        | Morgan Sindall   | 565                      | 0.68               |
|                               |  | 1,659                    | 2.00               |
|                               | <b>Electronic &amp; Electrical Equipment: 2.87% (4.21%)</b>      |                          |                    |
| 125,000                       | Domino Printing Sciences   | 952                      | 1.15               |
| 150,000                       | Halma  | 862                      | 1.04               |
| 190,200                       | HellermannTyton  | 565                      | 0.68               |
|                               |  | 2,379                    | 2.87               |
|                               | <b>Financial Services: 9.88% (7.98%)</b>                         |                          |                    |
| 58,000                        | 3i   | 225                      | 0.27               |
| 248,733                       | Arrow Global   | 548                      | 0.66               |
| 452,268                       | Brewin Dolphin   | 1,402                    | 1.69               |
| 45,800                        | Close Brothers   | 608                      | 0.73               |
| 150,000                       | IG   | 928                      | 1.12               |
| 69,000                        | International Personal Finance                                   | 393                      | 0.48               |
| 125,000                       | Investec   | 650                      | 0.79               |
| 323,330                       | Jupiter Fund Management  | 1,254                    | 1.51               |

# Barclays UK Lower Cap Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                                 | Investment                      | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|---------------------------------|--------------------------|--------------------|
| <b>UNITED KINGDOM: 95.26% (90.12%) (continued)</b>            |                                 |                          |                    |
| <b>Financial Services: 9.88% (7.98%) (continued)</b>          |                                 |                          |                    |
| 350,000   | Just Retirement                 | 538                      | 0.65               |
| 290,000   | Liontrust Asset Management      | 760                      | 0.92               |
| 94,864  | Plus500^ ^^                     | 591                      | 0.71               |
| 68,958  | SVG Capital                     | 292                      | 0.35               |
|   |                                 | 8,189                    | 9.88               |
| <b>Fixed Line Telecommunications: 1.50% (1.50%)</b>           |                                 |                          |                    |
| 750,000   | Cable & Wireless Communications | 394                      | 0.48               |
| 56,671  | Telecom Plus                    | 848                      | 1.02               |
|   |                                 | 1,242                    | 1.50               |
| <b>Food &amp; Drug Retailers: 0.00% (0.60%)</b>               |                                 |                          |                    |
| <b>Food Producers: 0.00% (0.58%)</b>                          |                                 |                          |                    |
| <b>General Industrials: 1.33% (1.64%)</b>                     |                                 |                          |                    |
| 353,200   | DS Smith                        | 1,101                    | 1.33               |
| <b>General Retailers: 6.84% (5.28%)</b>                       |                                 |                          |                    |
| 1,634,272   | boohoo.com^                     | 825                      | 1.00               |
| 60,000  | Dignity                         | 824                      | 0.99               |
| 1,877,781   | Dixons Retail                   | 858                      | 1.04               |
| 254,994   | Findel                          | 663                      | 0.80               |
| 258,517   | Just Eat                        | 575                      | 0.69               |
| 123,410   | N Brown                         | 569                      | 0.69               |
| 250,000   | Pets at Home                    | 543                      | 0.66               |
| 30,000  | Ted Baker                       | 506                      | 0.61               |
| 240,200   | Topps Tiles                     | 299                      | 0.36               |
|   |                                 | 5,662                    | 6.84               |
| <b>Health Care Equipment &amp; Services: 0.85% (0.00%)</b>    |                                 |                          |                    |
| 70,599  | Al Noor Hospitals               | 707                      | 0.85               |
| <b>Household Goods &amp; Home Construction: 5.11% (7.22%)</b> |                                 |                          |                    |
| 89,300  | Barratt Developments            | 320                      | 0.39               |
| 22,200  | Berkeley                        | 492                      | 0.59               |
| 91,318  | Headlam                         | 432                      | 0.52               |
| 236,290   | Redrow                          | 628                      | 0.76               |
| 2,201,160   | Taylor Wimpey                   | 2,360                    | 2.85               |
|   |                                 | 4,232                    | 5.11               |
| <b>Industrial Engineering: 2.98% (1.89%)</b>                  |                                 |                          |                    |
| 230,200   | Bodycote                        | 1,677                    | 2.02               |
| 200,000   | Fenner                          | 796                      | 0.96               |
|   |                                 | 2,473                    | 2.98               |
| <b>Industrial Metals &amp; Mining: 0.00% (0.17%)</b>          |                                 |                          |                    |
| <b>Industrial Transportation: 0.96% (0.47%)</b>               |                                 |                          |                    |
| 60,000  | James Fisher & Sons             | 794                      | 0.96               |

# Barclays UK Lower Cap Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                                    | Investment                    | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|-------------------------------|--------------------------|--------------------|
| <b>UNITED KINGDOM: 95.26% (90.12%) (continued)</b>               |                               |                          |                    |
| <b>Industrial: 0.00% (0.03%)</b>                                 |                               |                          |                    |
| <b>Life Insurance: 1.28% (2.39%)</b>                             |                               |                          |                    |
| 98,150   | Phoenix                       | 640                      | 0.77               |
| 56,322   | St James's Place              | 422                      | 0.51               |
|  |                               | 1,062                    | 1.28               |
| <b>Media: 5.13% (5.34%)</b>                                      |                               |                          |                    |
| 307,788  | Centaur Media                 | 198                      | 0.24               |
| 138,100  | Chime Communications          | 486                      | 0.59               |
| 72,000   | Daily Mail & General Trust    | 597                      | 0.72               |
| 307,200  | Ebiquity^                     | 387                      | 0.47               |
| 209,198  | Mecom                         | 244                      | 0.29               |
| 62,556   | Perform                       | 160                      | 0.19               |
| 50,300   | Rightmove                     | 1,107                    | 1.33               |
| 100,000  | UBM                           | 652                      | 0.79               |
| 187,838  | UTV Media                     | 419                      | 0.51               |
|  |                               | 4,250                    | 5.13               |
| <b>Mining: 0.00% (0.40%)</b>                                     |                               |                          |                    |
| <b>Nonlife Insurance: 0.93% (0.71%)</b>                          |                               |                          |                    |
| 75,000   | Jardine Lloyd Thompson        | 774                      | 0.93               |
| <b>Oil &amp; Gas Producers: 4.05% (3.58%)</b>                    |                               |                          |                    |
| 700,000  | EnQuest                       | 969                      | 1.17               |
| 437,200  | Lekoil^                       | 295                      | 0.36               |
| 83,193   | Parkmead Group^               | 192                      | 0.23               |
| 300,000  | Premier Oil                   | 1,041                    | 1.26               |
| 200,000  | Soco International            | 856                      | 1.03               |
|  |                               | 3,353                    | 4.05               |
| <b>Oil Equipment, Services &amp; Distribution: 2.22% (1.21%)</b> |                               |                          |                    |
| 100,000  | John Wood                     | 748                      | 0.90               |
| 90,000   | Kentz                         | 620                      | 0.75               |
| 325,000  | Lamprell                      | 474                      | 0.57               |
|  |                               | 1,842                    | 2.22               |
| <b>Personal Goods: 1.40% (0.00%)</b>                             |                               |                          |                    |
| 114,461  | Super                         | 1,164                    | 1.40               |
| <b>Pharmaceuticals &amp; Biotechnology: 2.30% (1.12%)</b>        |                               |                          |                    |
| 194,709  | BTG                           | 1,050                    | 1.27               |
| 120,000  | Dechra Pharmaceuticals        | 857                      | 1.03               |
|  |                               | 1,907                    | 2.30               |
| <b>Real Estate Investment &amp; Services: 6.79% (4.65%)</b>      |                               |                          |                    |
| 354,971  | Capital & Counties Properties | 1,223                    | 1.47               |
| 218,579  | Foxtons                       | 677                      | 0.82               |
| 500,000  | Grainger                      | 1,069                    | 1.29               |
| 167,120  | Helical Bar                   | 570                      | 0.69               |

# Barclays UK Lower Cap Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value   | Investment                        | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|-----------------------------------|--------------------------|--------------------|
| <b>UNITED KINGDOM: 95.26% (90.12%) (continued)</b>                      |                                   |                          |                    |
| <b>Real Estate Investment &amp; Services: 6.79% (4.65%) (continued)</b> |                                   |                          |                    |
| 84,000  | Kennedy Wilson Europe Real Estate | 851                      | 1.03               |
| 560,615   | Raven Russia                      | 412                      | 0.50               |
| 225,000   | ST Modwen Properties              | 826                      | 0.99               |
|   |                                   | 5,628                    | 6.79               |
| <b>Real Estate Investment Trusts: 1.60% (1.21%)</b>                     |                                   |                          |                    |
| 122,840   | Big Yellow                        | 628                      | 0.76               |
| 121,400   | Workspace                         | 693                      | 0.84               |
|   |                                   | 1,321                    | 1.60               |
| <b>Software &amp; Computer Services: 5.84% (8.13%)</b>                  |                                   |                          |                    |
| 135,000   | Computacenter                     | 857                      | 1.03               |
| 1,300,266   | Dotdigital^                       | 429                      | 0.52               |
| 4,218   | First Derivatives^                | 45                       | 0.06               |
| 2,753,763   | Innovation                        | 840                      | 1.01               |
| 202,202   | Micro Focus International         | 1,623                    | 1.96               |
| 110,000   | SDL                               | 343                      | 0.41               |
| 256,786   | Servelec                          | 706                      | 0.85               |
|   |                                   | 4,843                    | 5.84               |
| <b>Support Services: 15.98% (13.05%)</b>                                |                                   |                          |                    |
| 80,000  | Berendsen                         | 818                      | 0.99               |
| 30,000  | DCC                               | 932                      | 1.12               |
| 100,000   | Diploma                           | 650                      | 0.78               |
| 57,600  | Energy Assets                     | 202                      | 0.24               |
| 100,000   | Grafton                           | 559                      | 0.67               |
| 65,000  | Homeserve                         | 222                      | 0.27               |
| 290,300   | Howden Joinery                    | 917                      | 1.11               |
| 120,213   | Interserve                        | 817                      | 0.99               |
| 450,500   | Lavendon                          | 1,037                    | 1.25               |
| 187,786   | Mears                             | 911                      | 1.10               |
| 129,400   | Northgate                         | 660                      | 0.80               |
| 192,986   | Optimal Payments^                 | 665                      | 0.80               |
| 42,000  | PayPoint                          | 475                      | 0.57               |
| 71,983  | Regeneris^                        | 264                      | 0.32               |
| 310,756   | Regus                             | 593                      | 0.72               |
| 275,000   | SIG                               | 492                      | 0.59               |
| 177,295   | Smart Metering Systems^           | 727                      | 0.88               |
| 52,509  | Synectics^                        | 218                      | 0.26               |
| 131,920   | Utilitywise^                      | 433                      | 0.52               |
| 105,859   | WS Atkins                         | 1,393                    | 1.68               |
| 171,021   | Xchanging                         | 262                      | 0.32               |
|   |                                   | 13,247                   | 15.98              |

# Barclays UK Lower Cap Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                             | Investment                       | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|----------------------------------|--------------------------|--------------------|
| <b>UNITED KINGDOM: 95.26% (90.12%) (continued)</b>        |                                  |                          |                    |
| <b>Technology Hardware &amp; Equipment: 3.47% (2.10%)</b> |                                  |                          |                    |
| 187,242   | CSR                              | 1,045                    | 1.26               |
| 356,574   | Pace                             | 1,282                    | 1.55               |
| 286,814   | Telit Communications^            | 545                      | 0.66               |
|   |                                  | 2,872                    | 3.47               |
| <b>Travel &amp; Leisure: 3.70% (4.41%)</b>                |                                  |                          |                    |
| 14,192  | Go-Ahead                         | 268                      | 0.32               |
| 76,284  | Greene King                      | 639                      | 0.77               |
| 292,279   | Patisserie^                      | 555                      | 0.67               |
| 140,600   | Restaurant                       | 846                      | 1.02               |
| 485,956   | Thomas Cook                      | 759                      | 0.92               |
| 10,955  | Wembley                          | -                        | -                  |
|   |                                  | 3,067                    | 3.70               |
| <b>FUTURES: 0.09% (0.01%)</b>                             |                                  |                          |                    |
| 22  | FTSE 100 Index Future June 2014  | 71                       | 0.09               |
|   | <b>Portfolio of investments*</b> | <b>79,657</b>            | <b>96.12</b>       |
|   | <b>Net other assets</b>          | <b>3,218</b>             | <b>3.88</b>        |
|   | <b>Net assets</b>                | <b>82,875</b>            | <b>100.00</b>      |

\*Including derivatives.

^These securities are quoted on an Alternative Investment Market (AIM) and comprise 7.62% of the Net Asset Value.

^^These securities are quoted on NASDAQ and comprise 0.71% of the Net Asset Value.

|                                     | Year to            |
|-------------------------------------|--------------------|
| Portfolio Information               | 15/05/2014         |
| <b>Total purchases for the year</b> | <b>£67,554,627</b> |
| <b>Total sales for the year</b>     | <b>£96,361,775</b> |

|               | Total Global Exposure |
|---------------|-----------------------|
| Counterparty  | £                     |
| Goldman Sachs | 71,000                |

# Barclays UK Lower Cap Fund (continued)

## Statement of Total Return for the year ended 15 May 2014

|   |      | 16/05/2013 to<br>15/05/2014 |                | 16/05/2012 to<br>15/05/2013 |                |
|---|------|-----------------------------|----------------|-----------------------------|----------------|
|   | Note | £'000                       | £'000          | £'000                       | £'000          |
| <b>Income</b>   |      |                             |                |                             |                |
| Net capital gains   | 2    |                             | 16,681         |                             | 24,100         |
| Revenue   | 3    | 1,841                       |                | 1,648                       |                |
| Expenses  | 4    | (1,186)                     |                | (822)                       |                |
| Finance costs: Interest   | 6    | (1)                         |                | (3)                         |                |
| Net revenue before taxation   |      | 654                         |                | 823                         |                |
| Taxation  | 5    | (1)                         |                | -                           |                |
| Net revenue after taxation for the year   |      |                             | 653            |                             | 823            |
| Total return before distributions   |      |                             | 17,334         |                             | 24,923         |
| Finance costs: Distributions  | 6    |                             | (652)          |                             | (821)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |      |                             | <b>£16,682</b> |                             | <b>£24,102</b> |

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 15 May 2014

|  |  | 16/05/2013 to<br>15/05/2014 |                | 16/05/2012 to<br>15/05/2013 |                 |
|--|--|-----------------------------|----------------|-----------------------------|-----------------|
|  |  | £'000                       | £'000          | £'000                       | £'000           |
| <b>Opening net assets attributable to shareholders</b>                       |  |                             | <b>101,675</b> |                             | <b>56,420</b>   |
| Movement due to sales and repurchases of shares:                             |  |                             |                |                             |                 |
| Amounts receivable on issue of shares  |  | 6,296                       |                | 29,706                      |                 |
| Amounts payable on cancellation of shares                                    |  | (41,774)                    |                | (8,631)                     |                 |
|  |  |                             | (35,478)       |                             | 21,075          |
| Stamp duty reserve tax   |  |                             | (28)           |                             | (44)            |
| Change in net assets attributable to shareholders from investment activities |  |                             | 16,682         |                             | 24,102          |
| Retained distribution on accumulation shares                                 |  |                             | 23             |                             | 121             |
| Unclaimed distributions  |  |                             | 1              |                             | 1               |
| <b>Closing net assets attributable to shareholders</b>                       |  |                             | <b>£82,875</b> |                             | <b>£101,675</b> |



# Barclays UK Lower Cap Fund (continued)

## Balance Sheet as at 15 May 2014

|  | Note | £'000   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|------|---------|---------------------|---------------------|
| <b>ASSETS</b>                                  |      |         |                     |                     |
| Investment Assets                              |      |         | 79,657              | 91,640              |
| Debtors  | 7    | 3,191   |                     | 38,250              |
| Cash and bank balances                         | 8    | 5,106   |                     | 1,797               |
| Total other assets                             |      |         | 8,297               | 40,047              |
| <b>Total assets</b>                            |      |         | <b>87,954</b>       | <b>131,687</b>      |
| <b>LIABILITIES</b>                             |      |         |                     |                     |
| Creditors                                      | 9    | (3,416) |                     | (14,858)            |
| Bank overdrafts                                | 8    | (1,202) |                     | (14,206)            |
| Distribution payable on income shares          |      | (461)   |                     | (948)               |
| Total other liabilities                        |      |         | (5,079)             | (30,012)            |
| <b>Total liabilities</b>                       |      |         | <b>(5,079)</b>      | <b>(30,012)</b>     |
| <b>Net assets attributable to shareholders</b> |      |         | <b>£82,875</b>      | <b>£101,675</b>     |

# Barclays UK Lower Cap Fund (continued)

## Notes to the Financial Statements

### 1. Accounting policies

The accounting policies can be found on pages 11 and 12.

### 2. Net capital gains on investments

|  | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| The net capital gains on investments during the year comprise: |                                      |                                      |
| Non-derivative securities                                      | 16,764                               | 24,083                               |
| Derivative contracts   | (59)                                 | 30                                   |
| Currency losses  | (2)                                  | -                                    |
| Transaction charges  | (22)                                 | (13)                                 |
| Net capital gains  | 16,681                               | 24,100                               |

### 3. Revenue

|                                | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Franked UK dividends           | 1,631                                | 1,433                                |
| UK REIT dividends              | 7                                    | -                                    |
| UK PID income                  | 21                                   | 20                                   |
| Non-taxable overseas dividends | 163                                  | 195                                  |
| Taxable overseas dividends     | 18                                   | -                                    |
| Bank interest                  | 1                                    | -                                    |
| Total revenue                  | 1,841                                | 1,648                                |

### 4. Expenses

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Payable to the ACD, associates of the ACD and agents of either of them:               |                                      |                                      |
| ACD's periodic fee  | 1,018                                | 716                                  |
| Registration fee  | 65                                   | 46                                   |
|   | 1,083                                | 762                                  |
| Payable to the Depositary, associates of the Depositary and agents of either of them: |                                      |                                      |
| Depositary fee  | 12                                   | 8                                    |
| Safe custody fee  | 8                                    | 5                                    |
|   | 20                                   | 13                                   |

# Barclays UK Lower Cap Fund (continued)

## Notes to the Financial Statements (continued)

### 4. Expenses (continued)

|                    | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------|--------------------------------------|--------------------------------------|
| Other expenses:    |                                      |                                      |
| Administration fee | 61                                   | 14                                   |
| Audit fee          | 12                                   | 14                                   |
| Printing fee       | 7                                    | 13                                   |
| VAT on audit fee   | 2                                    | 3                                    |
| Tax advice fee     | 1                                    | 3                                    |
|                    | 83                                   | 47                                   |
| Total expenses     | 1,186                                | 822                                  |

### 5. Taxation

#### (a) Analysis of taxation charge in year

|                                       | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Prior years ECJ overseas tax reclaims | (2)                                  | -                                    |
| Overseas tax                          | 3                                    | -                                    |
| Current tax [note 5(b)]               | 1                                    | -                                    |
| Deferred tax [note 5(c)]              | -                                    | -                                    |
| Total taxation                        | 1                                    | -                                    |

#### (b) Factors affecting taxation charge for the year

The tax assessed for the year is lower than (2013: lower than) the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:

|  | £'000 | £'000 |
|--|-------|-------|
| Net revenue before taxation  | 654   | 823   |
| Net revenue before taxation multiplied by the appropriate rate of corporation tax at 20% (2013: 20%) | 131   | 165   |
| Effects of:  |       |       |
| Double taxation relief not expensed  | (1)   | -     |
| Overseas tax   | 3     | -     |
| Prior years ECJ overseas tax reclaims  | (2)   | -     |
| Revenue not subject to taxation  | (360) | (326) |
| Excess management expenses not utilised  | 230   | 160   |
| Excess non trade loan deficit not utilised   | -     | 1     |
| Current tax  | 1     | -     |

#### (c) Provision for deferred tax

There is no deferred tax provision in the current year (15 May 2013: same).

At the year end, there is a potential deferred tax asset of £1,757,763 (£1,527,907 at 15 May 2013) due to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (15 May 2013: same).

# Barclays UK Lower Cap Fund (continued)

## Notes to the Financial Statements (continued)

### 6. Finance cost: Distributions and Interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Final distribution                              | 484                                  | 1,069                                |
| Add: Revenue deducted on cancellation of shares | 199                                  | 48                                   |
| Less: Revenue received on creation of shares    | (31)                                 | (296)                                |
| <b>Distributions for the year</b>               | <b>652</b>                           | <b>821</b>                           |
| <b>Interest</b>                                 |                                      |                                      |
| Bank overdraft interest                         | 1                                    | 3                                    |
| <b>Total finance costs</b>                      | <b>653</b>                           | <b>824</b>                           |

The differences between the net revenue after taxation and the distribution for the year are as follows:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Net revenue after taxation for the year | 653                                  | 823                                  |
| Less: Expenses charged against revenue  | (1)                                  | (2)                                  |
| Distributions for the year              | 652                                  | 821                                  |

### 7. Debtors

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts receivable for creation of shares | 1,573               | 37,525              |
| Sales awaiting settlement                 | 1,356               | 351                 |
| Accrued revenue                           | 243                 | 368                 |
| Overseas tax recoverable                  | 6                   | 2                   |
| UK tax recoverable on REIT distributions  | 9                   | 4                   |
| Amounts receivable on FX contracts        | 4                   | -                   |
|   | 3,191               | 38,250              |

### 8. Net uninvested cash

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts held at futures clearing houses and brokers | 781                 | 787                 |
| Bank overdrafts                                     | (1,202)             | (14,206)            |
| Cash and bank balances                              | 4,325               | 1,010               |
| <b>Net uninvested cash</b>                          | <b>3,904</b>        | <b>(12,409)</b>     |

# Barclays UK Lower Cap Fund (continued)

## Notes to the Financial Statements (continued)

### 9. Creditors

|  | 15/05/2014 | 15/05/2013 |
|--|------------|------------|
|  | £'000      | £'000      |
| Amounts payable for cancellation of shares | 1,836      | 790        |
| Purchases awaiting settlement              | 1,397      | 13,891     |
| Accrued expenses                           | 179        | 177        |
| Amounts payable on FX contracts            | 4          | -          |
|  | 3,416      | 14,858     |

### 10. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (15 May 2013: same).

### 11. Risk in relation to the financial instruments

The Fund's investment objective is stated on page 17. In pursuing its objective, the Fund holds financial instruments which expose it to various types of risk. The main risks, and the ACD's policy for managing these risks are set out below. These were applied consistently throughout the current and preceding year.

#### (a) Credit and liquidity risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligations. The primary source of this risk to the Fund is for trade counterparties to fail to meet their transaction commitments. This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

Liquidity risk relates to the capacity to meet liabilities. The primary source of this risk to the Fund is the liability to Shareholders for any cancellation of shares. This risk is minimised by holding cash and readily realisable securities and via access to overdraft facilities.

#### (b) Market risk

Market risk arises mainly from uncertainty about future prices. The primary source of this risk to the Fund is the potential movement in the value of financial instruments held as a result of price fluctuations. The ACD adheres to the investment guidelines and borrowing powers established in the Prospectus and the COLL. In this way, the ACD monitors and controls the exposure to risk from any type of security, sector or issuer.

The Fund invests in securities which are issued by smaller companies and therefore there is likely to be increased volatility in price movements. The securities may also be less liquid than securities on larger exchanges which are generally traded more frequently.

The Fund may also use derivative instruments to mitigate risk and/or reduce costs. These instruments are not utilised for speculative purposes. Derivative instruments were utilised during the current and preceding year.

#### (c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the utilisation of forward currency contracts as necessary. Forward currency contracts were not utilised during the current or preceding year.

As the majority of the Fund's assets and liabilities were denominated in Sterling during the current and preceding year, there was no significant exposure to risk from exchange rate movements.

# Barclays UK Lower Cap Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

#### (d) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates. The Fund's only interest bearing financial instruments at the balance sheet date were its bank balances and overdraft facilities as disclosed in note 8.

Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

#### (e) Derivatives – Sensitivity analysis

The Fund invests in FTSE 100 index futures to obtain market exposure to enable it to meet the Fund objectives whilst reducing transaction costs.

The effect of these futures is to increase market exposure by 1.81% (7.23% at 15 May 2013) of net assets. This results in an effective equity exposure at the year end of 97.57% (97.35% at 15 May 2013) of net assets, which means that the gains or losses of the Fund will be 0.9757 (0.9735 at 15 May 2013) times the gains or losses if the Fund was fully invested in equities.

#### (f) Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

### 12. Portfolio transaction costs

|  | 16/05/2013 to<br>15/05/2014 |        | 16/05/2012 to<br>15/05/2013 |        |
|--|-----------------------------|--------|-----------------------------|--------|
|  | £'000                       | £'000  | £'000                       | £'000  |
| Analysis of total purchase costs           |                             |        |                             |        |
| Purchases in year before transaction costs |                             | 67,186 |                             | 55,934 |
| Commissions                                | 89                          |        | 82                          |        |
| Tax  | 280                         |        | 264                         |        |
| Total purchase costs                       |                             | 369    |                             | 346    |
| Gross purchase total                       |                             | 67,555 |                             | 56,280 |
| Analysis of total sales costs              |                             |        |                             |        |
| Gross sales before transaction costs       |                             | 96,494 |                             | 43,989 |
| Commissions                                | (131)                       |        | (60)                        |        |
| Fees                                       | (1)                         |        | (1)                         |        |
| Total sales costs                          |                             | (132)  |                             | (61)   |
| Total sales net of transaction costs       |                             | 96,362 |                             | 43,928 |

### 13. Ultimate controlling party and related party transactions

The ACD is regarded as controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is Barclays Plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held 4.01% of the Fund's shares in issue (2.26% at 15 May 2013). Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 4, 7 and 9 to the financial statements, and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. Within note 9, accrued expenses (including amounts due to associates and agents) of £121,254 (£130,750 at 15 May 2013) are due to the ACD.

# Barclays UK Lower Cap Fund (continued)

## Distribution Table for the year ended 15 May 2014

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation applies only to shares purchased during the distribution year (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital.

Being capital, it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

### Final dividend distribution in pence per share

|                             | Net<br>Revenue | Equalisation | Distribution<br>Paid<br>15/07/2014 | Distribution<br>Paid<br>15/07/2013 |
|-----------------------------|----------------|--------------|------------------------------------|------------------------------------|
| <b>A-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 0.1515p        | -            | 0.1515p                            | 1.2659p                            |
| Group 2                     | -              | 0.1515p      | 0.1515p                            | 1.2659p                            |
| <b>A-Class Accumulation</b> |                |              |                                    |                                    |
| Group 1                     | 0.2186p        | -            | 0.2186p                            | 1.8022p                            |
| Group 2                     | -              | 0.2186p      | 0.2186p                            | 1.8022p                            |
| <b>B-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 0.7701p        | -            | 0.7701p                            | 1.6524p                            |
| Group 2                     | 0.3773p        | 0.3928p      | 0.7701p                            | 1.6524p                            |
| <b>M-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 2.2939p        | -            | 2.2939p                            | 2.8156p                            |
| Group 2                     | 0.7922p        | 1.5017p      | 2.2939p                            | 2.8156p                            |
| <b>R-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 3.7888p        | -            | 3.7888p                            | 3.0829p                            |
| Group 2                     | 0.0469p        | 3.7419p      | 3.7888p                            | 3.0829p                            |
| <b>R-Class Accumulation</b> |                |              |                                    |                                    |
| Group 1                     | 1.5215p        | -            | 1.5215p                            | 3.0829p                            |
| Group 2                     | 0.0728p        | 1.4487p      | 1.5215p                            | 3.0829p                            |

# Barclays UK Lower Cap Fund (continued)

## Risk and Reward Profile

| 1   | 2 | 3 | 4 | 5  | 6 | 7 |
|---|---|---|---|--|---|---|
| <p>The risk and reward category is calculated using historical data which may not be a reliable indicator of the Fund's future risk profile.</p> <p>The risk and reward category may shift over time and is not a target or a guarantee.</p> <p>The lowest category (i.e. Category 1) does not mean a risk-free investment.</p> <p>The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments in which the Fund invests.</p> <p>The following are additional risks not covered by the risk and reward category.</p> <p>The Fund may be exposed to stock market movements in a single country or region which may be adversely affected by political or economic developments, government action or natural events that do not affect a fund investing in broader markets.</p> <p>The Fund may use derivatives in an attempt to reduce risk (hedging) or for investment purposes. It may be that the use of derivatives causes share prices to fluctuate which may in turn result in loss to the Fund.</p> <p>The Fund relies upon the performance of one or more investment managers. If the investment managers perform poorly, the value of your investment is likely to be adversely affected.</p> <p>Future legal or regulatory change could have a substantial adverse effect on the Fund and your investment.</p> <p>Stock markets can be volatile, meaning that the prices of shares held by the Fund can change quickly and substantially.</p> |   |   |   | <p>The Fund is not guaranteed and your investment is at risk. You may lose some or all of your investment.</p> <p>If you purchase shares in the Fund through a clearing or settlement system, you will be bound by its terms and conditions, which may include the payment of additional fees.</p> <p>The Fund may seek to identify and invest in undervalued securities. The identification of investment opportunities in undervalued securities is difficult and there can be no assurance that such opportunities will be successfully identified.</p> <p>The Fund may invest in smaller companies. This carries a higher risk, as the share prices of smaller companies may fluctuate more than those of larger companies and investments in smaller companies may be more difficult to sell at reasonable prices. As a result, changes in the value of investments and the price of shares in the Fund may be unpredictable.</p> <p>The Fund may purchase securities which have the right to be converted into shares. The return on these securities is usually less than the return on the underlying share.</p> <p>The Fund may enter into various derivatives with another party. There is a risk that this party may fail to make its payments or become insolvent which may result in the Fund and your investment suffering a loss.</p> <p>The figure for the synthetic risk and reward indicator disclosed in the financial statements is the same as in the most up-to-date key investor information document ('KIID').</p> <p>More information in relation to risks in general may be found in the "Risk Factors" section of the Prospectus.</p> |   |   |



# Barclays UK Lower Cap Fund (continued)

## Fund Facts

### Ongoing Charge Figure

| Accounting Date                     | 15/05/2014 | 15/05/2013 |
|-------------------------------------|------------|------------|
| A-Class Distribution                | 1.78%      | 1.81%      |
| A-Class Accumulation                | 1.78%      | 1.81%      |
| B-Class Distribution                | 1.53%      | 1.56%      |
| M-Class Distribution                | 0.96%      | 1.00%      |
| R-Class Distribution <sup>(1)</sup> | 1.19%      | 0.17%      |
| R-Class Accumulation <sup>(1)</sup> | 1.33%      | 0.17%      |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012. No annual management charge was charged on either share class during the period 16 November 2012 to 15 May 2013. A charge commenced on the R-Class Distribution shares and R-Class Accumulation shares on 10 March 2014 and 15 June 2013 respectively.

The Ongoing Charge Figure ('OCF') represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: Directors Fees and Registration Fees.

The OCF is expressed as an annual percentage rate.

### Net Asset Value

|                                     | Net Asset Value<br>£'000 | Net Asset Value<br>per Share | Number of<br>Shares in<br>Issue '000 |
|-------------------------------------|--------------------------|------------------------------|--------------------------------------|
| <b>15/05/2012</b>                   |                          |                              |                                      |
| A-Class Distribution                | 2,411                    | 161.70p                      | 1,491                                |
| A-Class Accumulation                | 16,725                   | 230.34p                      | 7,261                                |
| B-Class Distribution                | 163                      | 153.77p                      | 106                                  |
| M-Class Distribution                | 37,121                   | 162.28p                      | 22,875                               |
| <b>15/05/2013</b>                   |                          |                              |                                      |
| A-Class Distribution                | 3,355                    | 229.48p                      | 1,462                                |
| A-Class Accumulation                | 22,089                   | 328.75p                      | 6,719                                |
| B-Class Distribution                | 243                      | 218.92p                      | 111                                  |
| M-Class Distribution                | 75,986                   | 230.66p                      | 32,943                               |
| R-Class Distribution <sup>(1)</sup> | 1                        | 169.20p                      | 1                                    |
| R-Class Accumulation <sup>(1)</sup> | 1                        | 169.20p                      | 1                                    |
| <b>15/05/2014</b>                   |                          |                              |                                      |
| A-Class Distribution                | 3,755                    | 267.45p                      | 1,404                                |
| A-Class Accumulation                | 23,712                   | 383.26p                      | 6,187                                |
| B-Class Distribution                | 477                      | 255.08p                      | 187                                  |
| M-Class Distribution                | 52,929                   | 268.82p                      | 19,689                               |
| R-Class Distribution                | 357                      | 255.00p                      | 140                                  |
| R-Class Accumulation                | 1,645                    | 259.87p                      | 633                                  |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Barclays UK Lower Cap Fund (continued)

## Share Price Range and Net Revenue

| Year                        | Highest<br>Share Price | Lowest<br>Share Price | Net Revenue<br>per Share |
|-----------------------------|------------------------|-----------------------|--------------------------|
| <b>A-Class Distribution</b> |                        |                       |                          |
| 2009                        | 126.80p                | 81.53p                | 1.5092p                  |
| 2010                        | 160.30p                | 116.30p               | 0.7957p                  |
| 2011                        | 174.29p                | 134.30p               | 0.4954p                  |
| 2012                        | 190.79p                | 148.10p               | 0.3224p                  |
| 2013                        | 270.34p                | 190.76p               | 1.2659p                  |
| 2014 <sup>(1)</sup>         | 293.40p                | 267.93p               | 0.1515p                  |
| <b>A-Class Accumulation</b> |                        |                       |                          |
| 2009                        | 178.70p                | 113.10p               | 2.1537p                  |
| 2010                        | 227.30p                | 163.90p               | 1.1188p                  |
| 2011                        | 247.84p                | 190.96p               | 0.7020p                  |
| 2012                        | 271.83p                | 210.59p               | 0.4592p                  |
| 2013                        | 387.32p                | 271.79p               | 1.8022p                  |
| 2014 <sup>(1)</sup>         | 420.36p                | 384.07p               | 0.2186p                  |
| <b>B-Class Distribution</b> |                        |                       |                          |
| 2009                        | 124.00p                | 79.64p                | -                        |
| 2010                        | 153.30p                | 112.90p               | -                        |
| 2011                        | 165.85p                | 127.87p               | -                        |
| 2012                        | 181.75p                | 141.10p               | 0.8481p                  |
| 2013                        | 257.67p                | 181.73p               | 1.6524p                  |
| 2014 <sup>(1)</sup>         | 279.77p                | 254.98p               | 0.7701p                  |
| <b>M-Class Distribution</b> |                        |                       |                          |
| 2009                        | 127.40p                | 82.18p                | 2.3151p                  |
| 2010                        | 161.60p                | 117.00p               | 1.7603p                  |
| 2011                        | 175.11p                | 135.20p               | 1.7780p                  |
| 2012                        | 192.44p                | 149.39p               | 1.6227p                  |
| 2013                        | 273.15p                | 192.46p               | 2.8156p                  |
| 2014 <sup>(1)</sup>         | 296.87p                | 269.40p               | 2.2939p                  |
| <b>R-Class Distribution</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 182.02p                | 169.33p               | -                        |
| 2013                        | 260.28p                | 182.09p               | 3.0829p                  |
| 2014 <sup>(1)</sup>         | 283.35p                | 255.42p               | 3.7888p                  |
| <b>R-Class Accumulation</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 182.02p                | 169.33p               | -                        |
| 2013                        | 262.16p                | 182.09p               | 3.0829p                  |
| 2014 <sup>(1)</sup>         | 284.75p                | 260.38p               | 1.5215p                  |

<sup>(1)</sup> The above table shows the highest and lowest share prices to 15 May 2014 and net revenue per share to 15 July 2014.

<sup>(2)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Barclays Sterling Bond Fund

## Investment Objective and Policy

The Fund seeks to achieve total return primarily through investment in Sterling denominated fixed income securities.

The Fund invests primarily in a portfolio consisting of Sterling government and corporate fixed income securities with an investment grade credit rating from Standard & Poor's and/or Moody's listed or traded on a regulated market in the UK or in an OECD country. While the Fund will seek to invest primarily in such securities, it may also on an ancillary basis (not to exceed 10%), make allocations to below investment grade securities. The Fund may hold securities of varying maturities.

Whilst the Fund will invest predominantly in Sterling denominated fixed income securities, it may also, on an ancillary basis, invest in non-Sterling denominated securities. In such instances, the investment manager and/or sub-investment manager(s) will generally seek to hedge the currency exposure of the non-Sterling denominated holdings to Sterling, although it is not required to do so.

The Fund will invest at least 70% of its assets in fixed income securities denominated in Sterling. The Fund may also invest up to 10% of its net asset value in other collective investment undertakings. The base currency of the Fund is Sterling and the Fund is valued in Sterling.

The Fund may also invest in other transferable securities, money market instruments, derivatives, cash and near cash, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable FCA Rules).

The ACD will not invest directly in derivatives for investment purposes, without giving Shareholders at least 60 days' notice of its intention to do so and it is not intended that the use of derivatives will cause the net asset value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

## Investment Report

During the period under review, the net asset value per share attributable to the A-Class Accumulation shares fell by 0.2%.

## Market/Economic Review

Most bonds struggled in the first half of the period as The Federal Reserve ('Fed') introduced the concept of tapering its asset purchase program. UK bond markets were no exception and struggled over the course of the first half of the period with gilts being heavily influenced by US Treasuries for much of the year in 2013. Returns have been positive over the period though, largely due to strong returns so far in 2014. The iBoxx Sterling Overall Market Index increased 0.9% on a total return basis, with the largest gains recorded in the longer term debt markets where 15+ year bonds increased 1.9%. Returns across most other maturities were positive with only 5-7 year bonds seeing a small fall over the period.

UK Gilts have remained one of the most popular safe haven investments in the bond market in recent times and this has continued despite a strong rally in risk assets. While accommodative central bank policies have helped, with short rates pegged at low levels and the Fed supporting markets directly through the Quantitative Easing 3 programme, things seem to be changing. Gilt yields have begun to rise. Consequently, the BofA Merrill Lynch UK Gilts Total Return Index could only manage to record gains of 0.2% over the period, lagging corporate bonds significantly.

UK corporate bonds were the best performers over the period and the BofA Merrill Lynch Sterling Corporates Index climbed 3.0% as investors continue to look beyond the perceived safety of government debt in the search for higher yielding assets.

(Source: Factset, Barclays)

# Barclays Sterling Bond Fund (continued)

## Fund Review

The Fund underperformed versus the iBoxx Sterling Overall Index early in the period as M&G performed inline with the index whilst Insight and Henderson lagged. Insight underperformed due to the overweight position to credit risk and due to some curve trades. The strategy was overweight the 20 year part of the curve versus the very long maturities which hurt performance. Henderson were negatively impacted by holdings in Financials. Interest rate strategies also detracted as the Fund positioned for long dated yields in the UK to rise relative to the US. M&G added value through a short duration position, however credit strategies detracted as the Fund was overweight BBB securities versus supranationals.

Around halfway through the period, the Fund performed broadly in line with the benchmark. Insight and M&G both outperformed the benchmark whilst Henderson marginally underperformed. Insight added value from a variety of sources, with the main contributor coming from the overweight position to credit risk as credit outperformed. M&G also added value from a wide number of strategies however the positioning within the government side of the strategy was the main driver. Henderson by contrast underperformed as a result of the interest rate strategy. The team had positioned for Australian government bond yields to fall relative to German bond yields.

The index delivered positive returns to start the year in 2014 as government bond yields fell over the course of January and investors sold risky assets. Credit continued to outperform as spreads fell. The Fund was broadly inline with the benchmark to start the year in 2014. While both Insight and M&G outperformed, the allocation to Insight was increased and this incurred some transaction costs. We completed the removal of Henderson in January 2014 leaving the strategy with two remaining managers – Insight (65% allocation) and M&G (35% allocation). Given the size of the strategy, we felt it would be more efficient with two managers. Whilst Henderson outperformed over the 3 years they were part of the portfolio, the two remaining managers are the most complementary blend. Insight benefited from an overweight position to interest rate risk and within credit an overweight to securitized debt and the transport sector. M&G primarily benefited from relative value trades within the UK government bond market and have since repositioned out of the 2025 and 2044 issues into the 2036 bond.

More recently, performance for the market was positive. Gilts underperformed credit on the back of strong performance in the Media, Telecoms and Subordinated Financials sectors. The strategy marginally underperformed the benchmark as Insight outperformed the index whilst M&G performed less well. Insight benefited interest rate strategies. The Fund held a small cross market relative value trade between Germany and the US which benefited the strategy. In addition, the Fund benefited from favouring the middle part of the UK interest rate curve, whilst underweighting the very short end and the very long end of the curve.

(Source: Factset, Barclays)

## Outlook

We are neutral on developed government bonds with central bank buying and falling supply offset by stretched valuations and the recent reappearance of risk appetite amongst investors. We prefer UK inflation linked bonds versus conventional bonds and expect euro benchmarks to outperform US Treasuries & UK Gilts.

The UK corporate bond space has seen yields continue to compress over the last 12 months and with very little spread compression left to go for, we prefer lower tier 2 banks and insurers.

Barclays  
Wealth and Investment Management  
(Investment Adviser)  
June 2014

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014

All investments are in fixed interest securities or ordinary shares unless stated otherwise. The percentages in brackets show the equivalent sector holdings at 15 May 2013.

| Holding /<br>Nominal<br>Value            | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|---|--------------------------|--------------------|
| <b>Government Bonds: 61.24% (59.36%)</b> |   |                          |                    |
| <b>Short Dated: 16.60% (12.67%)</b>      |   |                          |                    |
| 33,760,000                               | United Kingdom Gilt 1.25% 22/07/2018                            | 33,322                   | 9.89               |
| 6,108,000                                | United Kingdom Gilt 2% 22/01/2016                               | 6,246                    | 1.85               |
| 3,212,000                                | United Kingdom Gilt 2.75% 22/01/2015                            | 3,265                    | 0.97               |
| 1,400,000                                | United Kingdom Gilt 5% 07/09/2014                               | 1,420                    | 0.42               |
| 9,413,000                                | United Kingdom Gilt 8.75% 25/08/2017                            | 11,683                   | 3.47               |
|  |   | 55,936                   | 16.60              |
| <b>Medium Dated: 17.18% (9.31%)</b>      |   |                          |                    |
| 35,000                                   | Kingdom of Belgium 9.375% 21/02/2020                            | 47                       | 0.01               |
| 11,214,000                               | United Kingdom Gilt 1.75% 07/09/2022                            | 10,674                   | 3.17               |
| 29,731,000                               | United Kingdom Gilt 2.25% 07/09/2023                            | 29,057                   | 8.62               |
| 7,255,000                                | United Kingdom Gilt 3.75% 07/09/2019                            | 7,966                    | 2.37               |
| 5,394,000                                | United Kingdom Gilt 3.75% 07/09/2021                            | 5,966                    | 1.77               |
| 3,015,000                                | United Kingdom Gilt 8% 07/06/2021                               | 4,177                    | 1.24               |
|  |   | 57,887                   | 17.18              |
| <b>Long Dated: 27.46% (37.38%)</b>       |   |                          |                    |
| 311,000                                  | Republic of Italy 6% 04/08/2028                                 | 349                      | 0.10               |
| 241,000                                  | Reseau Ferre de France 5% 11/03/2052                            | 284                      | 0.08               |
| 313,000                                  | Reseau Ferre de France 5.25% 31/01/2035                         | 365                      | 0.11               |
| 63,000                                   | Societe Nationale des Chemins de Fer Francais 5.375% 18/03/2027 | 73                       | 0.02               |
| 9,519,730                                | United Kingdom Gilt 3.25% 22/01/2044                            | 9,345                    | 2.77               |
| 2,808,000                                | United Kingdom Gilt 3.5% 22/07/2068                             | 2,954                    | 0.88               |
| 2,948,049                                | United Kingdom Gilt 3.75% 22/07/2052                            | 3,224                    | 0.96               |
| 4,120,000                                | United Kingdom Gilt 4% 22/01/2060                               | 4,830                    | 1.43               |
| 27,682,000                               | United Kingdom Gilt 4.25% 07/03/2036                            | 31,998                   | 9.49               |
| 9,527,000                                | United Kingdom Gilt 4.25% 07/06/2032                            | 10,987                   | 3.26               |
| 159,000                                  | United Kingdom Gilt 4.25% 07/09/2039                            | 185                      | 0.06               |
| 10,047,000                               | United Kingdom Gilt 4.25% 07/12/2040                            | 11,705                   | 3.47               |
| 4,543,000                                | United Kingdom Gilt 4.5% 07/09/2034                             | 5,417                    | 1.61               |
| 338,000                                  | United Kingdom Gilt 4.5% 07/12/2042                             | 412                      | 0.12               |
| 5,369,000                                | United Kingdom Gilt 4.75% 07/12/2038                            | 6,705                    | 1.99               |
| 2,809,000                                | United Kingdom Gilt 5% 07/03/2025                               | 3,431                    | 1.02               |
| 313,000                                  | United Mexican States 5.625% 19/03/2114                         | 312                      | 0.09               |
|  |   | 92,576                   | 27.46              |
| <b>Corporate Bonds: 34.15% (35.68%)</b>  |   |                          |                    |
| <b>Short Dated: 4.85% (4.63%)</b>        |   |                          |                    |
| 20,000                                   | Ahold Finance USA 6.5% 14/03/2017                               | 22                       | -                  |
| 50,000                                   | Akzo Nobel 8% 06/04/2016  | 56                       | 0.02               |
| 50,000                                   | Anglo American Capital 6.875% 01/05/2018                        | 57                       | 0.02               |
| 50,000                                   | Arkle Master Issuer 4.681% 17/02/2017                           | 54                       | 0.01               |

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|---|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |   |                          |                    |
| <b>Short Dated: 4.85% (4.63%) (continued)</b>       |   |                          |                    |
| 230,000   | ASIF III Jersey 5% 18/12/2018                                 | 256                      | 0.08               |
| 460,000   | ASIF III Jersey 5.375% 14/10/2016                             | 498                      | 0.15               |
| 57,000  | British Sky Broadcasting 9.5% 15/11/2018                      | 44                       | 0.01               |
| 364,000   | British Telecommunications 6.625% 23/06/2017                  | 414                      | 0.12               |
| 65,000  | BUPA Finance 7.5% 04/07/2016                                  | 73                       | 0.02               |
| 50,000  | Cellco Partnership/Verizon Wireless Capital 8.875% 18/12/2018 | 64                       | 0.02               |
| 50,000  | Cie de St-Gobain 5.625% 15/12/2016                            | 55                       | 0.02               |
| 50,000  | Citigroup 7.625% 03/04/2018                                   | 60                       | 0.02               |
| -   | Deco 15-Pan Europe 6 Floating Rate 27/04/2018†                | -                        | -                  |
| 750,000   | Dunfermline Building Society Floating Rate 31/03/2015†^^      | 10                       | -                  |
| 80,000  | Eksportfinans 3% 17/11/2014^                                  | 48                       | 0.01               |
| 50,000  | ENI 6.125% 17/12/2018   | 58                       | 0.02               |
| 1,241,000   | European Investment Bank 4.75% 15/10/2018                     | 1,391                    | 0.41               |
| 310,000   | European Investment Bank 8.75% 25/08/2017                     | 381                      | 0.11               |
| 126,000   | Firstgroup 6.125% 18/01/2019^                                 | 140                      | 0.04               |
| 300,000   | Firstgroup 8.125% 19/09/2018^                                 | 359                      | 0.11               |
| 115,000   | G4S 7.75% 13/05/2019  | 139                      | 0.04               |
| 20,000  | GE Capital UK Funding 6.75% 06/08/2018                        | 24                       | 0.01               |
| 50,000  | Glencore Finance Europe 6.5% 27/02/2019                       | 57                       | 0.02               |
| 50,000  | Go-Ahead 5.375% 29/09/2017^                                   | 55                       | 0.02               |
| 80,000  | Goldman Sachs 6.125% 14/02/2017                               | 89                       | 0.03               |
| 205,000   | Goodman Australia Finance Pty 9.75% 16/07/2018                | 258                      | 0.08               |
| 50,000  | HBOS Floating Rate 18/10/2017^                                | 49                       | 0.01               |
| 50,000  | Heathrow Funding 6.25% 10/09/2018                             | 57                       | 0.02               |
| 57,000  | Holcim GB Finance 8.75% 24/04/2017                            | 68                       | 0.02               |
| 150,000   | JPMorgan Chase Bank NA 5.375% 28/09/2016                      | 162                      | 0.05               |
| 7,210,000   | KFW 5.5% 07/12/2015   | 7,732                    | 2.29               |
| 65,000  | Lloyds TSB Bank 6.75% 24/10/2018                              | 77                       | 0.02               |
| 50,000  | Mondelez International 7.25% 18/07/2018^                      | 60                       | 0.02               |
| 75,000  | Morgan Stanley 5.75% 14/02/2017                               | 82                       | 0.02               |
| 115,000   | National Express 6.25% 13/01/2017^                            | 126                      | 0.04               |
| 50,000  | Northern Trust 5.375% 11/03/2015                              | 51                       | 0.01               |
| 52,000  | Pacific Life Funding 5.125% 20/01/2015                        | 53                       | 0.01               |
| 120,000   | Phoenix Natural Gas Finance 5.5% 10/07/2017                   | 131                      | 0.04               |
| 490,000   | Porterbrook Rail Finance 5.5% 20/04/2019                      | 543                      | 0.16               |
| 57,000  | PostNL 7.5% 14/08/2018  | 67                       | 0.02               |
| 50,000  | QBE Insurance 6.125% 28/09/2015                               | 53                       | 0.02               |
| 50,000  | Reed Elsevier Investments 5.625% 20/10/2016                   | 55                       | 0.02               |
| 570,000   | Royal Bank of Scotland 6.625% 17/09/2018                      | 664                      | 0.20               |
| 256,000   | Royal Bank of Scotland 6.934% 09/04/2018^                     | 245                      | 0.07               |
| 33,000  | Safeway 6% 10/01/2017^^                                       | 36                       | 0.01               |
| 55,000  | Safeway 6.125% 17/12/2018^^                                   | 61                       | 0.02               |

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|--|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |  |                          |                    |
| <b>Short Dated: 4.85% (4.63%) (continued)</b>       |  |                          |                    |
| 50,000  | Silverstone Master Issuer 5.063% 21/10/2016  | 54                       | 0.02               |
| 100,000   | SLM Student Loan Trust 5.15% 17/09/2015  | 95                       | 0.03               |
| 193,000   | Southern Gas Networks 5.125% 02/11/2018  | 214                      | 0.06               |
| 95,000  | Southern Water Services Finance 6.125% 31/03/2019                                    | 109                      | 0.03               |
| 125,000   | SPI Electricity & Gas Australia Pty 7.125% 26/06/2018                                | 147                      | 0.04               |
| 50,000  | Stagecoach 5.75% 16/12/2016^   | 55                       | 0.02               |
| 150,000   | Standard Chartered Bank 7.75% 03/04/2018   | 176                      | 0.05               |
| 44,000  | Talisman Energy 6.625% 05/12/2017  | 50                       | 0.01               |
| 90,000  | Telefonica Emisiones 5.375% 02/02/2018   | 99                       | 0.03               |
| 28,357  | Titan Europe 2007-3 Floating Rate 23/10/2016^  | 28                       | 0.01               |
| 63,000  | WPP 2008 6% 04/04/2017   | 70                       | 0.02               |
| 60,000  | WT Finance Aust Pty/Westfield Europe Finance/<br>WEA Finance 5.5% 27/06/2017         | 67                       | 0.02               |
| 144,000   | Yorkshire Building Society 4.75% 12/04/2018  | 158                      | 0.05               |
|   |  | 16,356                   | 4.85               |
| <b>Medium Dated: 9.28% (9.99%)</b>                  |  |                          |                    |
| 88,000  | 3i 6.875% 09/03/2023   | 105                      | 0.03               |
| 100,000   | AA Bond 3.781% 31/07/2019^   | 101                      | 0.03               |
| 490,000   | AA Bond 4.249% 31/07/2020^   | 502                      | 0.15               |
| 135,000   | Abbey National Treasury Services 5.125% 14/04/2021                                   | 155                      | 0.05               |
| 50,000  | American International 5% 26/04/2023   | 55                       | 0.02               |
| 52,878  | Annington Finance 8% 02/10/2021  | 64                       | 0.02               |
| 240,000   | Annington Finance 8.07% 10/01/2023   | 307                      | 0.09               |
| 150,000   | Annington Finance Floating Rate 07/12/2022   | 113                      | 0.03               |
| 180,000   | Annington Repackaging No 1 5.3236% 10/01/2023  | 201                      | 0.06               |
| 102,000   | Asciano Finance 5% 19/09/2023^   | 108                      | 0.03               |
| 42,000  | Atlantia 6.25% 09/06/2022  | 50                       | 0.01               |
| 349,000   | Bank of America 5.5% 04/12/2019  | 396                      | 0.12               |
| 150,000   | Bank of America 6.125% 15/09/2021  | 177                      | 0.05               |
| 414,000   | Barclays Bank 10% 21/05/2021   | 553                      | 0.16               |
| 710,000   | Barclays Bank 4.25% 12/01/2022   | 777                      | 0.23               |
| 105,000   | Barclays Bank Floating Rate 16/01/2023   | 116                      | 0.03               |
| 205,000   | BAT International Finance 7.25% 12/03/2024   | 265                      | 0.08               |
| 1,600,000   | BBVA Subordinated Capital Floating Rate 11/04/2024^                                  | 1,337                    | 0.40               |
| 70,000  | BP Capital Markets 3.814% 10/02/2024   | 43                       | 0.01               |
| 57,000  | British Telecommunications 8.625% 26/03/2020   | 74                       | 0.02               |
| 230,000   | Centrica 6.375% 10/03/2022   | 276                      | 0.08               |
| 162,000   | Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/<br>Netherlands 4.625% 13/01/2021 | 179                      | 0.05               |
| 100,000   | Co-Operative Bank 4.75% 11/11/2021   | 108                      | 0.03               |
| 629,000   | CPUK Finance 7.239% 28/02/2042   | 783                      | 0.23               |
| 600,000   | Credit Agricole 7.375% 18/12/2023  | 742                      | 0.22               |

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|--|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |  |                          |                    |
| <b>Medium Dated: 9.28% (9.99%) (continued)</b>      |  |                          |                    |
| 50,000  | Daily Mail & General Trust 10.00% 09/04/2021^          | 67                       | 0.02               |
| 200,000   | Deutsche Pfandbriefbank 1.875% 20/12/2019              | 194                      | 0.06               |
| 30,000  | Deutsche Telekom International Finance 6.5% 08/04/2022 | 36                       | 0.01               |
| 100,000   | Eastern Power Networks 5.75% 08/03/2024                | 116                      | 0.03               |
| -   | Eirles Two Floating Rate 27/10/2020†                   | -                        | -                  |
| 100,000   | ENW Finance International 6.125% 21/07/2021            | 117                      | 0.03               |
| 225,017   | Epic (Drummond) Floating Rate 25/01/2022               | 170                      | 0.05               |
| 540,000   | European Investment Bank 4.25% 07/12/2021              | 602                      | 0.18               |
| 3,402,000   | European Investment Bank 5.375% 07/06/2021             | 4,037                    | 1.20               |
| 50,000  | Fidelity International 6.75% 19/10/2020                | 58                       | 0.02               |
| 190,000   | Firstgroup 5.25% 29/11/2022^                           | 205                      | 0.06               |
| 133,000   | Friends Life 8.25% 21/04/2022                          | 152                      | 0.05               |
| 50,000  | GDF Suez 6.125% 11/02/2021                             | 60                       | 0.02               |
| 520,000   | GE Capital UK Funding 5.875% 04/11/2020                | 611                      | 0.18               |
| 356,000   | Glencore Finance Europe 5.5% 03/04/2022                | 404                      | 0.12               |
| 417,000   | Glencore Funding LLC 4.125% 30/05/2023                 | 245                      | 0.07               |
| 583,000   | Glencore Funding LLC 4.125% SNR PIDI NTS 30/05/2023    | 342                      | 0.10               |
| 40,000  | Goldman Sachs Group 5.5% 12/10/2021                    | 44                       | 0.01               |
| 104,188   | Greene King Finance Floating Rate 15/09/2021           | 102                      | 0.03               |
| 492,000   | Heathrow Funding 5.225% 15/02/2023                     | 551                      | 0.16               |
| 100,000   | Heathrow Funding 6% 20/03/2020                         | 113                      | 0.03               |
| 600,000   | Heathrow Funding 7.125% 14/02/2024                     | 733                      | 0.22               |
| 300,000   | HSBC Floating Rate 18/10/2022                          | 333                      | 0.10               |
| 50,000  | Iberdrola Finanzas 7.375% 29/01/2024                   | 63                       | 0.02               |
| 583,000   | Imperial Tobacco Finance 7.75% 24/06/2019              | 715                      | 0.21               |
| 375,000   | Imperial Tobacco Finance 8.125% 15/03/2024             | 499                      | 0.15               |
| 100,000   | Imperial Tobacco Finance 9% 17/02/2022                 | 135                      | 0.04               |
| 175,000   | ING Bank Floating Rate 29/05/2023                      | 196                      | 0.06               |
| 280,000   | International Business Machines 2.75% 21/12/2020       | 282                      | 0.08               |
| 100,000   | Intu Metrocentre Finance 4.125% 06/12/2023             | 102                      | 0.03               |
| 630,000   | Intu SGS Finance 3.875% 17/03/2023                     | 632                      | 0.19               |
| 205,000   | IXIS Corporate & Investment Bank 5.875% 24/02/2020     | 237                      | 0.07               |
| 1,500,000   | KFW 5.55% 07/06/2021                                   | 1,809                    | 0.54               |
| 68,000  | Koninklijke 6% 29/05/2019                              | 77                       | 0.02               |
| 244,000   | Lloyds TSB Bank 7.5% 15/04/2024                        | 320                      | 0.09               |
| 388,000   | Lloyds TSB Bank Floating Rate 29/05/2020^              | 406                      | 0.12               |
| 180,000   | Lloyds TSB Bank Floating Rate MTN 16/12/2021^          | 215                      | 0.06               |
| 80,000  | London Stock Exchange 9.125% 18/10/2019                | 103                      | 0.03               |
| 100,000   | Marks & Spencer 6.125% 06/12/2021^                     | 115                      | 0.03               |
| 50,558  | Marstons Issuer Floating Rate 15/07/2020               | 50                       | 0.01               |
| 105,000   | Mass Mutual Global Funding 6.2% 14/06/2019             | 104                      | 0.03               |



# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|---|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |   |                          |                    |
| <b>Medium Dated: 9.28% (9.99%) (continued)</b>      |   |                          |                    |
| 207,000   | Metropolitan Life Global Funding I 2.875% 11/01/2023    | 201                      | 0.06               |
| 50,000  | Motability Operations 5.375% 28/06/2022                 | 58                       | 0.02               |
| 100,000   | Motability Operations 6.625% 10/12/2019                 | 121                      | 0.04               |
| 80,000  | National Australia Bank 5.125% 09/12/2021               | 91                       | 0.03               |
| 20,000  | National Westminster Bank 6.5% 07/09/2021^              | 22                       | 0.01               |
| 65,000  | Nationwide Building Society 5.625% 09/09/2019           | 74                       | 0.02               |
| 500,000   | Nationwide Building Society Floating Rate 20/03/2023    | 436                      | 0.13               |
| 14,000  | Northumbrian Water Finance 6.875% 06/02/2023            | 17                       | 0.01               |
| 100,000   | Petroleos Mexicanos 8.25% 02/06/2022                    | 127                      | 0.04               |
| 100,000   | Prologis 3.375% 20/02/2024                              | 88                       | 0.03               |
| 100,000   | Royal Bank of Scotland 5.125% 13/01/2024                | 116                      | 0.04               |
| 116,000   | Royal Bank of Scotland 7.5% 29/04/2024                  | 151                      | 0.05               |
| 1,199,000   | RWE Finance 5.625% 06/12/2023                           | 1,374                    | 0.41               |
| 63,000  | RWE Finance 6.5% 20/04/2021                             | 75                       | 0.02               |
| 600,000   | Santander UK 5% 07/11/2023                              | 383                      | 0.11               |
| 200,000   | Scottish Widows 5.5% 16/06/2023                         | 212                      | 0.06               |
| 90,000  | Segro 5.625% 07/12/2020^^                               | 103                      | 0.03               |
| 50,000  | Segro 6% 30/09/2019^^                                   | 57                       | 0.02               |
| 400,000   | SGSP Australia Assets Pty 5.125% 11/02/2021             | 438                      | 0.13               |
| 50,000  | Tate & Lyle International Finance 6.75% 25/11/2019      | 59                       | 0.02               |
| 69,957  | Taurus Cmbis Floating Rate 04/02/2020                   | 54                       | 0.02               |
| 590,000   | TDC 5.625% 23/02/2023                                   | 670                      | 0.20               |
| 1,350,000   | Telefonica Emisiones 5.289% 09/12/2022                  | 1,489                    | 0.44               |
| 75,000  | Tesco 5% 24/03/2023                                     | 81                       | 0.02               |
| 50,000  | Tesco 6.125% 24/02/2022                                 | 58                       | 0.02               |
| 320,000   | Verizon Communications 5.15% 15/09/2023                 | 213                      | 0.06               |
| 50,000  | Wells Fargo Bank NA 5.25% 01/08/2023                    | 55                       | 0.02               |
| 600,000   | Westfield UK & Europe Finance 4.25% 11/07/2022          | 658                      | 0.20               |
| 657,000   | Xstrata Canada Financial 7.375% 27/05/2020              | 792                      | 0.23               |
| 60,000  | Xstrata Finance Canada 4.95% 15/11/2021                 | 38                       | 0.01               |
| 50,000  | Yorkshire Water Services Bradford Finance 6% 21/08/2019 | 58                       | 0.02               |
|   |   | 31,308                   | 9.28               |
| <b>Long Dated: 20.02% (21.06%)</b>                  |   |                          |                    |
| 49,000  | 3i 5.75% 03/12/2032                                     | 55                       | 0.02               |
| 300,000   | Abbey National Treasury Services 5.25% 16/02/2029       | 355                      | 0.11               |
| 501,000   | Abbey National Treasury Services 5.75% 02/03/2026       | 617                      | 0.18               |
| 690,000   | ABP Finance 6.25% 14/12/2026                            | 826                      | 0.25               |
| 50,000  | Aegon 6.625% 16/12/2039                                 | 66                       | 0.02               |
| 200,000   | Affinity Sutton Capital Markets 4.25% 08/10/2042        | 202                      | 0.06               |
| 400,000   | Allianz Finance II 4.5% 13/03/2043                      | 422                      | 0.13               |
| 110,000   | Altria 5.375% 31/01/2044                                | 71                       | 0.02               |

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|--|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |  |                          |                    |
| <b>Long Dated: 20.02% (21.06%) (continued)</b>      |  |                          |                    |
| 351,000   | Altria 9.95% 10/11/2038  | 344                      | 0.10               |
| 155,000   | America Movil Sab De CV 5.75% 28/06/2030                       | 179                      | 0.05               |
| 100,000   | Amgen 4% 13/09/2029  | 98                       | 0.03               |
| 100,000   | Amgen 5.5% 07/12/2026  | 116                      | 0.03               |
| 370,000   | Anglian Water Services Financing 4.5% 22/02/2026               | 373                      | 0.11               |
| 306,000   | Anglian Water Services Financing 6.293% 30/07/2030             | 378                      | 0.11               |
| 150,000   | Anglian Water Services Financing Floating Rate 11/06/2024      | 151                      | 0.04               |
| 80,000  | Anheuser-Busch InBev 9.75% 30/07/2024                          | 122                      | 0.04               |
| 405,000   | Aspire Defence Finance 4.674% 31/03/2040 (A)                   | 421                      | 0.12               |
| 232,000   | Aspire Defence Finance 4.674% 31/03/2040 (B)                   | 241                      | 0.07               |
| 1,300,000   | Assicurazioni Generali 4.125% 04/05/2026                       | 1,090                    | 0.32               |
| 500,000   | Assicurazioni Generali Floating Rate 10/07/2042                | 566                      | 0.17               |
| 374,000   | AT&T 4.25% 01/06/2043  | 345                      | 0.10               |
| 322,000   | AT&T 4.875% 01/06/2044   | 328                      | 0.10               |
| 150,000   | AT&T 7% 30/04/2040   | 200                      | 0.06               |
| 120,000   | Aviva Floating Rate 20/05/2058                                 | 142                      | 0.04               |
| 60,000  | Aviva Floating Rate 29/09/2049                                 | 64                       | 0.02               |
| 50,000  | Aviva Floating Rate 29/11/2049                                 | 53                       | 0.02               |
| 210,000   | AXA Floating Rate 16/01/2054                                   | 216                      | 0.06               |
| 83,000  | AXA Floating Rate 29/07/2049                                   | 89                       | 0.03               |
| 247,000   | AXA Floating Rate 29/07/2049                                   | 270                      | 0.08               |
| 697,000   | AXA Floating Rate 29/10/2049                                   | 630                      | 0.19               |
| 128,000   | Bank of America 4.25% 10/12/2026                               | 132                      | 0.04               |
| 500,000   | Bank of America 7% 31/07/2028                                  | 658                      | 0.20               |
| 40,000  | Barclays Bank 5.75% 14/09/2026                                 | 44                       | 0.01               |
| 100,000   | Barclays Bank Floating Rate 29/04/2049                         | 105                      | 0.03               |
| 80,000  | Barclays Bank Floating Rate 29/06/2049                         | 82                       | 0.02               |
| 50,000  | Barclays Bank Floating Rate 29/11/2049                         | 68                       | 0.02               |
| 223,000   | BAT International Finance 5.75% 05/07/2040                     | 270                      | 0.08               |
| 300,000   | BG Energy Capital 5% 04/11/2036                                | 328                      | 0.10               |
| 100,000   | BG Energy Capital 5.125% 01/12/2025                            | 112                      | 0.03               |
| 100,000   | BPCE 5.25% 16/04/2029  | 103                      | 0.03               |
| 80,000  | British Telecommunications 5.75% 07/12/2028                    | 94                       | 0.03               |
| 130,000   | British Telecommunications 9.625% 15/12/2030                   | 124                      | 0.04               |
| 150,000   | Broadgate Financing 4.821% 05/07/2036                          | 167                      | 0.05               |
| 115,000   | Broadgate Financing 4.999% 05/10/2033                          | 129                      | 0.04               |
| 27,000  | BUPA Finance Floating Rate 29/12/2049                          | 29                       | 0.01               |
| 74,614  | Canary Wharf Finance II 6.455% 22/04/2033                      | 92                       | 0.03               |
| 115,000   | Centrica 7% 19/09/2033   | 153                      | 0.05               |
| 126,000   | Channel Link Enterprises Finance Floating Rate 30/06/2050 (A3) | 124                      | 0.04               |

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|---|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |   |                          |                    |
| <b>Long Dated: 20.02% (21.06%) (continued)</b>      |   |                          |                    |
| 1,810,000   | Channel Link Enterprises Finance Floating Rate 30/06/2050 (A4)                      | 1,460                    | 0.43               |
| 33,000  | Cie de Financement Foncier 5.5% 26/01/2027  | 38                       | 0.01               |
| 100,000   | Cie de St-Gobain 4.625% 09/10/2029  | 103                      | 0.03               |
| 50,000  | Circle Anglia Social Housing 7.25% 12/11/2038                                       | 73                       | 0.02               |
| 50,000  | Citigroup 5.875% 01/07/2024   | 57                       | 0.02               |
| 165,000   | Citigroup 6.5% 16/08/2030   | 214                      | 0.06               |
| 140,000   | Citigroup 6.8% 25/06/2038   | 192                      | 0.06               |
| 270,000   | Citigroup 7.375% 01/09/2039   | 396                      | 0.12               |
| 560,000   | Citigroup 8.125% 15/07/2039   | 494                      | 0.15               |
| 100,000   | CNP Assurances Floating Rate 30/09/2041   | 115                      | 0.03               |
| 86,000  | Comcast 5.5% 23/11/2029   | 100                      | 0.03               |
| 1,210,000   | Commonwealth Bank of Australia 3% 04/09/2026  | 1,161                    | 0.34               |
| 820,000   | Community Finance1 5.017% 31/07/2034  | 944                      | 0.28               |
| 100,000   | Cooperatieve Centrale Raiffeisen-Boerenleenbank 4.625% 23/05/2029                   | 100                      | 0.03               |
| 56,000  | Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/<br>Netherlands 4.55% 30/08/2029 | 59                       | 0.02               |
| 135,000   | CTRL Section 1 Finance 5.234% 02/05/2035  | 157                      | 0.05               |
| 650,000   | Delamare Finance 5.5457% 19/02/2029   | 718                      | 0.21               |
| 130,000   | Deutsche Telekom International Finance 7.625% 15/06/2030                            | 179                      | 0.05               |
| 100,000   | DIRECTV/ DIRECTV Financing 4.375% 14/09/2029  | 99                       | 0.03               |
| 50,000  | DNB Bank Floating Rate 29/01/2049   | 53                       | 0.02               |
| 100,000   | Dolphin Master Issuer Floating Rate 28/09/2099                                      | 83                       | 0.02               |
| 145,000   | DONG Energy 5.75% 09/04/2040  | 171                      | 0.05               |
| 124,000   | Dutch MBS XVIII Floating Rate 02/02/2045  | 102                      | 0.03               |
| 100,000   | E.ON International Finance 5.875% 30/10/2037  | 119                      | 0.04               |
| 300,000   | E.ON International Finance 6.75% 27/01/2039   | 397                      | 0.12               |
| 100,000   | East Japan Railway 4.5% 25/01/2036  | 109                      | 0.03               |
| 800,000   | Electricite de France 5.5% 17/10/2041   | 910                      | 0.27               |
| 297,000   | Electricite de France 5.875% 18/07/2031   | 351                      | 0.10               |
| 300,000   | Electricite de France 6% 23/01/2114   | 354                      | 0.11               |
| 100,000   | Electricite de France 6.125% 02/06/2034   | 122                      | 0.04               |
| 650,000   | Electricite de France 6.25% 30/05/2028  | 792                      | 0.23               |
| 200,000   | Electricite de France Floating Rate 22/07/2049                                      | 206                      | 0.06               |
| 600,000   | Electricite de France Floating Rate 29/12/2049                                      | 632                      | 0.19               |
| 550,000   | Electricity North West 8.875% 25/03/2026  | 805                      | 0.24               |
| 285,000   | Enel Finance International 5.625% 14/08/2024  | 324                      | 0.10               |
| 830,000   | Enel Finance International 5.75% 14/09/2040   | 902                      | 0.27               |
| 602,000   | Equity Release Funding 5.05% 26/04/2033   | 654                      | 0.19               |
| 100,000   | European Bank for Reconstruction & Development 5.625% 07/12/2028                    | 126                      | 0.04               |
| 290,000   | European Investment Bank 3.875% 08/06/2037  | 301                      | 0.09               |
| 109,000   | European Investment Bank 5.5% 15/04/2025  | 134                      | 0.04               |

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|--|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |  |                          |                    |
| <b>Long Dated: 20.02% (21.06%) (continued)</b>      |  |                          |                    |
| 243,000   | European Investment Bank 6% 07/12/2028                               | 315                      | 0.09               |
| 752,000   | Eversholt Funding 6.359% 02/12/2025                                  | 908                      | 0.27               |
| 80,000  | Firstgroup 6.875% 18/09/2024^  | 96                       | 0.03               |
| 50,000  | Fosse Master Issuer Floating Rate 18/10/2054                         | 54                       | 0.02               |
| 1,500,000   | Fosse Master Issuer Floating Rate MTN 18/10/2054                     | 1,547                    | 0.46               |
| 400,000   | Gatwick Funding 5.75% 23/01/2037                                     | 465                      | 0.14               |
| 150,000   | Gatwick Funding 6.125% 02/03/2028                                    | 180                      | 0.05               |
| 170,000   | Gatwick Funding 6.5% 02/03/2043                                      | 219                      | 0.06               |
| 100,000   | GDF Suez Floating Rate 10/01/2049                                    | 104                      | 0.03               |
| 477,000   | GE Capital UK Funding 5.875% 18/01/2033                              | 584                      | 0.17               |
| 135,000   | GE Capital UK Funding 6.25% 05/05/2038                               | 175                      | 0.05               |
| 375,000   | General Electric Capital 4.875% 18/09/2037                           | 396                      | 0.12               |
| 407,000   | General Electric Capital Floating Rate 15/09/2066                    | 432                      | 0.13               |
| 211,000   | General Electric Capital Floating Rate 15/09/2067                    | 232                      | 0.07               |
| 893,251   | German Residential Funding Floating Rate 27/08/2024^^                | 758                      | 0.22               |
| 200,000   | GlaxoSmithKline Capital 4.25% 18/12/2045                             | 201                      | 0.06               |
| 194,000   | GlaxoSmithKline Capital 5.25% 10/04/2042                             | 227                      | 0.07               |
| 180,000   | GlaxoSmithKline Capital 6.375% 09/03/2039                            | 241                      | 0.07               |
| 50,000  | Goldman Sachs Group 6.875% 18/01/2038                                | 62                       | 0.02               |
| 63,000  | Goldman Sachs Group 7.125% 07/08/2025                                | 82                       | 0.02               |
| 98,367  | Greater Gabbard OFTO 4.137% 29/11/2032                               | 102                      | 0.03               |
| 75,000  | Hammerson 7.25% 21/04/2028   | 98                       | 0.03               |
| 13,000  | Haven Funding 8.125% 30/09/2037                                      | 19                       | 0.01               |
| 50,000  | HBOS Capital Funding Floating Rate 29/11/2049^                       | 53                       | 0.02               |
| 510,000   | Health Care REIT 4.8% 20/11/2028                                     | 527                      | 0.16               |
| 250,000   | Heathrow Funding 5.875% 13/05/2041                                   | 303                      | 0.09               |
| 285,000   | Heathrow Funding 6.45% 10/12/2031                                    | 359                      | 0.11               |
| 342,000   | Heathrow Funding 6.75% 03/12/2026                                    | 436                      | 0.13               |
| 43,722  | Housing Association Funding 8.25% 07/06/2027                         | 58                       | 0.02               |
| 190,000   | HSBC 5.75% 20/12/2027  | 210                      | 0.06               |
| 216,000   | HSBC 6% 29/03/2040   | 248                      | 0.07               |
| 100,000   | HSBC 6.75% 11/09/2028  | 122                      | 0.04               |
| 136,000   | HSBC Bank Capital Funding Sterling Floating Rate 29/04/2049          | 145                      | 0.04               |
| 100,000   | Imperial Tobacco Finance 4.875% 07/06/2032                           | 103                      | 0.03               |
| 7,886   | Integrated Accommodation Services 6.48% 31/03/2029                   | 10                       | -                  |
| 202,000   | International Bank for Reconstruction & Development 5.75% 07/06/2032 | 270                      | 0.08               |
| 300,000   | Intu SGS Finance 4.625% 17/03/2028                                   | 311                      | 0.09               |
| 75,000  | Investor 5.5% 05/05/2037   | 86                       | 0.03               |
| 47,092  | Juturna European Loan Conduit No 16 5.064% 10/08/2033                | 53                       | 0.02               |
| 60,000  | KFW 5% 09/06/2036  | 75                       | 0.02               |
| 100,000   | KFW 5.75% 07/06/2032   | 133                      | 0.04               |

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|--|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |  |                          |                    |
| <b>Long Dated: 20.02% (21.06%) (continued)</b>      |  |                          |                    |
| 330,000   | KFW 6% 07/12/2028  | 440                      | 0.13               |
| 135,000   | Koninklijke 5% 18/11/2026  | 141                      | 0.04               |
| 760,000   | Koninklijke 5.75% 17/09/2029   | 839                      | 0.25               |
| 100,000   | Koninklijke Floating Rate 14/03/2073 <sup>^</sup>                            | 104                      | 0.03               |
| 598,000   | Lambay Capital Securities Floating Rate 29/06/2049 <sup>†</sup> <sup>^</sup> | -                        | -                  |
| 19  | Lambda Finance BV GBP 'A1' Floating Rate 20/09/2031                          | -                        | -                  |
| 181,000   | Land Securities Capital Markets Floating Rate 27/02/2026                     | 210                      | 0.06               |
| 295,000   | Land Securities Capital Markets Floating Rate 30/09/2029                     | 344                      | 0.10               |
| 95,000  | Land Securities Capital Markets Floating Rate 31/07/2032                     | 112                      | 0.03               |
| 80,000  | Legal & General Finance 5.875% 11/12/2031                                    | 96                       | 0.03               |
| 50,000  | Legal & General Floating Rate 23/07/2041                                     | 67                       | 0.02               |
| 250,000   | Legal & General Floating Rate 29/05/2049                                     | 268                      | 0.08               |
| 100,000   | Liverpool Victoria Friendly Society Floating Rate 22/05/2043 <sup>^</sup>    | 102                      | 0.03               |
| 580,000   | Lloyds TSB Bank 5.125% 07/03/2025  | 671                      | 0.20               |
| 579,000   | Lloyds TSB Bank 6% 08/02/2029  | 734                      | 0.22               |
| 432,000   | Lloyds TSB Bank 7.625% 22/04/2025 <sup>^</sup>                               | 545                      | 0.16               |
| 59,000  | London Power Networks 6.125% 07/06/2027                                      | 70                       | 0.02               |
| 449,718   | Longstone Finance 4.791% 19/04/2030  | 501                      | 0.15               |
| 100,000   | Marstons Issuer Floating Rate 15/10/2027                                     | 110                      | 0.03               |
| 44,205  | Meadowhall Finance 4.986% 12/07/2037   | 50                       | 0.01               |
| 138,527   | Meadowhall Finance 4.988% 12/07/2037   | 155                      | 0.05               |
| 100,000   | Mellon Capital III Floating Rate 05/09/2066                                  | 105                      | 0.03               |
| 67,000  | MetLife 5.375% 09/12/2024  | 77                       | 0.02               |
| 78,329  | Mitchells & Butlers Finance Floating Rate 15/12/2030 (A1N)                   | 71                       | 0.02               |
| 125,000   | Mitchells & Butlers Finance Floating Rate 15/12/2030 (A4) <sup>†</sup>       | 113                      | 0.03               |
| 300,000   | Moat Homes Finance 5% 23/09/2041   | 321                      | 0.10               |
| 100,000   | Muenchener Rueckversicherungs Floating Rate 26/05/2042                       | 116                      | 0.03               |
| 80,000  | MUFG Capital Finance 5 Floating Rate 29/01/2049                              | 86                       | 0.03               |
| 220,000   | National Australia Bank 3% 04/09/2026  | 211                      | 0.06               |
| 393,000   | National Grid Electricity Transmission 7.375% 13/01/2031                     | 542                      | 0.16               |
| 90,000  | National Grid Gas 6% 13/05/2038  | 112                      | 0.03               |
| 60,000  | National I Floating Rate 29/09/2049  | 63                       | 0.02               |
| 460,000   | Nationwide Building Society 5.625% 28/01/2026                                | 562                      | 0.17               |
| 44,083  | Nats En Route 5.25% 31/03/2026   | 50                       | 0.01               |
| 210,000   | Network Rail Infrastructure Finance 4.375% 09/12/2030                        | 238                      | 0.07               |
| 917,000   | Network Rail Infrastructure Finance 4.75% 29/11/2035                         | 1,086                    | 0.32               |
| 105,000   | NIE Finance 6.375% 02/06/2026  | 128                      | 0.04               |
| 100,000   | Njord Gas Infrastructure 5.241% 30/09/2027                                   | 100                      | 0.03               |
| 70,000  | Northern Gas Networks Finance 5.625% 23/03/2040                              | 82                       | 0.02               |
| 50,000  | Northern Powergrid Yorkshire 5.125% 04/05/2035                               | 55                       | 0.02               |
| 65,000  | Northumbrian Water Finance 5.625% 29/04/2033                                 | 76                       | 0.02               |

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|--|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |  |                          |                    |
| <b>Long Dated: 20.02% (21.06%) (continued)</b>      |  |                          |                    |
| 115,000   | OAK No.1 Floating Rate 26/02/2052                          | 115                      | 0.03               |
| 19,000  | Oesterreichische Kontrollbank 5.75% 07/12/2028             | 23                       | 0.01               |
| 85,000  | Orange 5.25% 05/12/2025                                    | 94                       | 0.03               |
| 102,000   | Orange 8.125% 20/11/2028                                   | 143                      | 0.04               |
| 100,000   | Petrobras Global Finance 5.375% 01/10/2029^                | 94                       | 0.03               |
| 200,000   | Pfizer 6.5% 03/06/2038                                     | 267                      | 0.08               |
| 300,000   | Phedina Hypotheken 2013-1 Floating Rate 25/11/2045         | 248                      | 0.07               |
| 140,000   | Places for People Homes 5.875% 23/05/2031                  | 161                      | 0.05               |
| 160,000   | QBE Capital Funding IV Floating Rate 24/05/2041            | 179                      | 0.05               |
| 105,000   | Rabobank Capital Funding Trust IV Floating Rate 29/10/2049 | 111                      | 0.03               |
| 130,000   | Rio Tinto Finance 4% 11/12/2029                            | 129                      | 0.04               |
| 100,000   | RL Finance Bonds No. 2 Floating Rate 30/11/2043            | 106                      | 0.03               |
| 75,512  | RMPA Services 5.337% 30/09/2038^                           | 85                       | 0.03               |
| 150,000   | Royal Bank of Scotland 6.875% 17/05/2025                   | 188                      | 0.06               |
| 57,000  | RSA Insurance Floating Rate 20/05/2039                     | 70                       | 0.02               |
| 68,908  | RSL Finance No 1 6.625% 31/03/2038                         | 88                       | 0.03               |
| 150,000   | RWE Finance 6.125% 06/07/2039                              | 180                      | 0.05               |
| 16,000  | RWE Finance 6.25% 03/06/2030                               | 19                       | 0.01               |
| 430,000   | Sanctuary Capital 5% 26/04/2047                            | 496                      | 0.15               |
| 75,000  | Sanctuary Capital 6.697% 23/03/2039                        | 105                      | 0.03               |
| 105,000   | Santos Finance Floating Rate 22/09/2070                    | 98                       | 0.03               |
| 87,171  | Sceptre Funding No. 1 5.253% 09/02/2027                    | 100                      | 0.03               |
| 1,069,000   | Scottish Widows 7% 16/06/2043                              | 1,253                    | 0.37               |
| 248,000   | Scottish Widows Floating Rate 29/09/2049                   | 253                      | 0.08               |
| 36,000  | Severn Trent Utilities Finance 6.25% 07/06/2029            | 45                       | 0.01               |
| 45,000  | Siemens Financieringsmaatschappij Floating Rate 14/09/2066 | 48                       | 0.01               |
| 285,000   | SLM Student Loan Trust 2003-12 Floating Rate 15/03/2038†   | 258                      | 0.08               |
| 50,000  | South Eastern Power Networks 6.375% 12/11/2031             | 62                       | 0.02               |
| 68,000  | Southern Water Services Finance 6.192% 31/03/2029          | 83                       | 0.02               |
| 500,000   | Southern Water Services Finance Floating Rate 31/03/2038   | 504                      | 0.15               |
| 220,000   | Sovereign Housing Capital 4.768% 01/06/2043                | 242                      | 0.07               |
| 50,000  | Sovereign Housing Capital 5.705% 10/09/2039                | 62                       | 0.02               |
| 420,000   | SP Manweb 4.875% 20/09/2027                                | 450                      | 0.13               |
| 135,000   | SPD Finance UK 5.875% 17/07/2026                           | 159                      | 0.05               |
| 180,000   | SSE 8.375% 20/11/2028                                      | 262                      | 0.08               |
| 50,000  | Standard Chartered Bank Floating Rate 29/05/2049           | 55                       | 0.02               |
| 100,000   | Standard Life Floating Rate 29/07/2049                     | 112                      | 0.03               |
| 120,000   | Statoil 4.25% 10/04/2041                                   | 125                      | 0.04               |
| 240,000   | Statoil 4.8% 08/11/2043                                    | 158                      | 0.05               |
| 100,000   | Statoil 6.875% 11/03/2031                                  | 137                      | 0.04               |
| 200,000   | Storm 2013-II Floating Rate 22/11/2050                     | 165                      | 0.05               |

# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                       | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|--|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b> |  |                          |                    |
| <b>Long Dated: 20.02% (21.06%) (continued)</b>      |  |                          |                    |
| 65,000  | Suncorp Insurance Funding 2007 Floating Rate 13/06/2027        | 68                       | 0.02               |
| 120,655   | Sunrise Srl '09 A' Floating Rate Floating Rate 27/08/2031      | 98                       | 0.03               |
| 100,000   | Swiss Reinsurance via ELM Floating Rate 29/03/2049             | 110                      | 0.03               |
| 300,000   | Talanx Finanz Luxembourg Floating Rate 15/06/2042              | 322                      | 0.09               |
| 50,000  | Telefonica Emisiones 5.375% 02/02/2026                         | 55                       | 0.02               |
| 100,000   | Telefonica Emisiones 5.445% 08/10/2029                         | 109                      | 0.03               |
| 400,000   | Telefonica Emisiones 7.045% 20/06/2036                         | 300                      | 0.09               |
| 957,911   | Telereal Secured Finance 4.01% 10/12/2031                      | 956                      | 0.28               |
| 137,193   | Telereal Securitisation 6.165% 10/12/2031                      | 163                      | 0.05               |
| 57,000  | Telereal Securitisation Floating Rate 10/12/2031               | 46                       | 0.01               |
| 420,000   | Telereal Securitisation Floating Rate 10/12/2033               | 427                      | 0.13               |
| 140,000   | TeliaSonera 4.375% 05/12/2042                                  | 139                      | 0.04               |
| 119,000   | Tennessee Valley Authority 5.625% 07/06/2032                   | 147                      | 0.04               |
| 557,950   | Tesco Property Finance 1 7.623% 13/07/2039                     | 733                      | 0.22               |
| 94,150  | Tesco Property Finance 2 6.052% 13/10/2039                     | 107                      | 0.03               |
| 525,325   | Tesco Property Finance 4 5.8006% 13/10/2040                    | 574                      | 0.17               |
| 1,236,000   | Tesco Property Finance 6 5.411% 13/07/2044                     | 1,282                    | 0.38               |
| 210,000   | Thames Water Utilities Cayman Finance 5.5% 11/02/2041          | 241                      | 0.07               |
| 380,000   | Thames Water Utilities Cayman Finance 7.241% 09/04/2058        | 440                      | 0.13               |
| 90,000  | Thames Water Utilities Cayman Finance Floating Rate 21/07/2025 | 97                       | 0.03               |
| 182,000   | Thames Water Utilities Finance 5.125% 28/09/2037               | 197                      | 0.06               |
| 100,000   | Thames Water Utilities Finance 6.5% 09/02/2032                 | 125                      | 0.04               |
| 90,000  | Thames Water Utilities Finance 6.75% 16/11/2028                | 115                      | 0.03               |
| 90,000  | THFC Funding 6.35% 08/07/2039                                  | 119                      | 0.03               |
| 320,000   | Time Warner Cable 5.25% 15/07/2042                             | 344                      | 0.10               |
| 79,468  | Titulizacion de Activos Floating Rate 22/09/2046               | 60                       | 0.02               |
| 100,000   | Transport for London 3.875% 23/07/2042                         | 99                       | 0.03               |
| 95,000  | United Utilities Water 5.625% 20/12/2027                       | 110                      | 0.03               |
| 115,000   | Vattenfall 6.875% 15/04/2039                                   | 157                      | 0.05               |
| 100,000   | Veolia Environnement 6.125% 29/10/2037                         | 119                      | 0.03               |
| 500,000   | Verizon Communications 4.75% 17/02/2034                        | 516                      | 0.15               |
| 600,000   | Verizon Communications 6.4% 15/09/2033                         | 439                      | 0.13               |
| 931,000   | Verizon Communications 6.55% 15/09/2043                        | 696                      | 0.21               |
| 69,000  | Vodafone 5.625% 04/12/2025                                     | 80                       | 0.02               |
| 58,000  | Vodafone 5.9% 26/11/2032                                       | 69                       | 0.02               |
| 50,000  | Vodafone 6.15% 27/02/2037                                      | 35                       | 0.01               |
| 100,000   | Wales & West Utilities Finance 5% 07/03/2028                   | 110                      | 0.03               |
| 772,000   | Wal-Mart Stores 4.875% 19/01/2039 GBP - Dublin                 | 874                      | 0.26               |
| 50,000  | Wal-Mart Stores 4.875% 19/01/2039 GBP - Germany                | 57                       | 0.02               |
| 170,000   | Wal-Mart Stores 5.25% 28/09/2035                               | 200                      | 0.06               |
| 50,000  | Welcome Trust Finance 4.625% 25/07/2036                        | 56                       | 0.02               |



# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                           | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|--|--------------------------|--------------------|
| <b>Corporate Bonds: 34.15% (35.68%) (continued)</b>     |  |                          |                    |
| <b>Long Dated: 20.02% (21.06%) (continued)</b>          |  |                          |                    |
| 100,000   | Wells Fargo 3.5% 12/09/2029  | 96                       | 0.03               |
| 55,000  | Wells Fargo 4.625% 02/11/2035  | 59                       | 0.02               |
| 108,000   | Western Power Distribution South West 5.875% 25/03/2027                | 126                      | 0.04               |
| 457,000   | Western Power Distribution West Midlands 3.875% 17/10/2024             | 461                      | 0.14               |
| 405,000   | Western Power Distribution West Midlands 5.75% 16/04/2032              | 472                      | 0.14               |
| 313,301   | White City Property Finance 5.120% 17/04/2035                          | 350                      | 0.10               |
| 45,000  | Yorkshire Power Finance 7.25% 04/08/2028                               | 57                       | 0.02               |
| 65,000  | Yorkshire Water Services Bradford Finance 6.375% 19/08/2039            | 83                       | 0.02               |
| 50,000  | Yorkshire Water Services Finance 5.5% 28/05/2037                       | 58                       | 0.02               |
| 142,000   | Yorkshire Water Services Odsal Finance 6.454% 28/05/2027               | 175                      | 0.05               |
| 102,000   | Zurich Finance UK Floating Rate 29/10/2049                             | 115                      | 0.03               |
|   |  | 67,477                   | 20.02              |
| <b>Equities: 0.17% (0.15%)</b>                          |  |                          |                    |
| <b>Non-Equity Investment Instruments: 0.17% (0.15%)</b> |  |                          |                    |
| 12  | West Bromich Building Society Profit Participating Deferred Shares††^^ | 566                      | 0.17               |
| <b>Futures: -0.04% (0.02%)</b>                          |  |                          |                    |
| 4   | US 10 Year Note Future Expiry Jun 2014                                 | 7                        | -                  |
| (1)   | US 10 Year Note Future Expiry Jun 2014                                 | (1)                      | -                  |
| (3)   | Euro Schatz Future Expiry June 2014                                    | -                        | -                  |
| (5)   | US 2 Year Note Future Expiry June 2014                                 | (1)                      | -                  |
| (9)   | Euro-Bobl Future Expiry June 2014                                      | (12)                     | -                  |
| (7)   | US Long Bond Future Expiry June 2014                                   | (25)                     | (0.01)             |
| (18)  | Euro-Bund Future Expiry June 2014                                      | (36)                     | (0.01)             |
| (34)  | Long Gilt Future Expiry June 2014                                      | (58)                     | (0.02)             |
|   |  | (126)                    | (0.04)             |
| <b>Forward Currency Contracts: 0.03% (0.00%)</b>        |  |                          |                    |
| €(3,892,000)  | Sold Euro  |                          |                    |
| £3,204,408  | For Sterling (Expires 04/06/2014)                                      | 26                       | 0.01               |
| \$(4,500,000)   | Sold US Dollar   |                          |                    |
| £2,704,143  | For Sterling (Expires 21/05/2014)                                      | 25                       | 0.01               |
| €(1,600,000)  | Sold Euro  |                          |                    |
| £1,325,277  | For Sterling (Expires 14/07/2014)                                      | 18                       | 0.01               |
| €(1,595,000)  | Sold Euro  |                          |                    |
| £1,315,136  | For Sterling (Expires 23/05/2014)                                      | 12                       | -                  |
| €(1,043,000)  | Sold Euro  |                          |                    |
| £863,469  | For Sterling (Expires 23/05/2014)                                      | 12                       | -                  |
| €(1,189,000)  | Sold Euro  |                          |                    |
| £975,344  | For Sterling (Expires 18/06/2014)                                      | 4                        | -                  |
| €(673,000)  | Sold Euro  |                          |                    |
| £553,300  | For Sterling (Expires 04/06/2014)                                      | 4                        | -                  |
| \$(230,000)   | Sold US Dollar   |                          |                    |



# Barclays Sterling Bond Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                                | Investment                        | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|-----------------------------------|--------------------------|--------------------|
| <b>Forward Currency Contracts: 0.03% (0.00%) (continued)</b> |                                   |                          |                    |
| £137,598   | For Sterling (Expires 15/07/2014) | 1                        | -                  |
| \$(3,002,000)  | Sold US Dollar                    |                          |                    |
| £1,782,908   | For Sterling (Expires 13/06/2014) | (5)                      | -                  |
|  |                                   | 97                       | 0.03               |
|  | <b>Portfolio of investments*</b>  | <b>322,077</b>           | <b>95.55</b>       |
|  | <b>Net other assets</b>           | <b>14,995</b>            | <b>4.45</b>        |
|  | <b>Net assets</b>                 | <b>337,072</b>           | <b>100.00</b>      |

\*Including derivative liabilities.

†These are stale priced securities.

††These are unlisted securities and have been valued at the Manager's best assessment of their fair value.

^ Securities representing 1.59% (2013: 1.84%) of the net assets of the Fund are sub-investment grade securities.

^^ Securities representing 0.47% (2013: 0.43%) of the net assets of the Fund are unrated securities.

|                                     |                       |
|-------------------------------------|-----------------------|
| Portfolio Information               | Year to<br>15/05/2014 |
| <b>Total purchases for the year</b> | <b>£983,875,683</b>   |
| <b>Total sales for the year</b>     | <b>£1,011,047,181</b> |

| Counterparty    | Total Global Exposure<br>£ |
|-----------------|----------------------------|
| Barclays        | (126,000)                  |
| Citibank        | 4,882,749                  |
| Goldman Sachs   | 4,987,316                  |
| HSBC            | 1,325,277                  |
| JP Morgan Chase | 553,300                    |
| RBC             | 975,344                    |
| UBS             | 137,598                    |

# Barclays Sterling Bond Fund (continued)

## Statement of Total Return for the year ended 15 May 2014

|   |      | 16/05/2013 to<br>15/05/2014 |                 | 16/05/2012 to<br>15/05/2013 |                |
|---|------|-----------------------------|-----------------|-----------------------------|----------------|
|   | Note | £'000                       | £'000           | £'000                       | £'000          |
| <b>Income</b>   |      |                             |                 |                             |                |
| Income  |      |                             |                 |                             |                |
| Net capital (losses)/gains  | 2    |                             | (6,164)         |                             | 15,104         |
| Revenue   | 3    | 10,759                      |                 | 12,080                      |                |
| Expenses  | 4    | (3,359)                     |                 | (3,831)                     |                |
| Finance costs: Interest   | 6    | (6)                         |                 | (8)                         |                |
| Net revenue before taxation   |      | 7,394                       |                 | 8,241                       |                |
| Taxation  | 5    | -                           |                 | -                           |                |
| Net revenue after taxation for the year   |      |                             | 7,394           |                             | 8,241          |
| Total return before distributions   |      |                             | 1,230           |                             | 23,345         |
| Finance costs: Distributions  | 6    |                             | (10,739)        |                             | (12,067)       |
| <b>Change in net assets attributable to shareholders from investment activities</b> |      |                             | <b>£(9,509)</b> |                             | <b>£11,278</b> |

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 15 May 2014

|  |  | 16/05/2013 to<br>15/05/2014 |                 | 16/05/2012 to<br>15/05/2013 |                 |
|--|--|-----------------------------|-----------------|-----------------------------|-----------------|
|  |  | £'000                       | £'000           | £'000                       | £'000           |
| <b>Opening net assets attributable to shareholders</b>                       |  |                             | <b>376,044</b>  |                             | <b>421,124</b>  |
| Movement due to sales and repurchases of shares:                             |  |                             |                 |                             |                 |
| Amounts receivable on issue of shares  |  | 7,162                       |                 | 19,401                      |                 |
| Amounts payable on cancellation of shares                                    |  | (36,876)                    |                 | (76,090)                    |                 |
|  |  |                             | (29,714)        |                             | (56,689)        |
| Change in net assets attributable to shareholders from investment activities |  |                             | (9,509)         |                             | 11,278          |
| Retained distribution on accumulation shares                                 |  |                             | 159             |                             | 249             |
| Unclaimed distributions  |  |                             | 92              |                             | 82              |
| <b>Closing net assets attributable to shareholders</b>                       |  |                             | <b>£337,072</b> |                             | <b>£376,044</b> |

# Barclays Sterling Bond Fund (continued)

## Balance Sheet as at 15 May 2014

|  | Note | £'000   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|------|---------|---------------------|---------------------|
| <b>Assets</b>                                  |      |         |                     |                     |
| Investment Assets                              |      |         | 322,215             | 358,321             |
| Debtors  | 7    | 5,553   |                     | 19,413              |
| Cash and bank balances                         | 8    | 15,956  |                     | 24,527              |
| Total other assets                             |      |         | 21,509              | 43,940              |
| <b>Total assets</b>                            |      |         | <b>343,724</b>      | <b>402,261</b>      |
| <b>Liabilities</b>                             |      |         |                     |                     |
| Investment Liabilities                         |      |         | (138)               | (292)               |
| Creditors                                      | 9    | (3,478) |                     | (22,241)            |
| Bank overdrafts                                | 8    | (908)   |                     | (1,585)             |
| Distribution payable on income shares          |      | (2,128) |                     | (2,099)             |
| Total other liabilities                        |      |         | (6,514)             | (25,925)            |
| <b>Total liabilities</b>                       |      |         | <b>(6,652)</b>      | <b>(26,217)</b>     |
| <b>Net assets attributable to shareholders</b> |      |         | <b>£337,072</b>     | <b>£376,044</b>     |

# Barclays Sterling Bond Fund (continued)

## Notes to the Financial Statements

### 1. Accounting policies

The accounting policies can be found on pages 11 and 12.

### 2. Net capital (losses)/gains

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| The net capital (losses)/gains on investments during the year comprise: |                                      |                                      |
| Non-derivative securities   | (6,635)                              | 16,002                               |
| Derivative contracts  | (271)                                | (413)                                |
| Forward currency contracts  | 1,112                                | (452)                                |
| Currency losses   | (334)                                | (6)                                  |
| Transaction charges   | (36)                                 | (27)                                 |
| Net capital (losses)/gains  | (6,164)                              | 15,104                               |

### 3. Revenue

|               | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---------------|--------------------------------------|--------------------------------------|
| Bond interest | 10,756                               | 12,079                               |
| Bank interest | 3                                    | 1                                    |
| Total revenue | 10,759                               | 12,080                               |

### 4. Expenses

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Payable to the ACD, associates of the ACD and agents of either of them:               |                                      |                                      |
| ACD's periodic fee  | 2,751                                | 3,211                                |
| Registration fee  | 394                                  | 456                                  |
|   | 3,145                                | 3,667                                |
| Payable to the Depositary, associates of the Depositary and agents of either of them: |                                      |                                      |
| Depositary fee  | 42                                   | 52                                   |
| Safe custody fee  | 32                                   | 38                                   |
|   | 74                                   | 90                                   |

# Barclays Sterling Bond Fund (continued)

## Notes to the Financial Statements (continued)

### 4. Expenses (continued)

|                    | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------|--------------------------------------|--------------------------------------|
| Other expenses:    |                                      |                                      |
| Administration fee | 118                                  | 85                                   |
| Audit fee          | 12                                   | 14                                   |
| VAT on audit fee   | 2                                    | 3                                    |
| Printing fee       | 7                                    | (31)                                 |
| Tax advice fee     | 1                                    | 3                                    |
|                    | 140                                  | 74                                   |
| Total expenses     | 3,359                                | 3,831                                |

### 5. Taxation

#### (a) Analysis of taxation charge in year

|                          | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------|--------------------------------------|--------------------------------------|
| Overseas tax             | -                                    | -                                    |
| Current tax [note 5(b)]  | -                                    | -                                    |
| Deferred tax [note 5(c)] | -                                    | -                                    |
| Total taxation           | -                                    | -                                    |

#### (b) Factors affecting taxation charge for the year

The tax assessed for the year is lower than (2013: lower than) the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:

|  | £'000   | £'000   |
|--|---------|---------|
| Net revenue before taxation  | 7,394   | 8,241   |
| Net revenue before taxation multiplied by the appropriate rate of corporation tax at 20% (2013: 20%) | 1,479   | 1,648   |
| Effects of:  |         |         |
| Prior period expenses utilised   | (1,479) | (1,648) |
| Current tax  | -       | -       |

#### (c) Provision for deferred tax

There is no deferred tax provision in the current year (15 May 2013: same).

At the year end, there is a potential deferred tax asset of £4,260,552 (£3,324,981 at 15 May 2013) due to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (15 May 2013: same).

# Barclays Sterling Bond Fund (continued)

## Notes to the Financial Statements (continued)

### 6. Finance cost: Distributions and Interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

|  | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| First interim distribution                         | 2,176                                | 2,843                                |
| Second interim distribution                        | 2,147                                | 2,413                                |
| Third interim distribution                         | 2,104                                | 2,095                                |
| Final distribution                                 | 2,161                                | 2,143                                |
| Total distribution                                 | 8,588                                | 9,494                                |
| Add: Revenue deducted on cancellation of shares    | 126                                  | 238                                  |
| Less: Revenue received on creation of shares       | (23)                                 | (74)                                 |
| Add: Income tax deducted at source - current year  | 2,151                                | 2,409                                |
| Less: Effect of prior years' income tax adjustment | (103)                                | -                                    |
| <b>Distributions for the year</b>                  | <b>10,739</b>                        | <b>12,067</b>                        |
| <b>Interest</b>                                    |                                      |                                      |
| Bank overdraft interest                            | 6                                    | 8                                    |
| <b>Total finance costs</b>                         | <b>10,745</b>                        | <b>12,075</b>                        |

The differences between the net revenue after taxation and the distribution for the year are as follows:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Net revenue after taxation for the year       | 7,394                                | 8,241                                |
| Add: Expenses transferred to capital          | 3,359                                | 3,814                                |
| Add: Shortfall on income tax on distributions | 3                                    | -                                    |
| Less: Expenses charged against revenue        | (17)                                 | -                                    |
| Add: Prior year distribution adjustment       | -                                    | 12                                   |
| <b>Distributions for the year</b>             | <b>10,739</b>                        | <b>12,067</b>                        |

### 7. Debtors

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts receivable for creation of shares | 1,333               | 781                 |
| Sales awaiting settlement                 | 57                  | 13,204              |
| Bond revenue receivable                   | 4,159               | 5,428               |
| Amounts receivable on FX contracts        | 4                   | -                   |
|   | <b>5,553</b>        | <b>19,413</b>       |

# Barclays Sterling Bond Fund (continued)

## Notes to the Financial Statements (continued)

### 8. Net uninvested cash

|   | 15/05/2014 | 15/05/2013 |
|---|------------|------------|
|   | £'000      | £'000      |
| Amounts held at futures clearing houses and brokers | 529        | 998        |
| Bank overdrafts                                     | (908)      | (1,585)    |
| Cash and bank balances                              | 15,427     | 23,529     |
| Net uninvested cash                                 | 15,048     | 22,942     |

### 9. Creditors

|  | 15/05/2014 | 15/05/2013 |
|--|------------|------------|
|  | £'000      | £'000      |
| Amounts payable for cancellation of shares | 1,844      | 1,649      |
| Purchases awaiting settlement              | 99         | 18,796     |
| Accrued expenses                           | 447        | 595        |
| Income tax payable                         | 1,084      | 1,201      |
| Amounts payable on FX contracts            | 4          | -          |
|  | 3,478      | 22,241     |

### 10. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (15 May 2013: same).

### 11. Risk in relation to the financial instruments

The Fund's investment objective is stated on page 35. In pursuing its objective, the Fund holds financial instruments which expose it to various types of risk. The main risks, and the ACD's policy for managing these risks are set out below. These were applied consistently throughout the current and preceding year.

#### (a) Credit and liquidity risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligations. The primary source of this risk to the Fund is for trade counterparties to fail to meet their transaction commitments. This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

Fixed interest investments are exposed to credit risk which reflects the ability of the bond issuer to meet its obligations.

The majority of bonds in which the Fund invests are investment grade listed bonds or government securities which are lower risk. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. The ACD monitors the credit quality and risk of the portfolio as a part of the overall investment process and in accordance with the objective and policy of each sub fund.

Liquidity risk relates to the capacity to meet liabilities. The primary source of this risk to the Fund is the liability to Shareholders for any cancellation of shares. This risk is minimised by holding cash and readily realisable securities and via access to overdraft facilities.

#### (b) Market risk

Market risk arises mainly from uncertainty about future prices. The primary source of this risk to the Fund is the potential movement in the value of financial instruments held as a result of price fluctuations. The ACD adheres to the investment guidelines and borrowing powers established in the Prospectus and the COLL. In this way, the ACD monitors and controls the exposure to risk from any type of security, sector or issuer.

The Fund may also use derivative instruments to mitigate risk and/or reduce costs. These instruments are not utilised for speculative purposes. Derivative instruments were utilised during the current and preceding year.

# Barclays Sterling Bond Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

#### (c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the utilisation of forward currency contracts as necessary. Forward currency contracts were utilised during the current and preceding year.

The foreign currency profile of the Fund's net assets at the balance sheet date was:

|                   | Monetary<br>exposure | Non-monetary<br>exposure | Total |
|-------------------|----------------------|--------------------------|-------|
| 15/05/2014        | £'000                | £'000                    | £'000 |
| Currency          |                      |                          |       |
| Australian Dollar | 152                  | -                        | 152   |
| Canadian Dollar   | 15                   | -                        | 15    |
| Euro              | (8,201)              | 8,250                    | 49    |
| Japanese Yen      | 5                    | -                        | 5     |
| Norwegian Krone   | 6                    | -                        | 6     |
| US Dollar         | (3,851)              | 4,083                    | 232   |
|                   | (11,874)             | 12,333                   | 459   |

|                 | Monetary<br>exposure | Non-monetary<br>exposure | Total |
|-----------------|----------------------|--------------------------|-------|
| 15/05/2013      | £'000                | £'000                    | £'000 |
| Currency        |                      |                          |       |
| Canadian Dollar | 56                   | -                        | 56    |
| Euro            | (5,272)              | 5,422                    | 150   |
| Japanese Yen    | 6                    | -                        | 6     |
| Norwegian Krone | 7                    | -                        | 7     |
| US Dollar       | (2,120)              | 2,511                    | 391   |
|                 | (7,323)              | 7,933                    | 610   |



# Barclays Sterling Bond Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

#### (d) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates. This risk is managed by the active monitoring and adjustment of the credit rating of the portfolio of investments.

The interest rate profile of the Fund's net assets at the balance sheet date was:

|                   | Total<br>£'000 | Floating rate<br>£'000 | Fixed rate<br>£'000 | Non-interest<br>£'000 |
|-------------------|----------------|------------------------|---------------------|-----------------------|
| 15/05/2014        |                |                        |                     |                       |
| Investment assets | 322,077        | 17,594**               | 303,947             | 536                   |
| Other assets      | 21,509         | 15,956*                | -                   | 5,553                 |
| Other liabilities | (6,514)        | (908)*                 | -                   | (5,606)               |
| Total             | 337,072        | 32,642                 | 303,947             | 483                   |

|                   | Total<br>£'000 | Floating rate<br>£'000 | Fixed rate<br>£'000 | Non-interest<br>£'000 |
|-------------------|----------------|------------------------|---------------------|-----------------------|
| 15/05/2013        |                |                        |                     |                       |
| Investment assets | 358,029        | 21,508**               | 335,867             | 654                   |
| Other assets      | 43,940         | 24,527*                | -                   | 19,413                |
| Other liabilities | (25,925)       | (1,585)*               | -                   | (24,340)              |
| Total             | 376,044        | 44,450                 | 335,867             | (4,273)               |

\*The Fund's floating rate other assets and liabilities are represented by its bank balances and overdraft facilities. Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

\*\*The Fund's floating rate investments earn interest which is variable, based on LIBOR or its overseas equivalent.

#### Fixed rate financial assets

|           | Weighted average<br>interest rate<br>% | Weighted average<br>year for which<br>rate is fixed<br>years | Weighted average<br>interest rate<br>% | Weighted average<br>year for which<br>rate is fixed<br>years |
|-----------|--|--|--|--|
|           | 15/05/2014                             | 15/05/2014   | 15/05/2013                             | 15/05/2013   |
| Euro      | 2.70                                   | 21.53  | 14.02                                  | 21.99  |
| Sterling  | 2.89                                   | 14.80  | 2.75                                   | 16.01  |
| US Dollar | 4.61                                   | 18.58  | 3.57                                   | 60.98  |

#### (e) Derivatives – Sensitivity analysis

The Fund invests in Euro-Bobl, Euro-Bund, Euro-Schatz, Long Gilt, US Long Bond, US 2 Year and 10 Year Note futures, to obtain market exposure to enable it to meet the Fund objectives whilst reducing transaction costs.

The effect of these futures is to reduce market exposure by 2.42% (0.24% at 15 May 2013) of net assets.

This results in an effective equity exposure at the year end of 93.17% (95.42% at 15 May 2013) of net assets, which means that the gains or losses of the Fund will be 0.9317 (0.9542 at 15 May 2013) times the gains or losses if the Fund was fully invested in bonds.

# Barclays Sterling Bond Fund (continued)

## Notes to the Financial Statements (continued)

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### 11. Risk in relation to the financial instruments (continued)

#### (f) Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

### 12. Portfolio transaction costs

There were no transaction costs for the year ended 15 May 2014 (15 May 2013: same).

### 13. Ultimate controlling party and related party transactions

The ACD is regarded as controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is Barclays Plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held 44.88% of the Fund's shares in issue (86.88% at 15 May 2013). Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 4, 7 and 9 to the financial statements, and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. Within note 9, accrued expenses (including amounts due to associates and agents) of £371,523 (£495,481 at 15 May 2013) are due to the ACD.

### 14. EU savings directive

The Fund has been reviewed against the requirements of the Directive 2003/48/EC on taxation of savings in the form of interest payments (ESD), following the HM Revenue & Customs debt investment reporting guidance notes. Under the Directive, information is collected about the payment of distributions to residents in certain other countries and is reported to HM Revenue & Customs to be exchanged with tax authorities in those countries. The Fund falls within the 25% debt investment reporting threshold. This means that details of all distributions and redemption proceeds paid to non UK investors will be reported by Barclays Asset Management Limited to HM Revenue & Customs to be exchanged with the relevant tax authorities.

# Barclays Sterling Bond Fund (continued)

## Distribution Tables for the year ended 15 May 2014

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation applies only to shares purchased during a distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital.

Being capital, it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

### First interim interest distribution in pence per share

|   | Gross<br>Revenue | Income<br>Tax | Net<br>Revenue | Equalisation | Distribution<br>Paid<br>15/10/2013 | Distribution<br>Paid<br>15/10/2012 |
|---|------------------|---------------|----------------|--------------|------------------------------------|------------------------------------|
| <b>A-Class Distribution</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.4645p          | 0.0929p       | 0.3716p        | -            | 0.3716p                            | 0.4320p                            |
| Group 2                                   | 0.1163p          | 0.0233p       | 0.0930p        | 0.2786p      | 0.3716p                            | 0.4320p                            |
| <b>A-Class Accumulation</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.7144p          | 0.1429p       | 0.5715p        | -            | 0.5715p                            | 0.6490p                            |
| Group 2                                   | 0.3635p          | 0.0727p       | 0.2908p        | 0.2807p      | 0.5715p                            | 0.6490p                            |
| <b>B-Class Distribution</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.4683p          | 0.0937p       | 0.3746p        | -            | 0.3746p                            | 0.4348p                            |
| Group 2                                   | 0.2978p          | 0.0596p       | 0.2382p        | 0.1364p      | 0.3746p                            | 0.4348p                            |
| <b>I-Class Distribution</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.4676p          | 0.0935p       | 0.3741p        | -            | 0.3741p                            | 0.4331p                            |
| Group 2                                   | 0.0051p          | 0.0010p       | 0.0041p        | 0.3700p      | 0.3741p                            | 0.4331p                            |
| <b>M-Class Distribution</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.4900p          | 0.0980p       | 0.3920p        | -            | 0.3920p                            | 0.4520p                            |
| Group 2                                   | 0.3785p          | 0.0757p       | 0.3028p        | 0.0892p      | 0.3920p                            | 0.4520p                            |
| <b>R-Class Distribution<sup>(1)</sup></b> |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.4718p          | 0.0944p       | 0.3774p        | -            | 0.3774p                            | -                                  |
| Group 2                                   | 0.4718p          | 0.0944p       | 0.3774p        | -            | 0.3774p                            | -                                  |
| <b>R-Class Accumulation<sup>(1)</sup></b> |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.4750p          | 0.0950p       | 0.3800p        | -            | 0.3800p                            | -                                  |
| Group 2                                   | 0.4750p          | 0.0950p       | 0.3800p        | -            | 0.3800p                            | -                                  |

# Barclays Sterling Bond Fund (continued)

## Distribution Tables for the year ended 15 May 2014 (continued)

### Second interim interest distribution in pence per share

|   | Gross Revenue | Income Tax | Net Revenue | Equalisation | Distribution Paid<br>15/01/2014 | Distribution Paid<br>15/01/2013 |
|---|---------------|------------|-------------|--------------|---------------------------------|---------------------------------|
| <b>A-Class Distribution</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4689p       | 0.0938p    | 0.3751p     | -            | 0.3751p                         | 0.3712p                         |
| Group 2                                   | 0.2140p       | 0.0428p    | 0.1712p     | 0.2039p      | 0.3751p                         | 0.3712p                         |
| <b>A-Class Accumulation</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.7254p       | 0.1451p    | 0.5803p     | -            | 0.5803p                         | 0.5710p                         |
| Group 2                                   | 0.5147p       | 0.1030p    | 0.4117p     | 0.1686p      | 0.5803p                         | 0.5710p                         |
| <b>B-Class Distribution</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4728p       | 0.0946p    | 0.3782p     | -            | 0.3782p                         | 0.3750p                         |
| Group 2                                   | 0.1141p       | 0.0228p    | 0.0913p     | 0.2869p      | 0.3782p                         | 0.3750p                         |
| <b>I-Class Distribution</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4724p       | 0.0945p    | 0.3779p     | -            | 0.3779p                         | 0.3738p                         |
| Group 2                                   | 0.0905p       | 0.0181p    | 0.0724p     | 0.3055p      | 0.3779p                         | 0.3738p                         |
| <b>M-Class Distribution</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4955p       | 0.0991p    | 0.3964p     | -            | 0.3964p                         | 0.3905p                         |
| Group 2                                   | 0.4955p       | 0.0991p    | 0.3964p     | -            | 0.3964p                         | 0.3905p                         |
| <b>R-Class Distribution<sup>(1)</sup></b> |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4743p       | 0.0949p    | 0.3794p     | -            | 0.3794p                         | -                               |
| Group 2                                   | 0.4743p       | 0.0949p    | 0.3794p     | -            | 0.3794p                         | -                               |
| <b>R-Class Accumulation<sup>(1)</sup></b> |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4807p       | 0.0961p    | 0.3846p     | -            | 0.3846p                         | -                               |
| Group 2                                   | 0.4807p       | 0.0961p    | 0.3846p     | -            | 0.3846p                         | -                               |

### Third interim interest distribution in pence per share

|   | Gross Revenue | Income Tax | Net Revenue | Equalisation | Distribution Paid<br>15/04/2014 | Distribution Paid<br>15/04/2013 |
|---|---------------|------------|-------------|--------------|---------------------------------|---------------------------------|
| <b>A-Class Distribution</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4693p       | 0.0939p    | 0.3754p     | -            | 0.3754p                         | 0.3518p                         |
| Group 2                                   | 0.1953p       | 0.0391p    | 0.1562p     | 0.2192p      | 0.3754p                         | 0.3518p                         |
| <b>A-Class Accumulation</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.7306p       | 0.1461p    | 0.5845p     | -            | 0.5845p                         | 0.5349p                         |
| Group 2                                   | 0.4904p       | 0.0981p    | 0.3923p     | 0.1922p      | 0.5845p                         | 0.5349p                         |
| <b>B-Class Distribution</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4734p       | 0.0947p    | 0.3787p     | -            | 0.3787p                         | 0.3544p                         |
| Group 2                                   | 0.0954p       | 0.0191p    | 0.0763p     | 0.3024p      | 0.3787p                         | 0.3544p                         |
| <b>I-Class Distribution</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4733p       | 0.0947p    | 0.3786p     | -            | 0.3786p                         | 0.3534p                         |
| Group 2                                   | 0.0106p       | 0.0021p    | 0.0085p     | 0.3701p      | 0.3786p                         | 0.3534p                         |
| <b>M-Class Distribution</b>               |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4969p       | 0.0994p    | 0.3975p     | -            | 0.3975p                         | 0.3695p                         |
| Group 2                                   | 0.4325p       | 0.0865p    | 0.3460p     | 0.0515p      | 0.3975p                         | 0.3695p                         |
| <b>R-Class Distribution<sup>(1)</sup></b> |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4788p       | 0.0958p    | 0.3830p     | -            | 0.3830p                         | 0.3254p                         |
| Group 2                                   | 0.0481p       | 0.0096p    | 0.0385p     | 0.3445p      | 0.3830p                         | 0.3254p                         |
| <b>R-Class Accumulation<sup>(1)</sup></b> |               |            |             |              |                                 |                                 |
| Group 1                                   | 0.4898p       | 0.0980p    | 0.3918p     | -            | 0.3918p                         | 0.3254p                         |
| Group 2                                   | 0.0491p       | 0.0098p    | 0.0393p     | 0.3525p      | 0.3918p                         | 0.3254p                         |

# Barclays Sterling Bond Fund (continued)

## Distribution Tables for the year ended 15 May 2014 (continued)

### Final interest distribution in pence per share

|   | Gross<br>Revenue | Income<br>Tax | Net<br>Revenue | Equalisation | Distribution<br>Paid<br>15/07/2014 | Distribution<br>Paid<br>15/07/2013 |
|---|------------------|---------------|----------------|--------------|------------------------------------|------------------------------------|
| <b>A-Class Distribution</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.5543p          | 0.1109p       | 0.4434p        | -            | 0.4434p                            | 0.3593p                            |
| Group 2                                   | 0.2324p          | 0.0465p       | 0.1859p        | 0.2575p      | 0.4434p                            | 0.3593p                            |
| <b>A-Class Accumulation</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.6575p          | 0.1315p       | 0.5260p        | -            | 0.5260p                            | 0.5495p                            |
| Group 2                                   | 0.4248p          | 0.0850p       | 0.3398p        | 0.1862p      | 0.5260p                            | 0.5495p                            |
| <b>B-Class Distribution</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.6734p          | 0.1347p       | 0.5387p        | -            | 0.5387p                            | 0.3621p                            |
| Group 2                                   | 0.2073p          | 0.0415p       | 0.1658p        | 0.3729p      | 0.5387p                            | 0.3621p                            |
| <b>I-Class Distribution</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 2.1473p          | 0.4295p       | 1.7178p        | -            | 1.7178p                            | 0.3613p                            |
| Group 2                                   | 0.0323p          | 0.0065p       | 0.0258p        | 1.6920p      | 1.7178p                            | 0.3613p                            |
| <b>M-Class Distribution</b>               |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.3840p          | 0.0768p       | 0.3072p        | -            | 0.3072p                            | 0.3783p                            |
| Group 2                                   | 0.2313p          | 0.0463p       | 0.1850p        | 0.1222p      | 0.3072p                            | 0.3783p                            |
| <b>R-Class Distribution<sup>(1)</sup></b> |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.4818p          | 0.0964p       | 0.3854p        | -            | 0.3854p                            | 0.3633p                            |
| Group 2                                   | 0.0055p          | 0.0011p       | 0.0044p        | 0.3810p      | 0.3854p                            | 0.3633p                            |
| <b>R-Class Accumulation<sup>(1)</sup></b> |                  |               |                |              |                                    |                                    |
| Group 1                                   | 0.4629p          | 0.0926p       | 0.3703p        | -            | 0.3703p                            | 0.3640p                            |
| Group 2                                   | 0.0054p          | 0.0011p       | 0.0043p        | 0.3660p      | 0.3703p                            | 0.3640p                            |

<sup>(1)</sup>R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

# Barclays Sterling Bond Fund (continued)

## Risk and Reward Profile

| 1   | 2 | 3 | 4  | 5 | 6 | 7 |
|---|---|---|--|---|---|---|
| <p>The risk and reward category is calculated using historical data which may not be a reliable indicator of the Fund's future risk profile.</p> <p>The risk and reward category may shift over time and is not a target or a guarantee.</p> <p>The lowest category (i.e. Category 1) does not mean a risk-free investment.</p> <p>The Fund is in Category 4 because of the high range and frequency of price movements (volatility) of the underlying investments in which the Fund invests.</p> <p>The following are additional risks not covered by the risk and reward category.</p> <p>The Fund may be exposed to stock market movements in a single country or region which may be adversely affected by political or economic developments, government action or natural events that do not affect a fund investing in broader markets.</p> <p>The Fund may invest in bonds, the return on which depends on the issuer's ability to make its payments. There is a risk that the issuer will fail to do so. Although the Fund generally invests in bonds with high ratings, these ratings are subjective and a high rating does not guarantee an issuer's ability to pay.</p> <p>The Fund may use derivatives in an attempt to reduce risk (hedging) or for investment purposes. It may be that the use of derivatives causes share prices to fluctuate which may in turn result in loss to the Fund.</p> |   |   | <p>Fluctuations in interest rates may affect the value of your investment.</p> <p>The Fund relies upon the performance of one or more investment managers. If the investment managers perform poorly, the value of your investment is likely to be adversely affected.</p> <p>Future legal or regulatory change could have a substantial adverse effect on the Fund and your investment.</p> <p>Bonds are interest rate sensitive, meaning that the range and frequency of price movements may be significant due to various factors, including changes in interest rates, the creditworthiness of the issuer and the ease with which similar investments may be bought or sold (liquidity).</p> <p>The Fund may seek to identify and invest in undervalued securities. The identification of investment opportunities in undervalued securities is difficult and there can be no assurance that such opportunities will be successfully identified.</p> <p>The figure for the synthetic risk and reward indicator disclosed in the financial statements is the same as in the most up-to-date key investor information document ('KIID').</p> <p>More information in relation to risks in general may be found in the "Risk Factors" section of the Prospectus.</p> |   |   |   |

# Barclays Sterling Bond Fund (continued)

## Fund Facts

### Ongoing Charge Figure

| Accounting Date                     | 15/05/2014 | 15/05/2013 |
|-------------------------------------|------------|------------|
| A-Class Distribution                | 1.22%      | 1.22%      |
| A-Class Accumulation                | 1.22%      | 1.22%      |
| B-Class Distribution                | 1.07%      | 1.07%      |
| I-Class Distribution                | 0.82%      | 0.82%      |
| M-Class Distribution                | 0.42%      | 0.41%      |
| R-Class Distribution <sup>(1)</sup> | 0.82%      | 0.07%      |
| R-Class Accumulation <sup>(1)</sup> | 0.27%      | 0.07%      |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012. No annual management charge was charged on either share class during the period 16 November 2012 to 15 May 2013. A charge commenced on the R-Class Distribution shares and R-Class Accumulation shares on 19 February 2014 and 15 May 2014 respectively.

The Ongoing Charge Figure ('OCF') represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: Directors Fees and Registration Fees.

The OCF is expressed as an annual percentage rate.

### Net Asset Value

|                                     | Net Asset Value<br>£'000 | Net Asset Value<br>per Share | Number of<br>Shares in<br>Issue '000 |
|-------------------------------------|--------------------------|------------------------------|--------------------------------------|
| <b>15/05/2012</b>                   |                          |                              |                                      |
| A-Class Distribution                | 266,459                  | 61.47p                       | 433,492                              |
| A-Class Accumulation                | 10,859                   | 92.39p                       | 11,754                               |
| B-Class Distribution                | 5,437                    | 61.87p                       | 8,788                                |
| I-Class Distribution                | 631                      | 61.68p                       | 1,023                                |
| M-Class Distribution                | 137,738                  | 64.24p                       | 214,412                              |
| <b>15/05/2013</b>                   |                          |                              |                                      |
| A-Class Distribution                | 250,447                  | 63.03p                       | 397,365                              |
| A-Class Accumulation                | 7,672                    | 96.92p                       | 7,916                                |
| B-Class Distribution                | 4,002                    | 63.52p                       | 6,300                                |
| I-Class Distribution                | 255                      | 63.43p                       | 402                                  |
| M-Class Distribution                | 113,666                  | 66.41p                       | 171,160                              |
| R-Class Distribution <sup>(1)</sup> | 1                        | 64.31p                       | 2                                    |
| R-Class Accumulation <sup>(1)</sup> | 1                        | 64.71p                       | 2                                    |
| <b>15/05/2014</b>                   |                          |                              |                                      |
| A-Class Distribution                | 218,564                  | 61.30p                       | 356,533                              |
| A-Class Accumulation                | 6,031                    | 96.73p                       | 6,235                                |
| B-Class Distribution                | 2,864                    | 61.79p                       | 4,635                                |
| I-Class Distribution                | 212                      | 60.74p                       | 349                                  |
| M-Class Distribution                | 107,946                  | 65.28p                       | 165,370                              |
| R-Class Distribution                | 1,328                    | 62.88p                       | 2,112                                |
| R-Class Accumulation                | 127                      | 65.13p                       | 195                                  |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Barclays Sterling Bond Fund (continued)

## Share Price Range and Net Revenue

| Year                        | Highest<br>Share Price | Lowest<br>Share Price | Net Revenue<br>per Share |
|-----------------------------|------------------------|-----------------------|--------------------------|
| <b>A-Class Distribution</b> |                        |                       |                          |
| 2009                        | 57.24p                 | 50.47p                | 2.4329p                  |
| 2010                        | 59.33p                 | 54.68p                | 2.0067p                  |
| 2011                        | 62.04p                 | 55.47p                | 1.9369p                  |
| 2012                        | 64.22p                 | 60.27p                | 1.7592p                  |
| 2013                        | 65.12p                 | 59.33p                | 1.4539p                  |
| 2014 <sup>(1)</sup>         | 61.61p                 | 59.69p                | 1.1939p                  |
| <b>A-Class Accumulation</b> |                        |                       |                          |
| 2009                        | 78.53p                 | 67.70p                | 3.2401p                  |
| 2010                        | 84.29p                 | 76.40p                | 2.7885p                  |
| 2011                        | 91.84p                 | 79.89p                | 2.7882p                  |
| 2012                        | 96.80p                 | 89.92p                | 2.6125p                  |
| 2013                        | 99.58p                 | 91.80p                | 2.2269p                  |
| 2014 <sup>(1)</sup>         | 96.89p                 | 92.93p                | 1.6908p                  |
| <b>B-Class Distribution</b> |                        |                       |                          |
| 2009                        | 57.45p                 | 50.63p                | 2.4406p                  |
| 2010                        | 59.60p                 | 54.90p                | 2.0155p                  |
| 2011                        | 62.40p                 | 55.74p                | 1.9461p                  |
| 2012                        | 64.65p                 | 60.65p                | 1.7690p                  |
| 2013                        | 65.64p                 | 59.83p                | 1.4661p                  |
| 2014 <sup>(1)</sup>         | 62.19p                 | 60.22p                | 1.2956p                  |
| <b>I-Class Distribution</b> |                        |                       |                          |
| 2009                        | 57.31p                 | 50.59p                | 2.4281p                  |
| 2010                        | 59.30p                 | 54.72p                | 2.0091p                  |
| 2011                        | 62.04p                 | 55.37p                | 1.9331p                  |
| 2012                        | 64.41p                 | 60.34p                | 1.7620p                  |
| 2013                        | 65.51p                 | 59.77p                | 1.4626p                  |
| 2014 <sup>(1)</sup>         | 62.23p                 | 60.21p                | 2.4743p                  |
| <b>M-Class Distribution</b> |                        |                       |                          |
| 2009                        | 58.55p                 | 51.40p                | 2.4774p                  |
| 2010                        | 61.15p                 | 56.11p                | 2.0580p                  |
| 2011                        | 64.64p                 | 57.38p                | 2.0369p                  |
| 2012                        | 67.24p                 | 62.91p                | 1.8346p                  |
| 2013                        | 68.60p                 | 62.68p                | 1.5303p                  |
| 2014 <sup>(1)</sup>         | 65.44p                 | 63.22p                | 1.1011p                  |
| <b>R-Class Distribution</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 64.13p                 | 63.22p                | -                        |
| 2013                        | 66.00p                 | 60.40p                | 1.0661p                  |
| 2014 <sup>(1)</sup>         | 63.11p                 | 60.99p                | 1.1478p                  |
| <b>R-Class Accumulation</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 64.13p                 | 63.22p                | -                        |
| 2013                        | 66.34p                 | 61.42p                | 1.0694p                  |
| 2014 <sup>(1)</sup>         | 65.35p                 | 62.42p                | 1.1467p                  |

<sup>(1)</sup> The above table shows the highest and lowest share prices to 15 May 2014 and net revenue per share to 15 July 2014.

<sup>(2)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**



# Barclays UK Alpha (Series 2) Fund

## Investment Objective and Policy

The Fund seeks superior long-term capital growth primarily through investment in UK companies.

The Fund invests primarily in common stock, preferred shares and securities convertible into common stock of companies across a range of industries, domiciled in the UK or having significant operations in the UK, and listed or traded on a regulated market in the UK or in an OECD country. The investment manager and/or sub-investment manager(s) will use stock selection techniques which aim to generate superior long term capital growth. The allocation to individual companies within the portfolio will be actively managed.

The Fund will invest at least 70% of its assets in the common stocks and preferred shares of UK companies. The Fund may, with any remaining portion of the assets (and on an ancillary basis), invest in non-UK equity securities, investment grade government and corporate fixed income securities and convertible debt securities (listed or traded on a Regulated Market).

The Fund may also invest in other transferable securities, money market instruments, derivatives, cash and near cash, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable FCA Rules).

The ACD will not invest directly in derivatives for investment purposes, without giving Shareholders at least 60 days' notice of its intention to do so and it is not intended that the use of derivatives will cause the net asset value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

## Investment Report

During the period under review, the net asset value per share attributable to the A-Class Accumulation shares rose by 12.1%.

## Market/Economic Review

The last 12 months has been a fairly profitable period to invest in UK equities. Volatility has been less of a theme and returns from UK equities have not been as impressive as those seen in many of their developed market counterparts. The period has seen the further diminishing of euro area sovereign debt concerns and worries over domestic and global growth and UK equities have continued to build on the gains seen in 2013. Recent growth figures have provided further support to markets with the UK economy showing stronger signs of recovery than many economists and market participants expected.

In what was a very strong period for developed market equities in general, UK equities performed relatively less well than a number of their developed market counterparts. The FTSE All-Share Index rose 6.8% over the period.

Sector performance was mostly positive with the Technology sector the only sector producing negative returns over the period. Healthcare was the best performing sector returning a very impressive 19.8% over the period, driven by positive sentiment and an increase in merger and acquisition (M&A) activity in the sector. Telecommunications was the second best performing sector returning 14.4% over the period. Although it is worth noting that this sector performance was almost entirely driven by the strong performance of index heavyweight Vodafone and 2014 has seen a significant reversal of some of the gains seen in the first half of the period. Consumer Services was another sector that rallied strongly as consumer confidence continues to rebound in the UK with the sector returning 9.0% over the period.

(Source: Factset, Barclays)

## Fund Review

Early in the period, the UK market had its first negative month in over a year falling 5% in June 2013 alone. While the UK Alpha Fund was also down during the early part of the period, the Fund held up well in relative terms versus its FTSE All-Share benchmark. This was a pleasing result considering the strong outperformance the Fund experienced in the rising market over the previous 12 months. Both stock selection and sector allocation equally contributed to this outperformance versus benchmark. An overweight position in Telecoms and an underweight position in the Materials sector contributed positively to relative performance. Stock selection within the Information Technology ('IT') sector was strong, in particular a holding in Micro Focus International and an underweight in ARM Holdings.

# Barclays UK Alpha (Series 2) Fund (continued)

## Fund Review (continued)

We removed Schroders from the Fund in June 2013 following the portfolio manager leaving the firm. The 20% allocation continued to be managed passively by our transition manager (BlackRock) while we waited to appoint a replacement.

Towards the halfway point of the period, the Fund slightly outperformed the market. Stock selection in Financials was positive with good gains from Aviva (a relatively new holding at the time) and Legal & General. An underweight position in Mining helped, with many of the constituents delivering negative returns towards the end of the first half of the period.

An interesting and volatile start to the year in 2014 for the UK where the market started off complacent but then an aggregation of individual warnings, including Pearson and BG, seemed to remind investors of the fragility of the economic recovery and lofty valuations. In the end, the market was down to start the year in 2014. The outperformance of Industrials and Mining however indicate that investors remained supportive of the second stage of the economic recovery and were cautiously adding to cheap emerging market stories. The Fund had a very strong start to 2014 in part given the Fund's bias to lowly valued companies. It is pleasing to reflect that despite the strong performance in 2013, the Fund protected well on the downside that the market experienced at the start of 2014. Artemis performed particularly well early in 2014 with holdings such as Xchanging and Homeserve strongly bucking the market trend. An Overweight position in Industrials and an underweight position in Consumer Staples contributed positively, whilst the underweight position in Mining (including Anglo American) detracted. Having removed Schroders from the Fund in June 2013, we appointed a new manager to the Fund during March 2014 and transferred our transition manager (BlackRock) to Old Mutual Global Investors.

More recently, the FTSE All-Share rose but investors saw sharply divergent performance between sectors and stocks. Many of the cyclical stocks that had been driving the market so far this year in 2014 sold off and the FTSE 250 significantly underperformed the FTSE 100. At the end of March 2014, M&A returned in spectacular fashion with Pfizer's approach for AstraZeneca. The Fund produced a positive return but failed to keep up with the strong market. Holdings in transport stocks FirstGroup and IAG negatively impacted the Fund but a small overweight position in Pharmaceuticals helped. Whilst the Fund has a large position in Shell, the relative underweight position was a drag on performance.

(Source: Factset, Barclays)

## Outlook

The UK market still does not look expensive but of the developed markets, we still prefer the US and Europe (ex-UK) to the UK. In the UK, the improving economy continues to favour domestically-focused sectors.

Our Tactical Allocation Committee moved in February 2014 from a neutral to a modest overweight position in developed market equities. We believe the recent setback is likely to give way longer-term, as fundamental strength reasserts itself as a driver of equity markets. The cycle and relative valuations still favour stocks.

Barclays  
Wealth and Investment Management  
(Investment Adviser)  
June 2014

# Barclays UK Alpha (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014

All investments are in ordinary shares unless stated otherwise. The percentages in brackets show the equivalent sector holdings at 15 May 2013.

| Holding /<br>Nominal<br>Value | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|---|--------------------------|--------------------|
|                               | <b>ASIA: 0.42% (0.23%)</b>                                  |                          |                    |
|                               | <b>JAPAN: 0.12% (0.23%)</b>                                 |                          |                    |
|                               | <b>Leisure Goods: 0.12% (0.23%)</b>                         |                          |                    |
| 1,700                         | Nintendo  | 111                      | 0.12               |
|                               | <b>SINGAPORE: 0.30% (0.00%)</b>                             |                          |                    |
|                               | <b>Electronic &amp; Electrical Equipment: 0.30% (0.00%)</b> |                          |                    |
| 17,505                        | XP Power  | 273                      | 0.30               |
|                               | <b>CONTINENTAL EUROPE: 5.02% (3.40%)</b>                    |                          |                    |
|                               | <b>FINLAND: 0.00% (0.22%)</b>                               |                          |                    |
|                               | <b>Technology Hardware &amp; Equipment: 0.00% (0.22%)</b>   |                          |                    |
|                               | <b>FRANCE: 1.34% (0.82%)</b>                                |                          |                    |
|                               | <b>Fixed Line Telecommunications: 1.15% (0.37%)</b>         |                          |                    |
| 103,406                       | Orange  | 1,036                    | 1.15               |
|                               | <b>Media: 0.00% (0.12%)</b>                                 |                          |                    |
|                               | <b>Oil &amp; Gas Producers: 0.16% (0.00%)</b>               |                          |                    |
| 3,471                         | Total   | 145                      | 0.16               |
|                               | <b>Pharmaceuticals &amp; Biotechnology: 0.03% (0.33%)</b>   |                          |                    |
| 400                           | Sanofi^   | 25                       | 0.03               |
|                               | <b>GERMANY: 0.29% (0.00%)</b>                               |                          |                    |
|                               | <b>Gas, Water &amp; Multiutilities: 0.29% (0.00%)</b>       |                          |                    |
| 4,345                         | E.ON  | 46                       | 0.05               |
| 10,108                        | RWE Class 'A'   | 215                      | 0.24               |
|                               |   | 261                      | 0.29               |
|                               | <b>IRELAND: 0.15% (0.61%)</b>                               |                          |                    |
|                               | <b>Travel &amp; Leisure: 0.15% (0.61%)</b>                  |                          |                    |
| 22,166                        | Ryanair   | 118                      | 0.13               |
| 3,100                         | Ryanair - Dublin  | 17                       | 0.02               |
|                               |   | 135                      | 0.15               |
|                               | <b>ISRAEL: 0.07% (0.00%)</b>                                |                          |                    |
|                               | <b>Software &amp; Computer Services: 0.07% (0.00%)</b>      |                          |                    |
| 1,612                         | Check Point Software Technologies^                          | 62                       | 0.07               |
|                               | <b>ITALY: 1.01% (1.11%)</b>                                 |                          |                    |
|                               | <b>Aerospace &amp; Defense: 0.14% (0.00%)</b>               |                          |                    |
| 27,124                        | Finmeccanica  | 127                      | 0.14               |
|                               | <b>Banks: 0.07% (0.64%)</b>                                 |                          |                    |
| 36,130                        | Intesa Sanpaolo   | 65                       | 0.07               |
|                               | <b>Electricity: 0.17% (0.00%)</b>                           |                          |                    |
| 46,162                        | Enel  | 151                      | 0.17               |
|                               | <b>Fixed Line Telecommunications: 0.58% (0.40%)</b>         |                          |                    |
| 736,447                       | Telecom Italia  | 518                      | 0.58               |

# Barclays UK Alpha (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|---|--------------------------|--------------------|
|                               | <b>CONTINENTAL EUROPE: 5.02% (3.40%) continued</b>          |                          |                    |
|                               | <b>ITALY: 1.01% (1.11%) continued</b>                       |                          |                    |
|                               | <b>Media: 0.05% (0.07%)</b>                                 |                          |                    |
| 17,293                        | Mediaset  | 45                       | 0.05               |
|                               | <b>NETHERLANDS: 1.22% (0.27%)</b>                           |                          |                    |
|                               | <b>Fixed Line Telecommunications: 0.90% (0.17%)</b>         |                          |                    |
| 380,662                       | Koninklijke   | 814                      | 0.90               |
|                               | <b>Industrial Transportation: 0.32% (0.10%)</b>             |                          |                    |
| 100,786                       | PostNL  | 284                      | 0.32               |
|                               | <b>NORWAY: 0.09% (0.00%)</b>                                |                          |                    |
|                               | <b>Oil &amp; Gas Producers: 0.09% (0.00%)</b>               |                          |                    |
| 4,563                         | Statoil   | 82                       | 0.09               |
|                               | <b>SPAIN: 0.85% (0.37%)</b>                                 |                          |                    |
|                               | <b>Banks: 0.07% (0.00%)</b>                                 |                          |                    |
| 15,570                        | Banco Popular Espanol                                       | 61                       | 0.07               |
|                               | <b>Fixed Line Telecommunications: 0.00% (0.37%)</b>         |                          |                    |
|                               | <b>Travel &amp; Leisure: 0.78% (0.00%)</b>                  |                          |                    |
| 192,688                       | International Consolidated Airlines                         | 705                      | 0.78               |
|                               | <b>UNITED KINGDOM: 91.29% (91.13%)</b>                      |                          |                    |
|                               | <b>Aerospace &amp; Defense: 4.18% (3.69%)</b>               |                          |                    |
| 508,271                       | BAE Systems   | 2,117                    | 2.35               |
| 164,626                       | Chemring  | 347                      | 0.39               |
| 40,000                        | Cobham  | 124                      | 0.14               |
| 360,565                       | QinetiQ   | 720                      | 0.80               |
| 43,184                        | Rolls-Royce   | 441                      | 0.49               |
| 5,786,656                     | Rolls-Royce 'C'†  | 6                        | 0.01               |
|                               |   | 3,755                    | 4.18               |
|                               | <b>Automobiles &amp; Parts: 0.06% (0.31%)</b>               |                          |                    |
| 13,753                        | GKN   | 51                       | 0.06               |
|                               | <b>Banks: 5.29% (8.45%)</b>                                 |                          |                    |
| 441,152                       | Barclays  | 1,080                    | 1.20               |
| 255,033                       | HSBC  | 1,594                    | 1.77               |
| 1,783,065                     | Lloyds Banking  | 1,315                    | 1.46               |
| 237,699                       | Royal Bank of Scotland                                      | 773                      | 0.86               |
|                               |   | 4,762                    | 5.29               |
|                               | <b>Beverages: 0.23% (0.14%)</b>                             |                          |                    |
| 29,753                        | Britvic   | 208                      | 0.23               |
|                               | <b>Chemicals: 0.00% (0.21%)</b>                             |                          |                    |
|                               | <b>Construction &amp; Materials: 0.38% (0.31%)</b>          |                          |                    |
| 197,252                       | Marshalls   | 344                      | 0.38               |
|                               | <b>Electricity: 1.24% (0.90%)</b>                           |                          |                    |
| 151,902                       | Drax  | 945                      | 1.05               |
| 10,854                        | SSE   | 168                      | 0.19               |
|                               |   | 1,113                    | 1.24               |
|                               | <b>Electronic &amp; Electrical Equipment: 0.22% (0.33%)</b> |                          |                    |
| 68,157                        | HellermannTyton   | 202                      | 0.22               |

# Barclays UK Alpha (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                              | Investment                               | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|--|--------------------------|--------------------|
| <b>UNITED KINGDOM: 91.29% (91.13%) continued</b>           |  |                          |                    |
| <b>Equity Investment Instruments: 2.10% (1.89%)</b>        |  |                          |                    |
| 516,666  | Better Capital PCC                       | 524                      | 0.58               |
| 481,371  | Majedie Asset Management Investment Fund | 1,369                    | 1.52               |
|  |  | 1,893                    | 2.10               |
| <b>Financial Services: 4.40% (4.92%)</b>                   |  |                          |                    |
| 325,833  | 3i                                       | 1,263                    | 1.40               |
| 163,075  | ICAP                                     | 615                      | 0.68               |
| 86,788   | IG                                       | 537                      | 0.60               |
| 33,218   | London Stock Exchange                    | 602                      | 0.67               |
| 386,372  | Man                                      | 348                      | 0.39               |
| 207,510  | Tullett Prebon                           | 597                      | 0.66               |
|  |  | 3,962                    | 4.40               |
| <b>Fixed Line Telecommunications: 2.32% (2.95%)</b>        |  |                          |                    |
| 481,502  | BT                                       | 1,746                    | 1.94               |
| 120,000  | TalkTalk Telecom                         | 341                      | 0.38               |
|  |  | 2,087                    | 2.32               |
| <b>Food &amp; Drug Retailers: 1.46% (0.73%)</b>            |  |                          |                    |
| 33,407   | J Sainsbury                              | 111                      | 0.12               |
| 335,478  | Tesco                                    | 1,014                    | 1.13               |
| 90,726   | WM Morrison Supermarkets                 | 186                      | 0.21               |
|  |  | 1,311                    | 1.46               |
| <b>Food Producers: 2.08% (3.21%)</b>                       |  |                          |                    |
| 204,355  | Tate & Lyle                              | 1,405                    | 1.56               |
| 17,578   | Unilever                                 | 472                      | 0.52               |
|  |  | 1,877                    | 2.08               |
| <b>Forestry &amp; Paper: 0.23% (0.61%)</b>                 |  |                          |                    |
| 20,794   | Mondi                                    | 210                      | 0.23               |
| <b>Gas, Water &amp; Multiutilities: 2.84% (1.22%)</b>      |  |                          |                    |
| 644,957  | Centrica                                 | 2,105                    | 2.34               |
| 52,068   | National Grid                            | 449                      | 0.50               |
|  |  | 2,554                    | 2.84               |
| <b>General Industrials: 0.84% (0.82%)</b>                  |  |                          |                    |
| 56,783   | Smiths                                   | 757                      | 0.84               |
| <b>General Retailers: 2.89% (4.54%)</b>                    |  |                          |                    |
| 444,509  | Debenhams                                | 351                      | 0.39               |
| 511,748  | Dixons Retail                            | 234                      | 0.26               |
| 196,083  | Home Retail                              | 379                      | 0.42               |
| 259,668  | Marks & Spencer                          | 1,197                    | 1.33               |
| 6,833  | Next                                     | 438                      | 0.49               |
|  |  | 2,599                    | 2.89               |
| <b>Health Care Equipment &amp; Services: 1.55% (1.51%)</b> |  |                          |                    |
| 152,005  | Smith & Nephew                           | 1,397                    | 1.55               |

# Barclays UK Alpha (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                                 | Investment                 | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|----------------------------|--------------------------|--------------------|
| <b>UNITED KINGDOM: 91.29% (91.13%) continued</b>              |                            |                          |                    |
| <b>Household Goods &amp; Home Construction: 0.65% (0.93%)</b> |                            |                          |                    |
| 714   | Bellway                    | 10                       | 0.01               |
| 538,850   | Taylor Wimpey              | 578                      | 0.64               |
|   |                            | 588                      | 0.65               |
| <b>Industrial Engineering: 0.34% (0.56%)</b>                  |                            |                          |                    |
| 107,723   | Melrose                    | 306                      | 0.34               |
| <b>Industrial Metals &amp; Mining: 0.00% (0.14%)</b>          |                            |                          |                    |
| <b>Life Insurance: 8.07% (6.03%)</b>                          |                            |                          |                    |
| 555,337   | Aviva                      | 2,849                    | 3.17               |
| 398,199   | Friends Life Group         | 1,219                    | 1.35               |
| 452,735   | Legal & General            | 1,028                    | 1.14               |
| 33,904  | Prudential                 | 471                      | 0.52               |
| 91,051  | Phoenix                    | 594                      | 0.66               |
| 84,528  | St James's Place           | 633                      | 0.70               |
| 122,287   | Standard Life              | 473                      | 0.53               |
|   |                            | 7,267                    | 8.07               |
| <b>Media: 4.63% (5.54%)</b>                                   |                            |                          |                    |
| 30,394  | British Sky Broadcasting   | 258                      | 0.29               |
| 50,000  | Daily Mail & General Trust | 414                      | 0.46               |
| 328,278   | ITV                        | 557                      | 0.62               |
| 274,501   | Johnston Press             | 49                       | 0.05               |
| 77,198  | Pearson                    | 888                      | 0.99               |
| 227,298   | Reed Elsevier              | 1,996                    | 2.22               |
|   |                            | 4,162                    | 4.63               |
| <b>Mining: 3.29% (2.51%)</b>                                  |                            |                          |                    |
| 25,335  | Anglo American             | 407                      | 0.45               |
| 13,585  | BHP Billiton               | 269                      | 0.30               |
| 314,086   | Glencore Xstrata           | 1,025                    | 1.14               |
| 37,349  | Rio Tinto                  | 1,258                    | 1.40               |
|   |                            | 2,959                    | 3.29               |
| <b>Mobile Telecommunications: 3.02% (4.07%)</b>               |                            |                          |                    |
| 25,044  | Inmarsat                   | 178                      | 0.20               |
| 1,168,097   | Vodafone^                  | 2,533                    | 2.82               |
|   |                            | 2,711                    | 3.02               |
| <b>Nonlife Insurance: 0.94% (1.09%)</b>                       |                            |                          |                    |
| 41,106  | Amlin                      | 190                      | 0.21               |
| 84,438  | Direct Line Insurance      | 206                      | 0.23               |
| 8,013   | Jardine Lloyd Thompson     | 83                       | 0.09               |
| 74,319  | RSA Insurance              | 365                      | 0.41               |
|   |                            | 844                      | 0.94               |
| <b>Oil &amp; Gas Producers: 12.99% (9.06%)</b>                |                            |                          |                    |
| 36,412  | BC                         | 458                      | 0.51               |
| 1,025,587   | BP                         | 5,158                    | 5.73               |
| 62,028  | Genel Energy               | 616                      | 0.68               |

# Barclays UK Alpha (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|--|--------------------------|--------------------|
|                               | <b>UNITED KINGDOM: 91.29% (91.13%) continued</b>                 |                          |                    |
|                               | <b>Oil &amp; Gas Producers: 12.99% (9.06%) continued</b>         |                          |                    |
| 130,763                       | Premier Oil  | 454                      | 0.50               |
| 24,000                        | Royal Dutch Shell Class 'A'                                      | 564                      | 0.63               |
| 173,132                       | Royal Dutch Shell Class 'B'                                      | 4,440                    | 4.94               |
|                               |  | 11,690                   | 12.99              |
|                               | <b>Oil Equipment, Services &amp; Distribution: 1.05% (0.19%)</b> |                          |                    |
| 29,627                        | John Wood  | 222                      | 0.25               |
| 80,828                        | Kentz  | 557                      | 0.62               |
| 13,824                        | Petrofac   | 163                      | 0.18               |
|                               |  | 942                      | 1.05               |
|                               | <b>Pharmaceuticals &amp; Biotechnology: 8.40% (6.14%)</b>        |                          |                    |
| 59,240                        | AstraZeneca  | 2,799                    | 3.11               |
| 256,906                       | GlaxoSmithKline  | 4,212                    | 4.68               |
| 16,632                        | Shire^   | 544                      | 0.61               |
|                               |  | 7,555                    | 8.40               |
|                               | <b>Real Estate Investment Trusts: 0.00% (0.60%)</b>              |                          |                    |
|                               | <b>Software &amp; Computer Services: 2.98% (3.37%)</b>           |                          |                    |
| 246,151                       | Advanced Computer Software^^                                     | 288                      | 0.32               |
| 65,371                        | Computacenter  | 415                      | 0.46               |
| 84,859                        | Micro Focus International  | 681                      | 0.76               |
| 12,290                        | Phoenix IT   | 13                       | 0.01               |
| 281,465                       | Sage   | 1,104                    | 1.23               |
| 57,448                        | SDL  | 179                      | 0.20               |
|                               |  | 2,680                    | 2.98               |
|                               | <b>Support Services: 4.73% (4.82%)</b>                           |                          |                    |
| 40,000                        | Bunzl  | 672                      | 0.75               |
| 57,800                        | De La Rue  | 473                      | 0.53               |
| 63,457                        | Electrocomponents  | 185                      | 0.21               |
| 30,439                        | Experian   | 321                      | 0.36               |
| 339,324                       | G4S  | 867                      | 0.96               |
| 20,581                        | Hays   | 30                       | 0.03               |
| 56,291                        | Lavendon   | 130                      | 0.14               |
| 19,342                        | Mears  | 94                       | 0.10               |
| 4,341                         | Mitie  | 14                       | 0.02               |
| 19,066                        | Northgate  | 97                       | 0.11               |
| 727,810                       | Rentokil Initial   | 908                      | 1.01               |
| 4,479                         | Travis Perkins   | 75                       | 0.08               |
| 249,620                       | Xchanging  | 382                      | 0.43               |
|                               |  | 4,248                    | 4.73               |
|                               | <b>Technology Hardware &amp; Equipment: 1.20% (1.30%)</b>        |                          |                    |
| 36,801                        | CSR^   | 205                      | 0.23               |
| 45,722                        | Pace   | 164                      | 0.18               |
| 281,452                       | Spirent Communications   | 272                      | 0.30               |
| 187,806                       | Wolfson Microelectronics   | 439                      | 0.49               |
|                               |  | 1,080                    | 1.20               |
|                               | <b>Tobacco: 1.03% (1.23%)</b>                                    |                          |                    |
| 35,000                        | Imperial Tobacco   | 930                      | 1.03               |

# Barclays UK Alpha (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|---|--------------------------|--------------------|
|                               | <b>UNITED KINGDOM: 91.29% (91.13%) continued</b>          |                          |                    |
|                               | <b>Travel &amp; Leisure: 5.66% (6.81%)</b>                |                          |                    |
| 23,505                        | Betfair   | 229                      | 0.25               |
| 222,791                       | Bwin.Party Digital Entertainment                          | 264                      | 0.29               |
| 11,938                        | Carnival  | 279                      | 0.31               |
| 4,300                         | easyJet   | 67                       | 0.07               |
| 979,419                       | Firstgroup  | 1,287                    | 1.43               |
| 157,672                       | Flybe   | 203                      | 0.23               |
| 620,847                       | Ladbrokes   | 859                      | 0.96               |
| 102,593                       | Mitchells & Butlers                                       | 446                      | 0.50               |
| 160,000                       | National Express  | 429                      | 0.48               |
| 95,404                        | Stagecoach  | 348                      | 0.39               |
| 140,553                       | Thomas Cook   | 219                      | 0.24               |
| 11,409                        | Whitbread   | 459                      | 0.51               |
|                               |   | 5,089                    | 5.66               |
|                               | <b>NORTH AMERICA: 0.83% (1.59%)</b>                       |                          |                    |
|                               | <b>CANADA: 0.17% (0.00%)</b>                              |                          |                    |
|                               | <b>Mining: 0.17% (0.00%)</b>                              |                          |                    |
| 15,173                        | Barrick Gold  | 152                      | 0.17               |
|                               | <b>UNITED STATES: 0.66% (1.59%)</b>                       |                          |                    |
|                               | <b>Aerospace &amp; Defense: 0.09% (0.00%)</b>             |                          |                    |
| 787                           | Lockheed Martin   | 77                       | 0.09               |
|                               | <b>Alternative Energy: 0.17% (0.00%)</b>                  |                          |                    |
| 4,213                         | First Solar^  | 151                      | 0.17               |
|                               | <b>Banks: 0.00% (0.53%)</b>                               |                          |                    |
|                               | <b>Leisure Goods: 0.14% (0.00%)</b>                       |                          |                    |
| 11,616                        | Take-Two Interactive Software^                            | 130                      | 0.14               |
|                               | <b>Pharmaceuticals &amp; Biotechnology: 0.00% (0.09%)</b> |                          |                    |
|                               | <b>Software &amp; Computer Services: 0.00% (0.16%)</b>    |                          |                    |
|                               | <b>Technology Hardware &amp; Equipment: 0.26% (0.81%)</b> |                          |                    |
| 12,041                        | Hewlett-Packard   | 232                      | 0.26               |
|                               | <b>FUTURES: 0.03% (0.05%)</b>                             |                          |                    |
| 10                            | FTSE 100 Index Future June 2014                           | 25                       | 0.03               |
|                               | <b>Portfolio investments*</b>                             | <b>87,800</b>            | <b>97.59</b>       |
|                               | <b>Net other assets</b>                                   | <b>2,168</b>             | <b>2.41</b>        |
|                               | <b>Net assets</b>   | <b>89,968</b>            | <b>100.00</b>      |

\*Including derivatives.

^ These securities are quoted on NASDAQ and comprise 4.07% of the Net Asset Value.

^^ These securities are quoted on an Alternative Investment Market (AIM) and comprise 0.32% of the Net Asset Value.

†The indicated holding above is priced with a stale price.

|                                     |                              |
|-------------------------------------|------------------------------|
| Portfolio Information               | Year to<br>15/05/2014        |
| <b>Total purchases for the year</b> | <b>£52,004,840</b>           |
| <b>Total sales for the year</b>     | <b>£68,127,572</b>           |
|                                     | <b>Total Global Exposure</b> |
| <b>Counterparty</b>                 | <b>£</b>                     |
| Goldman Sachs                       | 25,000                       |



# Barclays UK Alpha (Series 2) Fund (continued)

## Statement of Total Return for the year ended 15 May 2014

|   |      | 16/05/2013 to<br>15/05/2014 |                | 16/05/2012 to<br>15/05/2013 |                |
|---|------|-----------------------------|----------------|-----------------------------|----------------|
|   | Note | £'000                       | £'000          | £'000                       | £'000          |
| <b>Income</b>   |      |                             |                |                             |                |
| Net capital gains   | 2    |                             | 10,017         |                             | 27,911         |
| Revenue   | 3    | 3,537                       |                | 3,166                       |                |
| Expenses  | 4    | (1,167)                     |                | (1,072)                     |                |
| Finance costs: Interest   | 6    | (7)                         |                | (2)                         |                |
| Net revenue before taxation   |      | 2,363                       |                | 2,092                       |                |
| Taxation  | 5    | (6)                         |                | (5)                         |                |
| Net revenue after taxation for the year   |      |                             | 2,357          |                             | 2,087          |
| Total return before distributions   |      |                             | 12,374         |                             | 29,998         |
| Finance costs: Distributions  | 6    |                             | (2,265)        |                             | (2,093)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |      |                             | <b>£10,109</b> |                             | <b>£27,905</b> |

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 15 May 2014

|  |  | 16/05/2013 to<br>15/05/2014 |                | 16/05/2012 to<br>15/05/2013 |                |
|--|--|-----------------------------|----------------|-----------------------------|----------------|
|  |  | £'000                       | £'000          | £'000                       | £'000          |
| <b>Opening net assets attributable to shareholders</b>                       |  |                             | <b>97,474</b>  |                             | <b>88,360</b>  |
| Movement due to sales and repurchases of shares:                             |  |                             |                |                             |                |
| Amounts receivable on issue of shares  |  | 6,501                       |                | 218                         |                |
| Amounts payable on cancellation of shares                                    |  | (24,733)                    |                | (19,509)                    |                |
|  |  |                             | (18,232)       |                             | (19,291)       |
| Stamp duty reserve tax   |  |                             | (2)            |                             | (1)            |
| Change in net assets attributable to shareholders from investment activities |  |                             | 10,109         |                             | 27,905         |
| Retained distribution on accumulation shares                                 |  |                             | 618            |                             | 500            |
| Unclaimed distributions  |  |                             | 1              |                             | 1              |
| <b>Closing net assets attributable to shareholders</b>                       |  |                             | <b>£89,968</b> |                             | <b>£97,474</b> |

# Barclays UK Alpha (Series 2) Fund (continued)

## Balance Sheet as at 15 May 2014

|  | Note | £'000   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|------|---------|---------------------|---------------------|
| <b>Assets</b>                                  |      |         |                     |                     |
| Investment Assets                              |      |         | 87,800              | 93,967              |
| Debtors  | 7    | 2,641   |                     | 849                 |
| Cash and bank balances                         | 8    | 4,873   |                     | 9,275               |
| Total other assets                             |      |         | 7,514               | 10,124              |
| <b>Total assets</b>                            |      |         | <b>95,314</b>       | <b>104,091</b>      |
| <b>Liabilities</b>                             |      |         |                     |                     |
| Creditors                                      | 9    | (2,594) |                     | (4,073)             |
| Bank overdrafts                                | 8    | (1,406) |                     | (1,179)             |
| Distribution payable on income shares          |      | (1,346) |                     | (1,365)             |
| Total other liabilities                        |      |         | (5,346)             | (6,617)             |
| <b>Total liabilities</b>                       |      |         | <b>(5,346)</b>      | <b>(6,617)</b>      |
| <b>Net assets attributable to shareholders</b> |      |         | <b>£89,968</b>      | <b>£97,474</b>      |

# Barclays UK Alpha (Series 2) Fund (continued)

## Notes to the Financial Statements

### 1. Accounting policies

The accounting policies can be found on pages 11 and 12.

### 2. Net capital gains on investments

|  | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| The net capital gains on investments during the year comprise: |                                      |                                      |
| Non-derivative securities                                      | 9,893                                | 27,467                               |
| Derivative contracts   | 174                                  | 469                                  |
| Forward currency contracts                                     | (4)                                  | -                                    |
| Currency (losses)/gains  | (11)                                 | 2                                    |
| Transaction charges  | (35)                                 | (27)                                 |
| Net capital gains  | 10,017                               | 27,911                               |

### 3. Revenue

|                                | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Franked UK dividends           | 3,266                                | 3,048                                |
| UK REIT dividends              | -                                    | 6                                    |
| UK PID income                  | 6                                    | 11                                   |
| Non-taxable overseas dividends | 265                                  | 99                                   |
| Bank interest                  | -                                    | 1                                    |
| Underwriting commission        | -                                    | 1                                    |
| Total revenue                  | 3,537                                | 3,166                                |

### 4. Expenses

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Payable to the ACD, associates of the ACD and agents of either of them:               |                                      |                                      |
| ACD's periodic fee  | 980                                  | 928                                  |
| Registration fee  | 80                                   | 76                                   |
|   | 1,060                                | 1,004                                |
| Payable to the Depositary, associates of the Depositary and agents of either of them: |                                      |                                      |
| Depositary fee  | 12                                   | 11                                   |
| Safe custody fee  | 8                                    | 8                                    |
|   | 20                                   | 19                                   |
| Other expenses:   |                                      |                                      |
| Administration fee  | 63                                   | 16                                   |
| Audit fee   | 12                                   | 14                                   |
| VAT on audit fee  | 2                                    | 3                                    |
| Printing fee  | 7                                    | 13                                   |
| Tax advice fee  | 3                                    | 3                                    |
|   | 87                                   | 49                                   |
| Total expenses  | 1,167                                | 1,072                                |

# Barclays UK Alpha (Series 2) Fund (continued)

## Notes to the Financial Statements (continued)

### 5. Taxation

#### (a) Analysis of taxation charge in year

|                          | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------|--------------------------------------|--------------------------------------|
| Overseas tax             | 6                                    | 5                                    |
| Current tax [note 5(b)]  | 6                                    | 5                                    |
| Deferred tax [note 5(c)] | -                                    | -                                    |
| <b>Total taxation</b>    | <b>6</b>                             | <b>5</b>                             |

#### (b) Factors affecting taxation charge for the year

The tax assessed for the year is lower than (2013: lower than) the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:

|  | £'000    | £'000    |
|--|----------|----------|
| Net revenue before taxation  | 2,363    | 2,092    |
| Net revenue before taxation multiplied by the appropriate rate of corporation tax at 20% (2013: 20%) | 473      | 418      |
| Effects of:  |          |          |
| Overseas tax   | 6        | 5        |
| Revenue not subject to taxation  | (706)    | (631)    |
| Excess management expenses not utilised  | 232      | 213      |
| Excess non trade loan deficit not utilised   | 1        | -        |
| <b>Current tax</b>   | <b>6</b> | <b>5</b> |

#### (c) Provision for deferred tax

There is no deferred tax provision in the current year (15 May 2013: same).

At the year end, there is a potential deferred tax asset of £6,855,221 (£6,623,617 at 15 May 2013) due to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (15 May 2013: same).

### 6. Finance cost: Distributions and Interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Final distribution                              | 1,964                                | 1,865                                |
| Add: Revenue deducted on cancellation of shares | 360                                  | 230                                  |
| Less: Revenue received on creation of shares    | (59)                                 | (2)                                  |
| <b>Distributions for the year</b>               | <b>2,265</b>                         | <b>2,093</b>                         |

#### Interest

|                            |              |              |
|----------------------------|--------------|--------------|
| Bank overdraft interest    | 7            | 2            |
| <b>Total finance costs</b> | <b>2,272</b> | <b>2,095</b> |

# Barclays UK Alpha (Series 2) Fund (continued)

## Notes to the Financial Statements (continued)

### 6. Finance cost: Distributions and Interest (continued)

The differences between the net revenue after taxation and the distribution for the year are as follows:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Net revenue after taxation for the year | 2,357                                | 2,087                                |
| Add: Shortfall on income account        | -                                    | 6                                    |
| Less: Expenses charged against revenue  | (92)                                 | -                                    |
| Distributions for the year              | 2,265                                | 2,093                                |

### 7. Debtors

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts receivable for creation of shares | 1,373               | -                   |
| Sales awaiting settlement                 | 479                 | 72                  |
| Accrued revenue                           | 761                 | 755                 |
| Overseas tax recoverable                  | 25                  | 10                  |
| Margin interest receivable                | -                   | 9                   |
| UK tax recoverable on REIT distributions  | 3                   | 3                   |
|   | 2,641               | 849                 |

### 8. Net uninvested cash

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts held at futures clearing houses and brokers | 53                  | 471                 |
| Bank overdrafts                                     | (1,406)             | (1,179)             |
| Cash and bank balances                              | 4,820               | 8,804               |
| Net uninvested cash                                 | 3,467               | 8,096               |

### 9. Creditors

|  | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|---------------------|---------------------|
| Amounts payable for cancellation of shares | 1,775               | 3,733               |
| Purchases awaiting settlement              | 640                 | 122                 |
| Accrued expenses                           | 179                 | 218                 |
|  | 2,594               | 4,073               |

### 10. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (15 May 2013: Koninklijke Rights £25,811).

### 11. Risk in relation to the financial instruments

The Fund's investment objective is stated on page 65. In pursuing its objective, the Fund holds financial instruments which expose it to various types of risk. The main risks, and the ACD's policy for managing these risks are set out below. These were applied consistently throughout the current and preceding year.

# Barclays UK Alpha (Series 2) Fund (continued)

## Notes to the Financial Statements (continued)

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### **11. Risk in relation to the financial instruments (continued)**

#### **(a) Credit and liquidity risk**

Credit risk is the risk of suffering loss due to another party not meeting its financial obligations. The primary source of this risk to the Fund is for trade counterparties to fail to meet their transaction commitments. This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

Liquidity risk relates to the capacity to meet liabilities. The primary source of this risk to the Fund is the liability to Shareholders for any cancellation of shares. This risk is minimised by holding cash and readily realisable securities and via access to overdraft facilities.

#### **(b) Market risk**

Market risk arises mainly from uncertainty about future prices. The primary source of this risk to the Fund is the potential movement in the value of financial instruments held as a result of price fluctuations. The ACD adheres to the investment guidelines and borrowing powers established in the Prospectus and the COLL. In this way, the ACD monitors and controls the exposure to risk from any type of security, sector or issuer.

The Fund may also use derivative instruments to mitigate risk and/or reduce costs. These instruments are not utilised for speculative purposes. Derivative instruments were utilised during the current and preceding year.

#### **(c) Foreign currency risk**

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the utilisation of forward currency contracts as necessary. Forward currency contracts were utilised during the current and preceding year.

# Barclays UK Alpha (Series 2) Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

The foreign currency profile of the Fund's net assets at the balance sheet date was:

| 15/05/2014      | Monetary exposure | Non-monetary exposure | Total |
|-----------------|-------------------|-----------------------|-------|
| Currency        | £'000             | £'000                 | £'000 |
| Euro            | 5                 | 3,679                 | 3,684 |
| Japanese Yen    | -                 | 112                   | 112   |
| Norwegian Krone | -                 | 85                    | 85    |
| US Dollar       | 56                | 749                   | 805   |
|                 | 61                | 4,625                 | 4,686 |

  

| 15/05/2013   | Monetary exposure | Non-monetary exposure | Total |
|--------------|-------------------|-----------------------|-------|
| Currency     | £'000             | £'000                 | £'000 |
| Euro         | 54                | 3,280                 | 3,334 |
| Japanese Yen | -                 | 235                   | 235   |
| US Dollar    | -                 | 1,542                 | 1,542 |
|              | 54                | 5,057                 | 5,111 |

#### (d) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The Fund's only interest bearing financial instruments at the balance sheet date were its bank balances and overdraft facilities as disclosed in note 8.

Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

#### (e) Derivatives - Sensitivity analysis

The Fund invests in FTSE 100 index futures to obtain market exposure to enable it to meet the Fund objectives whilst reducing transaction costs.

The effect of these futures is to increase market exposure by 0.76% (1.37% at 15 May 2013) of net assets. This results in an effective equity exposure at the year end of 98.32% (97.72% at 15 May 2013) of net assets, which means that the gains or losses of the Fund will be 0.9832 (0.9772 at 15 May 2013) times the gains or losses if the Fund was fully invested in equities.

#### (f) Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

# Barclays UK Alpha (Series 2) Fund (continued)

## Notes to the Financial Statements (continued)

### 12. Portfolio transaction costs

|  | 16/05/2013 to<br>15/05/2014 |        | 16/05/2012 to<br>15/05/2013 |        |
|--|-----------------------------|--------|-----------------------------|--------|
|  | £'000                       | £'000  | £'000                       | £'000  |
| Analysis of total purchase costs           |                             |        |                             |        |
| Purchases in year before transaction costs |                             | 51,742 |                             | 34,283 |
| Commissions                                | 48                          |        | 49                          |        |
| Tax  | 215                         |        | 143                         |        |
| Total purchase costs                       |                             | 263    |                             | 192    |
| Gross purchase total                       |                             | 52,005 |                             | 34,475 |
| Analysis of total sales costs              |                             |        |                             |        |
| Gross sales before transaction costs       |                             | 68,185 |                             | 53,768 |
| Commissions                                | (56)                        |        | (65)                        |        |
| Fees                                       | (1)                         |        | (1)                         |        |
| Total sales costs                          |                             | (57)   |                             | (66)   |
| Total sales net of transaction costs       |                             | 68,128 |                             | 53,702 |

### 13. Ultimate controlling party and related party transactions

The ACD is regarded as controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is Barclays Plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held 5.40% of the Fund's shares in issue (4.71% at 15 May 2013). Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 4, 7 and 9 to the financial statements, and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. Within note 9, accrued expenses (including amounts due to associates and agents) of £123,480 (£149,279 at 15 May 2013) are due to the ACD.

This Fund has holdings in a related party of Barclays Bank PLC, this position is disclosed in the Portfolio Statement on page 68.



# Barclays UK Alpha (Series 2) Fund (continued)

## Distribution Table for the year ended 15 May 2014

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation applies only to shares purchased during the distribution year (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital.

Being capital, it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

### Final dividend distribution in pence per share

|                             | Net<br>Revenue | Equalisation | Distribution<br>Paid<br>15/07/2014 | Distribution<br>Paid<br>15/07/2013 |
|-----------------------------|----------------|--------------|------------------------------------|------------------------------------|
| <b>A-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 15.9551p       | -            | 15.9551p                           | 12.4267p                           |
| Group 2                     | 10.2224p       | 5.7327p      | 15.9551p                           | 12.4267p                           |
| <b>A-Class Accumulation</b> |                |              |                                    |                                    |
| Group 1                     | 20.4610p       | -            | 20.4610p                           | 15.7085p                           |
| Group 2                     | 12.7268p       | 7.7342p      | 20.4610p                           | 15.7085p                           |
| <b>B-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 18.3173p       | -            | 18.3173p                           | 14.3217p                           |
| Group 2                     | 11.8262p       | 6.4911p      | 18.3173p                           | 14.3217p                           |
| <b>I-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 21.7242p       | -            | 21.7242p                           | 16.8094p                           |
| Group 2                     | 21.7242p       | -            | 21.7242p                           | 16.8094p                           |
| <b>M-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 25.7389p       | -            | 25.7389p                           | 20.0209p                           |
| Group 2                     | 20.9360p       | 4.8029p      | 25.7389p                           | 20.0209p                           |
| <b>R-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 31.5860p       | -            | 31.5860p                           | 20.3093p                           |
| Group 2                     | 0.3506p        | 31.2354p     | 31.5860p                           | 20.3093p                           |
| <b>R-Class Accumulation</b> |                |              |                                    |                                    |
| Group 1                     | 23.0119p       | -            | 23.0119p                           | 20.3093p                           |
| Group 2                     | 0.0468p        | 22.9651p     | 23.0119p                           | 20.3093p                           |

# Barclays UK Alpha (Series 2) Fund (continued)

## Risk and Reward Profile

| 1  | 2 | 3 | 4 | 5   | 6 | 7 |
|--|---|---|---|---|---|---|
| <p>The risk and reward category is calculated using historical data which may not be a reliable indicator of the Fund's future risk profile.</p> <p>The risk and reward category may shift over time and is not a target or a guarantee.</p> <p>The lowest category (i.e. Category 1) does not mean a risk-free investment.</p> <p>The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments in which the Fund invests.</p> <p>The following are additional risks not covered by the risk and reward category.</p> <p>The Fund may be exposed to stock market movements in a single country or region which may be adversely affected by political or economic developments, government action or natural events that do not affect a fund investing in broader markets.</p> <p>The Fund may use derivatives in an attempt to reduce risk (hedging) or for investment purposes. It may be that the use of derivatives causes share prices to fluctuate which may in turn result in loss to the Fund.</p> <p>The Fund relies upon the performance of one or more investment managers. If the investment managers perform poorly, the value of your investment is likely to be adversely affected.</p> |   |   |   | <p>Future legal or regulatory change could have a substantial adverse effect on the Fund and your investment.</p> <p>Stock markets can be volatile, meaning that the prices of shares held by the Fund can change quickly and substantially.</p> <p>The Fund is not guaranteed and your investment is at risk. You may lose some or all of your investment.</p> <p>If you purchase shares in the Fund through a clearing or settlement system, you will be bound by its terms and conditions, which may include the payment of additional fees.</p> <p>The Fund may seek to identify and invest in undervalued securities. The identification of investment opportunities in undervalued securities is difficult and there can be no assurance that such opportunities will be successfully identified.</p> <p>The figure for the synthetic risk and reward indicator disclosed in the financial statements is the same as in the most up-to-date key investor information document ('KIID').</p> <p>More information in relation to risks in general may be found in the "Risk Factors" section of the Prospectus.</p> |   |   |

# Barclays UK Alpha (Series 2) Fund (continued)

## Fund Facts

### Ongoing Charge Figure

| Accounting Date                     | 15/05/2014 | 15/05/2013 |
|-------------------------------------|------------|------------|
| A-Class Distribution                | 1.79%      | 1.80%      |
| A-Class Accumulation                | 1.79%      | 1.80%      |
| B-Class Distribution                | 1.54%      | 1.55%      |
| I-Class Distribution                | 1.18%      | 1.21%      |
| M-Class Distribution                | 0.78%      | 0.81%      |
| R-Class Distribution <sup>(1)</sup> | 0.63%      | 0.15%      |
| R-Class Accumulation <sup>(1)</sup> | 1.19%      | 0.15%      |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012. No annual management charge was charged on either share class during the period 16 November 2012 to 15 May 2013. A charge commenced on the R-Class Distribution shares and R-Class Accumulation shares on 24 April 2014 and 17 June 2013 respectively.

The Ongoing Charge Figure ('OCF') represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: Directors Fees and Registration Fees.

The OCF is expressed as an annual percentage rate.

### Net Asset Value

|                                     | Net Asset Value<br>£'000 | Net Asset Value<br>per Share | Number of<br>Shares in<br>Issue '000 |
|-------------------------------------|--------------------------|------------------------------|--------------------------------------|
| <b>15/05/2012</b>                   |                          |                              |                                      |
| A-Class Distribution                | 3,317                    | 650.39p                      | 510                                  |
| A-Class Accumulation                | 28,138                   | 822.51p                      | 3,421                                |
| B-Class Distribution                | 414                      | 646.88p                      | 64                                   |
| I-Class Distribution                | 138                      | 657.14p                      | 21                                   |
| M-Class Distribution                | 56,353                   | 652.69p                      | 8,634                                |
| <b>15/05/2013</b>                   |                          |                              |                                      |
| A-Class Distribution                | 3,895                    | 877.25p                      | 444                                  |
| A-Class Accumulation                | 35,789                   | 1,124.38p                    | 3,183                                |
| B-Class Distribution                | 522                      | 870.00p                      | 60                                   |
| I-Class Distribution                | 142                      | 887.50p                      | 16                                   |
| M-Class Distribution                | 57,124                   | 881.00p                      | 6,484                                |
| R-Class Distribution <sup>(1)</sup> | 1                        | 719.42p                      | _*                                   |
| R-Class Accumulation <sup>(1)</sup> | 1                        | 719.42p                      | _*                                   |
| <b>15/05/2014</b>                   |                          |                              |                                      |
| A-Class Distribution                | 4,028                    | 968.27p                      | 416                                  |
| A-Class Accumulation                | 35,956                   | 1,260.73p                    | 2,852                                |
| B-Class Distribution                | 455                      | 968.09p                      | 47                                   |
| I-Class Distribution                | 142                      | 946.67p                      | 15                                   |
| M-Class Distribution                | 47,752                   | 972.35p                      | 4,911                                |
| R-Class Distribution                | 104                      | 945.45p                      | 11                                   |
| R-Class Accumulation                | 1,531                    | 1,013.91p                    | 151                                  |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

\* The number of shares in issue at the year end for this share class is less than 500 units and therefore not rounded up to the nearest thousands for disclosure purposes.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Barclays UK Alpha (Series 2) Fund (continued)

## Share Price Range and Net Revenue

| Year                        | Highest<br>Share Price | Lowest<br>Share Price | Net Revenue<br>per Share |
|-----------------------------|------------------------|-----------------------|--------------------------|
| <b>A-Class Distribution</b> |                        |                       |                          |
| 2009                        | 641.71p                | 408.90p               | 14.2566p                 |
| 2010                        | 708.70p                | 559.50p               | 7.6386p                  |
| 2011                        | 728.43p                | 599.07p               | 7.5245p                  |
| 2012                        | 771.13p                | 634.42p               | 12.0990p                 |
| 2013                        | 974.85p                | 763.13p               | 12.4267p                 |
| 2014 <sup>(1)</sup>         | 1,009.41p              | 941.46p               | 15.9551p                 |
| <b>A-Class Accumulation</b> |                        |                       |                          |
| 2009                        | 778.80p                | 482.70p               | 16.8631p                 |
| 2010                        | 870.20p                | 687.50p               | 9.2034p                  |
| 2011                        | 902.41p                | 743.37p               | 9.2467p                  |
| 2012                        | 974.51p                | 801.75p               | 15.0182p                 |
| 2013                        | 1,249.49p              | 964.39p               | 15.7085p                 |
| 2014 <sup>(1)</sup>         | 1,293.79p              | 1,206.69p             | 20.4610p                 |
| <b>B-Class Distribution</b> |                        |                       |                          |
| 2009                        | 639.00p                | 406.50p               | 10.2291p                 |
| 2010                        | 705.00p                | 558.80p               | 3.5534p                  |
| 2011                        | 727.01p                | 599.25p               | 2.0231p                  |
| 2012                        | 771.65p                | 633.93p               | 14.0591p                 |
| 2013                        | 975.90p                | 763.71p               | 14.3217p                 |
| 2014 <sup>(1)</sup>         | 1,010.90p              | 943.17p               | 18.3173p                 |
| <b>B-Class Accumulation</b> |                        |                       |                          |
| 2009 <sup>(3)</sup>         | 630.60p                | 415.30p               | 10.3373p                 |
| <b>I-Class Distribution</b> |                        |                       |                          |
| 2009                        | 641.40p                | 411.30p               | 16.7280p                 |
| 2010                        | 702.90p                | 559.10p               | 4.4853p                  |
| 2011                        | 724.17p                | 597.39p               | -                        |
| 2012                        | 769.64p                | 631.03p               | 16.9333p                 |
| 2013                        | 974.08p                | 761.80p               | 16.8094p                 |
| 2014 <sup>(1)</sup>         | 1,009.63p              | 942.46p               | 21.7242p                 |
| <b>M-Class Distribution</b> |                        |                       |                          |
| 2009                        | 646.80p                | 413.30p               | 19.6336p                 |
| 2010                        | 715.10p                | 561.60p               | 13.6746p                 |
| 2011                        | 737.60p                | 603.04p               | 14.5856p                 |
| 2012                        | 777.88p                | 636.27p               | 18.9752p                 |
| 2013                        | 985.18p                | 770.06p               | 20.0209p                 |
| 2014 <sup>(1)</sup>         | 1,021.79p              | 954.33p               | 25.7389p                 |
| <b>R-Class Distribution</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 772.90p                | 713.95p               | -                        |
| 2013                        | 985.80p                | 765.29p               | 20.3093p                 |
| 2014 <sup>(1)</sup>         | 1,023.64p              | 957.04p               | 31.5860p                 |
| <b>R-Class Accumulation</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 772.90p                | 713.95p               | -                        |
| 2013                        | 1,002.58p              | 765.29p               | 20.3093p                 |
| 2014 <sup>(1)</sup>         | 1,039.13p              | 969.98p               | 23.0119p                 |

<sup>(1)</sup> The above table shows the highest and lowest share prices to 15 May 2014 and net revenue per share to 15 July 2014.

<sup>(2)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

<sup>(3)</sup> The B-Class Accumulation shares closed on 9 October 2009.

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# Barclays Europe (ex-UK) Alpha Fund

## Investment Objective and Policy

The Fund seeks superior long-term capital growth primarily through investment in companies of European countries, excluding the UK.

The Fund invests primarily in common stock, preferred shares and securities convertible into common stock, of companies domiciled or having significant operations (and listed or traded on a regulated market) in a range of European countries, excluding the UK, and drawn from a range of industries. The Fund will seek to invest primarily in companies of European countries excluding the UK, but may also make an allocation to securities issued by companies domiciled and/or listed or traded in the UK.

The investment manager and/or sub-investment manager(s) will use stock selection techniques which aim to generate superior long-term capital growth. The allocation to individual companies within the portfolio will be actively managed. The Fund is not subject to any capitalisation restrictions.

The Fund will invest at least 70% of its assets in the common stocks and preferred shares of companies in European countries, excluding the UK. The Fund may, with the remaining portion of the assets (and on an ancillary basis), invest in equity securities of non-European countries, investment grade government and corporate fixed income securities and convertible debt securities (listed or traded on a Regulated Market). Investment in Russian equity securities will not exceed 10% of the Fund's net asset value. Any such investment in Russian equity securities will not be the principal focus of the Fund and will only constitute a sector in the overall Fund.

The Fund may also invest in other transferable securities, money market instruments, derivatives, cash and near cash, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable FCA Rules).

The ACD will not invest directly in derivatives for investment purposes, without giving Shareholders at least 60 days' notice of its intention to do so and it is not intended that the use of derivatives will cause the net asset value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

## Investment Report

During the period under review, the net asset value per share attributable to the A-Class Accumulation shares rose by 12.9%.

## Market/Economic Review

It has been a strong period for Continental European equity markets as the region continues to battle economic recession and high unemployment. Volatility has decreased somewhat and the strong rally in European equities has continued over the period. European equities lagged other developed markets early in 2013 but have caught up over the last 12 months strongly outperforming the likes of the UK market. The European Central Bank's (ECB) determined, proactive approach and its willingness to act as a lender of last resort has increased the investment appeal of some of the riskier areas of European equities and the period has seen Europe (ex-UK) equities outperforming a number of their developed market counterparts. A 15.1% rise in the MSCI Europe (ex-UK) Total Return Index has rewarded those investors who have remained invested in the face of the risks plaguing the region, and compares favourably to the gains seen in the UK market.

There are wide divergences in sector performance although all sectors in the MSCI Europe (ex-UK) Index managed a positive return over the period. Telecommunication Services rising 26.9% was the standout performer. As traditionally defensive sectors which struggled to keep pace over the previous rally, Telecommunication Services and Utilities which returned 24.8% have begun to catch up with some of the winners from earlier in the period. Financials was the other notable positive over the period rising 19.0% over the period.

(Source: Factset, Barclays)

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Fund Review

Early in the period, the Fund outperformed the MSCI Europe (ex-UK) Index in what was a volatile time for European equities on concerns around the Federal Reserve's ('Fed') tapering of its asset purchasing program. Both managers, Cazenove and TT International were ahead of the benchmark with both sector allocation and stock selection contributing positively to the performance. Stock selection in Consumer Discretionary and Financials contributed, while an underweight position in Consumer Staples detracted. At company level, underweight positions in peripheral banks such as Banco Santander added value. Continental and ProSiebenSat also contributed, while Lafarge was among the main detractors.

Towards the middle of the period, European equity markets performed strongly as data showed that economic recovery continued in Europe but at a sluggish pace. The Fund outperformed due mainly to strong stock selection. An overweight position in Information Technology ('IT') as well as our underweight position in Telecoms detracted while stock selection in Consumer Discretionary and Staples was strong. The Auto sector continued to enjoy good momentum and was the beneficiary of a revival of car sales in Europe. Valeo, Continental and Renault were therefore strong contributors. On the negative side, our underweight position in Telefonica detracted.

The Fund had a strong month relative to the index to start the year in 2014 with all managers outperforming. Despite the market sell-off, Financials was the best sector performer along with Utilities. Consumer stocks (both Staples and Discretionary) took a step back. Strategies with a value tilt like Cazenove continued to perform strongly. Most of the alpha came from stock selection especially in Consumer Discretionary and Industrials. The Auto sector continued to power ahead with Renault and Valeo among the main contributors. In the Industrials sector, Wirecard and Fomento de Construcciones y Contratas had a strong start to the year in 2014. The latter benefitting from better sentiment towards peripheral Europe after years of recession.

More recently, saw a meaningful rotation in market leadership compared to the first quarter of 2014 with Consumer Staples and Energy rebounding strongly while Financials, Utilities and Technology underperformed. In this environment, the Fund lagged the index with both sector allocation and stock selection detracting. Our underweight position in Consumer Staples and Energy negatively impacted the performance. Stock selection in Consumer Discretionary was negative with profit taking in the Auto sector and as a result, our positions in Valeo and Continental detracted. The earnings season has been mixed so far for European companies with a strong Euro still hurting a number of exporters. The value style in Europe has outperformed significantly since July 2012, leaving quality stocks more and more interesting again on a valuation basis.

(Source: Factset, Barclays)

## Outlook

The Europe (ex-UK) region remains one of our most favoured, primarily on valuation grounds. Equity markets in the region remain inexpensive and offer a play on global and local growth with the greatest earnings headroom. The decisive action by the ECB should help convince investors that policymakers stand ready to do whatever it takes to support the region. It is also worth remembering that around half of company profits in the region are generated outside of the currency bloc, so earnings will also benefit from stronger growth from regions such as the US or Asia.

Barclays  
Wealth and Investment Management  
(Investment Adviser)  
June 2014

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014

All investments are in ordinary shares unless stated otherwise. The percentages in brackets show the equivalent sector holdings at 15 May 2013.

| Holding /<br>Nominal<br>Value              | Investment                               | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|--|--------------------------|--------------------|
| <b>CONTINENTAL EUROPE: 95.50% (96.68%)</b> |  |                          |                    |
| <b>AUSTRIA: 0.04% (0.00%)</b>              |  |                          |                    |
| 1,052                                      | Raiffeisen Bank International            | 18                       | 0.04               |
| <b>BELGIUM: 4.16% (4.55%)</b>              |  |                          |                    |
| 21,357                                     | Ageas                                    | 531                      | 1.23               |
| 6,425                                      | Anheuser-Busch InBev                     | 416                      | 0.96               |
| 3,121                                      | EVS Broadcast Equipment                  | 104                      | 0.24               |
| 21,714                                     | KBC Groep                                | 751                      | 1.73               |
|  |  | 1,802                    | 4.16               |
| <b>DENMARK: 4.29% (1.66%)</b>              |  |                          |                    |
| 189  | AP Moeller - Maersk                      | 272                      | 0.63               |
| 8,340                                      | D/S Norden                               | 196                      | 0.45               |
| 13,266                                     | GN Store Nord                            | 212                      | 0.49               |
| 8,517                                      | ISS                                      | 176                      | 0.41               |
| 19,699                                     | Pandora                                  | 844                      | 1.95               |
| 26,631                                     | TDC                                      | 156                      | 0.36               |
|  |  | 1,856                    | 4.29               |
| <b>FINLAND: 2.34% (0.00%)</b>              |  |                          |                    |
| 5,570                                      | Cargotec Class B                         | 137                      | 0.32               |
| 99,109                                     | Nokia                                    | 429                      | 0.99               |
| 22,863                                     | Sanitec                                  | 170                      | 0.39               |
| 27,270                                     | UPM-Kymmene                              | 279                      | 0.64               |
|  |  | 1,015                    | 2.34               |
| <b>FRANCE: 23.38% (24.90%)</b>             |  |                          |                    |
| 57,660                                     | Alcatel-Lucent                           | 137                      | 0.32               |
| 3,679                                      | Arkema                                   | 229                      | 0.53               |
| 37,253                                     | AXA                                      | 519                      | 1.20               |
| 18,031                                     | BNP Paribas                              | 768                      | 1.77               |
| 3,712                                      | Cap GE-Mini                              | 154                      | 0.36               |
| 21,162                                     | Cie de St-Gobain                         | 730                      | 1.69               |
| 2,125                                      | Cie Generale des Etablissements Michelin | 155                      | 0.36               |
| 10,410                                     | Electricite de France                    | 243                      | 0.56               |
| 2,122                                      | Eurofins Scientific                      | 356                      | 0.82               |
| 21,000                                     | GDF Suez                                 | 332                      | 0.77               |
| 1,056                                      | Iliad                                    | 178                      | 0.41               |
| 1,298                                      | Kering                                   | 172                      | 0.40               |
| 7,774                                      | Legrand                                  | 296                      | 0.68               |
| 20,261                                     | Peugeot                                  | 155                      | 0.36               |
| 20,261                                     | Peugeot - Rights                         | 28                       | 0.06               |
| 14,781                                     | Publicis Groupe                          | 714                      | 1.65               |
| 8,292                                      | Renault                                  | 448                      | 1.03               |
| 7,912                                      | Rexel                                    | 115                      | 0.26               |

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                        | Investment                               | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|--|--------------------------|--------------------|
| <b>CONTINENTAL EUROPE: 95.50% (96.68%) continued</b> |  |                          |                    |
| <b>FRANCE: 23.38% (24.90%) continued</b>             |  |                          |                    |
| 16,623   | Sanofi                                   | 1,042                    | 2.41               |
| 12,250   | Societe Generale                         | 420                      | 0.97               |
| 41,948   | Total                                    | 1,750                    | 4.04               |
| 6,290  | Valeo                                    | 464                      | 1.07               |
| 2,001  | Wendel                                   | 182                      | 0.42               |
| 25,970   | Zodiac Aerospace                         | 536                      | 1.24               |
|  |  | 10,123                   | 23.38              |
| <b>GERMANY: 19.41% (20.86%)</b>                      |  |                          |                    |
| 3,344  | Allianz                                  | 334                      | 0.77               |
| 7,853  | BASF                                     | 532                      | 1.23               |
| 18,222   | Bayer                                    | 1,537                    | 3.55               |
| 7,962  | Beiersdorf                               | 479                      | 1.11               |
| 62,910   | Commerzbank                              | 573                      | 1.32               |
| 4,669  | Continental                              | 617                      | 1.43               |
| 3,100  | Deutsche Boerse                          | 140                      | 0.33               |
| 10,625   | Deutsche Lufthansa                       | 155                      | 0.36               |
| 33,429   | Deutsche Telekom                         | 357                      | 0.82               |
| 31,327   | Deutsche Wohnen                          | 393                      | 0.91               |
| 7,868  | Dialog Semiconductor                     | 130                      | 0.30               |
| 14,840   | E.ON                                     | 157                      | 0.36               |
| 4,904  | Fresenius Medical Care KGaA              | 193                      | 0.45               |
| 1,980  | Henkel KGaA                              | 136                      | 0.31               |
| 48,563   | Infineon Technologies Class 'A'          | 339                      | 0.78               |
| 3,338  | LEG Immobilien                           | 134                      | 0.31               |
| 3,094  | Porsche Automobil Pref                   | 197                      | 0.45               |
| 16,605   | ProSiebenSat.1 Media                     | 416                      | 0.96               |
| 10,816   | SAP                                      | 490                      | 1.13               |
| 9,120  | Siemens                                  | 719                      | 1.66               |
| 10,774   | ThyssenKrupp                             | 193                      | 0.45               |
| 1,204  | Volkswagen                               | 184                      | 0.42               |
|  |  | 8,405                    | 19.41              |
| <b>GREECE: 1.51% (0.00%)</b>                         |  |                          |                    |
| 301,834  | Alpha Bank                               | 152                      | 0.35               |
| 825,819  | Eurobank Ergasias                        | 233                      | 0.54               |
| 32,343   | Hellenic Telecommunications Organization | 267                      | 0.62               |
|  |  | 652                      | 1.51               |
| <b>HUNGARY: 0.39% (0.00%)</b>                        |  |                          |                    |
| 14,627   | OTP Bank                                 | 171                      | 0.39               |
| <b>IRELAND: 0.48% (1.21%)</b>                        |  |                          |                    |
| 38,839   | Ryanair                                  | 207                      | 0.48               |
| <b>ITALY: 6.55% (5.46%)</b>                          |  |                          |                    |
| 91,975   | Anima                                    | 300                      | 0.69               |
| 9,445  | Banca Generali                           | 158                      | 0.37               |



# Barclays Europe (ex-UK) Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                        | Investment                                  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|---|--------------------------|--------------------|
| <b>CONTINENTAL EUROPE: 95.50% (96.68%) continued</b> |   |                          |                    |
| <b>ITALY: 6.55% (5.46%) continued</b>                |   |                          |                    |
| 16,732   | ENI   | 253                      | 0.58               |
| 26,094   | Indesit                                     | 217                      | 0.50               |
| 347,970  | Intesa Sanpaolo                             | 625                      | 1.44               |
| 41,626   | Snam  | 147                      | 0.34               |
| 722,989  | Telecom Italia                              | 509                      | 1.18               |
| 132,155  | UniCredit                                   | 629                      | 1.45               |
|  |   | 2,838                    | 6.55               |
| <b>LUXEMBOURG: 0.58% (1.21%)</b>                     |   |                          |                    |
| 3,946  | RTL   | 249                      | 0.58               |
| <b>NETHERLANDS: 2.06% (2.30%)</b>                    |   |                          |                    |
| 101,387  | ING Groep                                   | 806                      | 1.86               |
| 3,147  | Nutreco                                     | 84                       | 0.20               |
|  |   | 890                      | 2.06               |
| <b>NORWAY: 2.37% (3.31%)</b>                         |   |                          |                    |
| 4,482  | Schibsted                                   | 144                      | 0.33               |
| 24,495   | Statoil                                     | 441                      | 1.02               |
| 72,723   | Storebrand                                  | 253                      | 0.58               |
| 13,213   | Telenor                                     | 189                      | 0.44               |
|  |   | 1,027                    | 2.37               |
| <b>POLAND: 0.00% (0.39%)</b>                         |   |                          |                    |
| <b>RUSSIAN FEDERATION: 0.00% (0.83%)</b>             |   |                          |                    |
| <b>SPAIN: 7.83% (3.78%)</b>                          |   |                          |                    |
| 182,685  | Abengoa                                     | 455                      | 1.05               |
| 8,640  | Applus Services                             | 108                      | 0.25               |
| 163,912  | Banco de Sabadell                           | 309                      | 0.71               |
| 274,694  | Bankia                                      | 323                      | 0.75               |
| 35,345   | CaixaBank                                   | 122                      | 0.28               |
| 37,930   | Distribuidora Internacional de Alimentacion | 199                      | 0.46               |
| 11,405   | Fomento de Construcciones y Contratas       | 146                      | 0.34               |
| 12,927   | Grifols ADR^                                | 317                      | 0.73               |
| 360,640  | Inmobiliaria Colonial                       | 165                      | 0.38               |
| 17,029   | Jazztel                                     | 149                      | 0.35               |
| 65,378   | Mapfre                                      | 156                      | 0.36               |
| 53,310   | Mediaset Espana Comunicacion                | 321                      | 0.74               |
| 29,788   | Prosegur Cia de Seguridad                   | 119                      | 0.27               |
| 6,610  | Red Electrica                               | 319                      | 0.74               |
| 48,312   | Sacyr                                       | 180                      | 0.42               |
|  |   | 3,388                    | 7.83               |
| <b>SWEDEN: 3.28% (4.84%)</b>                         |   |                          |                    |
| 9,872  | Hexagon Class 'B'                           | 188                      | 0.43               |
| 11,747   | InvestmentKinnevik Class 'B'                | 270                      | 0.62               |
| 9,148  | Svenska Cellulosa Class 'B'                 | 154                      | 0.36               |
| 41,584   | Telefonaktiebolaget LM Ericsson Class 'B'   | 310                      | 0.72               |
| 54,222   | Volvo Class 'B'                             | 499                      | 1.15               |
|  |   | 1,421                    | 3.28               |

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|--|--------------------------|--------------------|
|                               | <b>CONTINENTAL EUROPE: 95.50% (96.68%) continued</b> |                          |                    |
|                               | <b>SWITZERLAND: 16.83% (21.38%)</b>                  |                          |                    |
| 19,488                        | ABB  | 275                      | 0.64               |
| 6,321                         | Adecco   | 305                      | 0.70               |
| 2,280                         | Basilea Pharmaceutica                                | 154                      | 0.36               |
| 3,683                         | Cie Financiere Richemont                             | 224                      | 0.52               |
| 22,974                        | Credit Suisse  | 399                      | 0.92               |
| 1,270                         | Dufry  | 119                      | 0.27               |
| 10,217                        | GAM  | 107                      | 0.25               |
| 6,854                         | Implenia   | 290                      | 0.67               |
| 27,814                        | Nestle   | 1,322                    | 3.05               |
| 15,117                        | Novartis   | 808                      | 1.87               |
| 11,053                        | OC Oerlikon  | 99                       | 0.23               |
| 2,664                         | Rieter   | 355                      | 0.82               |
| 10,328                        | Roche  | 1,838                    | 4.24               |
| 1,650                         | Sulzer   | 147                      | 0.34               |
| 58,352                        | UBS  | 691                      | 1.60               |
| 880                           | Zurich Insurance                                     | 153                      | 0.35               |
|                               |  | 7,286                    | 16.83              |
|                               | <b>NORTH AMERICA: 0.80% (0.20%)</b>                  |                          |                    |
|                               | <b>BRITISH VIRGIN ISLANDS: 0.45% (0.00%)</b>         |                          |                    |
| 33,276                        | Lenta GDR  | 196                      | 0.45               |
|                               | <b>CANADA: 0.35% (0.20%)</b>                         |                          |                    |
| 32,178                        | Africa Oil   | 150                      | 0.35               |
|                               | <b>WARRANTS: 0.36% (0.00%)</b>                       |                          |                    |
|                               | <b>CONTINENTAL EUROPE: 0.36% (0.00%)</b>             |                          |                    |
|                               | <b>FRANCE: 0.11% (0.00%)</b>                         |                          |                    |
| 46,896                        | Peugeot  | 48                       | 0.11               |
|                               | <b>GREECE: 0.25% (0.00%)</b>                         |                          |                    |
| 87,312                        | Alpha Bank   | 110                      | 0.25               |
|                               | <b>FUTURES: 0.03% (0.14%)</b>                        |                          |                    |
| 34                            | Euro Stoxx 50 June 2014                              | 11                       | 0.03               |
|                               | <b>FORWARD CURRENCY CONTRACTS: 0.00% (-0.01%)</b>    |                          |                    |
|                               | <b>Portfolio of investments*</b>                     | <b>41,863</b>            | <b>96.69</b>       |
|                               | <b>Net other assets</b>                              | <b>1,435</b>             | <b>3.31</b>        |
|                               | <b>Net assets</b>                                    | <b>43,298</b>            | <b>100.00</b>      |

\*Including derivatives.

^ These securities are quoted on NASDAQ and comprise 0.73% of the Net Asset Value.

|                                     |                              |
|-------------------------------------|------------------------------|
| Portfolio Information               | Year to<br>15/05/2014        |
| <b>Total purchases for the year</b> | <b>£33,377,620</b>           |
| <b>Total sales for the year</b>     | <b>£36,878,229</b>           |
|                                     | <b>Total Global Exposure</b> |
| <b>Counterparty</b>                 | <b>£</b>                     |
| Goldman Sachs                       | 11,000                       |

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Statement of Total Return for the year ended 15 May 2014

|   |      | 16/05/2013 to<br>15/05/2014 |               | 16/05/2012 to<br>15/05/2013 |                |
|---|------|-----------------------------|---------------|-----------------------------|----------------|
|   | Note | £'000                       | £'000         | £'000                       | £'000          |
| <b>Income</b>   |      |                             |               |                             |                |
| Net capital gains   | 2    |                             | 4,911         |                             | 12,695         |
| Revenue   | 3    | 1,085                       |               | 1,086                       |                |
| Expenses  | 4    | (820)                       |               | (716)                       |                |
| Finance costs: Interest   | 6    | (1)                         |               | (2)                         |                |
| Net revenue before taxation   |      | 264                         |               | 368                         |                |
| Taxation  | 5    | 75                          |               | (145)                       |                |
| Net revenue after taxation for the year   |      |                             | 339           |                             | 223            |
| Total return before distributions   |      |                             | 5,250         |                             | 12,918         |
| Finance costs: Distributions  | 6    |                             | (338)         |                             | (223)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |      |                             | <b>£4,912</b> |                             | <b>£12,695</b> |

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 15 May 2014

|  |  | 16/05/2013 to<br>15/05/2014 |                | 16/05/2012 to<br>15/05/2013 |                |
|--|--|-----------------------------|----------------|-----------------------------|----------------|
|  |  | £'000                       | £'000          | £'000                       | £'000          |
| <b>Opening net assets attributable to shareholders</b>                       |  |                             | <b>41,648</b>  |                             | <b>32,057</b>  |
| Movement due to sales and repurchases of shares:                             |  |                             |                |                             |                |
| Amounts receivable on issue of shares  |  | 2,577                       |                | 145                         |                |
| Amounts payable on cancellation of shares                                    |  | (6,016)                     |                | (3,360)                     |                |
|  |  |                             | (3,439)        |                             | (3,215)        |
| Change in net assets attributable to shareholders from investment activities |  |                             | 4,912          |                             | 12,695         |
| Retained distribution on accumulation shares                                 |  |                             | 169            |                             | 107            |
| Unclaimed distributions  |  |                             | 8              |                             | 4              |
| <b>Closing net assets attributable to shareholders</b>                       |  |                             | <b>£43,298</b> |                             | <b>£41,648</b> |

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Balance Sheet as at 15 May 2014

|  | Note | £'000   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|------|---------|---------------------|---------------------|
| <b>Assets</b>                                  |      |         |                     |                     |
| Investment Assets                              |      |         | 41,863              | 40,407              |
| Debtors  | 7    | 2,972   |                     | 537                 |
| Cash and bank balances                         | 8    | 2,363   |                     | 2,318               |
| Total other assets                             |      |         | 5,335               | 2,855               |
| <b>Total assets</b>                            |      |         | <b>47,198</b>       | <b>43,262</b>       |
| <b>Liabilities</b>                             |      |         |                     |                     |
| Investment Liabilities                         |      |         | -                   | (4)                 |
| Creditors                                      | 9    | (2,704) |                     | (588)               |
| Bank overdrafts                                | 8    | (1,024) |                     | (912)               |
| Distribution payable on income shares          |      | (172)   |                     | (110)               |
| Total other liabilities                        |      |         | (3,900)             | (1,610)             |
| <b>Total liabilities</b>                       |      |         | <b>(3,900)</b>      | <b>(1,614)</b>      |
| <b>Net assets attributable to shareholders</b> |      |         | <b>£43,298</b>      | <b>£41,648</b>      |

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Notes to the Financial Statements

### 1. Accounting policies

The accounting policies can be found on pages 11 and 12.

### 2. Net capital gains on investments

|  | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| The net capital gains on investments during the year comprise: |                                      |                                      |
| Non-derivative securities                                      | 5,007                                | 12,465                               |
| Derivative contracts   | 12                                   | 307                                  |
| Forward currency contracts                                     | (27)                                 | (8)                                  |
| Currency losses  | (42)                                 | (26)                                 |
| Transaction charges  | (39)                                 | (43)                                 |
| Net capital gains  | 4,911                                | 12,695                               |

### 3. Revenue

|                                | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Non-taxable overseas dividends | 1,074                                | 1,085                                |
| Taxable overseas dividends     | 11                                   | -                                    |
| Bank interest                  | -                                    | 1                                    |
| Total revenue                  | 1,085                                | 1,086                                |

### 4. Expenses

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Payable to the ACD, associates of the ACD and agents of either of them:               | 638                                  | 569                                  |
| Registration fee  | 65                                   | 54                                   |
|   | 703                                  | 623                                  |
| Payable to the Depositary, associates of the Depositary and agents of either of them: |                                      |                                      |
| Depositary fee  | 5                                    | 4                                    |
| Safe custody fee  | 9                                    | 10                                   |
|   | 14                                   | 14                                   |
| Other expenses:   |                                      |                                      |
| Administration fee  | 50                                   | 11                                   |
| Audit fee   | 12                                   | 14                                   |
| VAT on audit fee  | 2                                    | 3                                    |
| Printing fee  | 7                                    | 13                                   |
| Tax advice fee  | 32                                   | 38                                   |
|   | 103                                  | 79                                   |
| Total expenses  | 820                                  | 716                                  |

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Notes to the Financial Statements (continued)

### 5. Taxation

#### (a) Analysis of taxation charge in year

|                                       | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Prior years ECJ overseas tax reclaims | (174)                                | -                                    |
| Overseas tax                          | 99                                   | 145                                  |
| Current tax [note 5(b)]               | (75)                                 | 145                                  |
| Deferred tax [note 5(c)]              | -                                    | -                                    |
| Total taxation                        | (75)                                 | 145                                  |

#### (b) Factors affecting taxation charge for the year

The tax assessed for the year is lower than (2013: higher than) the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:

|  | £'000 | £'000 |
|--|-------|-------|
| Net revenue before taxation  | 264   | 368   |
| Net revenue before taxation multiplied by the appropriate rate of corporation tax at 20% (2013: 20%) | 53    | 74    |
| Effects of:  |       |       |
| Overseas tax   | 99    | 145   |
| Prior years ECJ overseas tax reclaims  | (174) | -     |
| Revenue not subject to taxation  | (215) | (217) |
| Excess management expenses not utilised  | 162   | 143   |
| Current tax  | (75)  | 145   |

#### (c) Provision for deferred tax

There is no deferred tax provision in the current year (15 May 2013: same).

At the year end, there is a potential deferred tax asset of £620,492 (£459,586 at 15 May 2013) due to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (15 May 2013: same).

### 6. Finance cost: Distributions and Interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Final distribution                              | 341                                  | 216                                  |
| Add: Revenue deducted on cancellation of shares | 20                                   | 8                                    |
| Less: Revenue received on creation of shares    | (23)                                 | (1)                                  |
| Distributions for the year                      | 338                                  | 223                                  |
| Interest  |                                      |                                      |
| Bank overdraft interest                         | 1                                    | 2                                    |
| Total finance costs                             | 339                                  | 225                                  |

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Notes to the Financial Statements (continued)

### 6. Finance cost: Distributions and Interest (continued)

The differences between the net revenue after taxation and the distribution for the year are as follows:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Net revenue after taxation for the year | 339                                  | 223                                  |
| Less: Expenses charged against revenue  | (1)                                  | -                                    |
| Distributions for the year              | 338                                  | 223                                  |

### 7. Debtors

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts receivable for creation of shares | 1,441               | -                   |
| Sales awaiting settlement                 | 1,173               | 267                 |
| Accrued revenue                           | 53                  | 47                  |
| Overseas tax recoverable                  | 305                 | 217                 |
| Margin interest receivable                | -                   | 6                   |
|   | 2,972               | 537                 |

### 8. Net uninvested cash

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts held at futures clearing houses and brokers | 170                 | 160                 |
| Bank overdrafts                                     | (1,024)             | (912)               |
| Cash and bank balances                              | 2,193               | 2,158               |
| Net uninvested cash                                 | 1,339               | 1,406               |

### 9. Creditors

|  | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|---------------------|---------------------|
| Amounts payable for cancellation of shares | 1,462               | 96                  |
| Purchases awaiting settlement              | 1,088               | 315                 |
| Accrued expenses                           | 154                 | 177                 |
|  | 2,704               | 588                 |

### 10. Contingent liabilities and outstanding commitments

A contingent liability of £311,598 exists relating to Peugeot warrants and rights which are contained in the Portfolio Statement (15 May 2013: Nil).

### 11. Risk in relation to the financial instruments

The Fund's investment objective is stated on page 85. In pursuing its objective, the Fund holds financial instruments which expose it to various types of risk. The main risks, and the ACD's policy for managing these risks are set out below. These were applied consistently throughout the current and preceding year.

#### (a) Credit and liquidity risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligations. The primary source of this risk to the Fund is for trade counterparties to fail to meet their transaction commitments. This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

Liquidity risk relates to the capacity to meet liabilities. The primary source of this risk to the Fund is the liability to Shareholders for any cancellation of shares. This risk is minimised by holding cash and readily realisable securities and via access to overdraft facilities.

#### (b) Market risk

Market risk arises mainly from uncertainty about future prices. The primary source of this risk to the Fund is the potential movement in the value of financial instruments held as a result of price fluctuations. The ACD adheres to the investment guidelines and borrowing powers established in the Prospectus and the COLL. In this way, the ACD monitors and controls the exposure to risk from any type of security, sector or issuer.

The Fund may also use derivative instruments to mitigate risk and/or reduce costs. These instruments are not utilised for speculative purposes. Derivative instruments were utilised during the current and preceding year.

#### (c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the utilisation of forward currency contracts as necessary. Forward currency contracts were utilised during the current or preceding year.

The foreign currency profile of the Fund's net assets at the balance sheet date was:

|                 | Monetary<br>exposure<br>£'000 | Non-monetary<br>exposure<br>£'000 | Total<br>£'000 |
|-----------------|-------------------------------|-----------------------------------|----------------|
| 15/05/2014      |                               |                                   |                |
| Currency        |                               |                                   |                |
| Danish Krone    | 42                            | 1,821                             | 1,863          |
| Euro            | 579                           | 29,712                            | 30,291         |
| Hungary Forint  | 1                             | 172                               | 173            |
| Norwegian Krone | 7                             | 1,051                             | 1,058          |
| Polish Zlotych  | 2                             | -                                 | 2              |
| Swedish Krona   | -                             | 1,790                             | 1,790          |
| Swiss Francs    | 110                           | 7,296                             | 7,406          |
| Turkish Lira    | 1                             | -                                 | 1              |
| US Dollar       | 2                             | 513                               | 515            |
|                 | 744                           | 42,355                            | 43,099         |

|                 | Monetary<br>exposure<br>£'000 | Non-monetary<br>exposure<br>£'000 | Total<br>£'000 |
|-----------------|-------------------------------|-----------------------------------|----------------|
| 15/05/2013      |                               |                                   |                |
| Currency        |                               |                                   |                |
| Danish Krone    | 1                             | 697                               | 698            |
| Euro            | (540)                         | 26,961                            | 26,421         |
| Norwegian Krone | 1                             | 1,383                             | 1,384          |
| Polish Zlotych  | 1                             | 164                               | 165            |
| Swedish Krona   | 5                             | 2,026                             | 2,031          |
| Swiss Francs    | 63                            | 8,906                             | 8,969          |
| US Dollar       | 2                             | 3                                 | 5              |
|                 | (467)                         | 40,140                            | 39,673         |



# Barclays Europe (ex-UK) Alpha Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

#### (d) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates. The Fund's only interest bearing financial instruments at the balance sheet date were its bank balances and overdraft facilities as disclosed in note 8.

Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

#### (e) Derivatives - Sensitivity analysis

The Fund invests in Euro Stoxx 50 futures to obtain market exposure to enable it to meet the Fund objectives whilst reducing transaction costs.

The effect of these futures is to increase market exposure by 0.26% (2.72% at 15 May 2013) of net assets. This results in an effective equity exposure at the year end of 96.92% (99.59% at 15 May 2013) of net assets, which means that the gains or losses of the Fund will be 0.9692 (0.9959 at 15 May 2013) times the gains or losses if the Fund was fully invested in equities.

#### (f) Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

### 12. Portfolio transaction costs

|  | 16/05/2013 to<br>15/05/2014 |        | 16/05/2012 to<br>15/05/2013 |        |
|--|-----------------------------|--------|-----------------------------|--------|
|  | £'000                       | £'000  | £'000                       | £'000  |
| Analysis of total purchase costs           |                             |        |                             |        |
| Purchases in year before transaction costs |                             | 33,321 |                             | 32,641 |
| Commissions                                | 41                          |        | 41                          |        |
| Tax  | 16                          |        | 22                          |        |
| Total purchase costs                       |                             | 57     |                             | 63     |
| Gross purchase total                       |                             | 33,378 |                             | 32,704 |
| Analysis of total sales costs              |                             |        |                             |        |
| Gross sales before transaction costs       |                             | 36,928 |                             | 36,106 |
| Commissions                                | (50)                        |        | (46)                        |        |
| Total sales costs                          |                             | (50)   |                             | (46)   |
| Total sales net of transaction costs       |                             | 36,878 |                             | 36,060 |

### 13. Ultimate controlling party and related party transactions

The ACD is regarded as controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is Barclays Plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held 32.04% of the Fund's shares in issue (41.90% at 15 May 2013). Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 4, 7 and 9 to the financial statements, and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. Within note 9, accrued expenses (including amounts due to associates and agents) of £88,646 (£103,170 at 15 May 2013) are due to the ACD.

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Notes to the Financial Statements (continued)

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### **14. Contingent asset**

As at the balance sheet date, the Fund has not recognised a contingent asset of £377,886 (£615,197 at 15 May 2013) in relation to reclaims made to recover withholding tax previously withheld by French, Spanish and Norwegian tax authorities.

Accounting standards permit the reclaims to be included as an asset in the Balance Sheet only where the receipt is “virtually certain”. In the opinion of the Manager, receipt is probable rather than virtually certain and accordingly the reclaims are regarded as a contingent or potential asset rather than an actual asset for the purposes of preparing the accounts.

Notwithstanding the treatment for the purposes of the preparation of accounts, an appropriate adjustment to reflect the reclaims has been made for the purposes of daily pricing.

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Distribution Table for the year ended 15 May 2014

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation applies only to shares purchased during the distribution year (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital.

Being capital, it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

### Final dividend distribution in pence per share

|                             | Net<br>Revenue | Equalisation | Distribution<br>Paid<br>15/07/2014 | Distribution<br>Paid<br>15/07/2013 |
|-----------------------------|----------------|--------------|------------------------------------|------------------------------------|
| <b>A-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 1.1946p        | -            | 1.1946p                            | 0.7317p                            |
| Group 2                     | 0.9497p        | 0.2449p      | 1.1946p                            | 0.7317p                            |
| <b>A-Class Accumulation</b> |                |              |                                    |                                    |
| Group 1                     | 1.3652p        | -            | 1.3652p                            | 0.8333p                            |
| Group 2                     | 1.1491p        | 0.2161p      | 1.3652p                            | 0.8333p                            |
| <b>B-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 1.5698p        | -            | 1.5698p                            | 1.0163p                            |
| Group 2                     | 1.3543p        | 0.2155p      | 1.5698p                            | 1.0163p                            |
| <b>M-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 2.8013p        | -            | 2.8013p                            | 1.9933p                            |
| Group 2                     | 1.8068p        | 0.9945p      | 2.8013p                            | 1.9933p                            |
| <b>R-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 2.1084p        | -            | 2.1084p                            | 1.7076p                            |
| Group 2                     | 0.1031p        | 2.0053p      | 2.1084p                            | 1.7076p                            |
| <b>R-Class Accumulation</b> |                |              |                                    |                                    |
| Group 1                     | 2.2597p        | -            | 2.2597p                            | 1.9163p                            |
| Group 2                     | 0.1196p        | 2.1401p      | 2.2597p                            | 1.9163p                            |

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Risk and Reward Profile

| 1   | 2 | 3 | 4 | 5   | 6 | 7 |
|---|---|---|---|---|---|---|
| <p>The risk and reward category is calculated using historical data which may not be a reliable indicator of the Fund's future risk profile.</p> <p>The risk and reward category may shift over time and is not a target or a guarantee.</p> <p>The lowest category (i.e. Category 1) does not mean a risk-free investment.</p> <p>The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments in which the Fund invests.</p> <p>The following are additional risks not covered by the risk and reward category.</p> <p>The Fund may be exposed to stock market movements in a single country or region which may be adversely affected by political or economic developments, government action or natural events that do not affect a fund investing in broader markets.</p> <p>The Fund may use financial contracts (known as derivatives) in an attempt to reduce risk (hedging) or for investment purposes. It may be that the use of derivatives causes share prices to fluctuate which may in turn result in loss to the Fund.</p> |   |   |   | <p>The Fund relies upon the performance of one or more investment managers. If the investment managers perform poorly, the value of your investment is likely to be adversely affected.</p> <p>Future legal or regulatory change could have a substantial adverse effect on the Fund and your investment.</p> <p>Stock markets can be volatile, meaning that the prices of shares held by the Fund can change quickly and substantially.</p> <p>The Fund is not guaranteed and your investment is at risk. You may lose some or all of your investment.</p> <p>If you purchase shares in the Fund through a clearing or settlement system, you will be bound by its terms and conditions, which may include the payment of additional fees.</p> <p>The Fund may seek to identify and invest in undervalued securities. The identification of investment opportunities in undervalued securities is difficult and there can be no assurances that such opportunities will be successfully identified.</p> <p>The figure for the synthetic risk and reward indicator disclosed in the financial statements is the same as the most up-to-date key investor information document ('KIID').</p> <p>More information in relation to risks in general may be found in the "Risk Factors" section of the Prospectus.</p> |   |   |

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Fund Facts

### Ongoing Charge Figure

| Accounting Date                     | 15/05/2014 | 15/05/2013 |
|-------------------------------------|------------|------------|
| A-Class Distribution                | 2.02%      | 2.11%      |
| A-Class Accumulation                | 2.02%      | 2.11%      |
| B-Class Distribution                | 1.77%      | 1.86%      |
| M-Class Distribution                | 0.99%      | 1.08%      |
| R-Class Distribution <sup>(1)</sup> | 1.42%      | 1.51%      |
| R-Class Accumulation <sup>(1)</sup> | 1.42%      | 0.46%      |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012. No annual management charge was charged on the R-Class Accumulation shares during the period 16 November 2012 to 15 May 2013. A charge commenced on the R-Class Accumulation shares on 15 June 2013.

The Ongoing Charge Figure ('OCF') represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: Directors Fees and Registration Fees.

The OCF is expressed as an annual percentage rate.

### Net Asset Value

|                                     | Net Asset Value<br>£'000 | Net Asset Value<br>per Share | Number of<br>Shares in<br>Issue '000 |
|-------------------------------------|--------------------------|------------------------------|--------------------------------------|
| <b>15/05/2012</b>                   |                          |                              |                                      |
| A-Class Distribution                | 15,546                   | 100.71 p                     | 15,436                               |
| A-Class Accumulation                | 16,129                   | 114.51 p                     | 14,085                               |
| B-Class Distribution                | 188                      | 99.47 p                      | 189                                  |
| M-Class Distribution                | 194                      | 101.04 p                     | 192                                  |
| <b>15/05/2013</b>                   |                          |                              |                                      |
| A-Class Distribution                | 20,283                   | 142.48 p                     | 14,236                               |
| A-Class Accumulation                | 20,860                   | 162.82 p                     | 12,812                               |
| B-Class Distribution                | 229                      | 141.36 p                     | 162                                  |
| M-Class Distribution                | 269                      | 143.09 p                     | 188                                  |
| R-Class Distribution <sup>(1)</sup> | 6                        | 134.11 p                     | 4                                    |
| R-Class Accumulation <sup>(1)</sup> | 1                        | 112.99 p                     | 1                                    |
| <b>15/05/2014</b>                   |                          |                              |                                      |
| A-Class Distribution                | 19,238                   | 159.73 p                     | 12,044                               |
| A-Class Accumulation                | 21,049                   | 183.88 p                     | 11,447                               |
| B-Class Distribution                | 245                      | 158.06 p                     | 155                                  |
| M-Class Distribution                | 207                      | 160.47 p                     | 129                                  |
| R-Class Distribution                | 1,644                    | 158.08 p                     | 1,040                                |
| R-Class Accumulation                | 915                      | 162.52 p                     | 563                                  |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Barclays Europe (ex-UK) Alpha Fund (continued)

## Share Price Range and Net Revenue

| Year                        | Highest<br>Share Price | Lowest<br>Share Price | Net Revenue<br>per Share |
|-----------------------------|------------------------|-----------------------|--------------------------|
| <b>A-Class Distribution</b> |                        |                       |                          |
| 2009                        | 130.10p                | 79.57p                | 1.7769p                  |
| 2010                        | 131.30p                | 105.10p               | 1.2468p                  |
| 2011                        | 140.33p                | 96.95p                | 0.6535p                  |
| 2012                        | 124.31p                | 98.13p                | 0.8843p                  |
| 2013                        | 158.86p                | 122.38p               | 0.7317p                  |
| 2014 <sup>(1)</sup>         | 167.63p                | 155.43p               | 1.1946p                  |
| <b>A-Class Accumulation</b> |                        |                       |                          |
| 2009                        | 144.40p                | 86.76p                | 1.9406p                  |
| 2010                        | 147.30p                | 117.90p               | 1.3830p                  |
| 2011                        | 157.41p                | 109.28p               | 0.7337p                  |
| 2012                        | 141.34p                | 111.58p               | 0.9980p                  |
| 2013                        | 181.55p                | 139.15p               | 0.8333p                  |
| 2014 <sup>(1)</sup>         | 191.57p                | 177.62p               | 1.3652p                  |
| <b>B-Class Distribution</b> |                        |                       |                          |
| 2009                        | 129.50p                | 79.12p                | 0.8216p                  |
| 2010                        | 130.40p                | 104.80p               | -                        |
| 2011                        | 138.23p                | 96.01p                | -                        |
| 2012                        | 123.13p                | 97.06p                | 1.2516p                  |
| 2013                        | 157.41p                | 121.22p               | 1.0163p                  |
| 2014 <sup>(1)</sup>         | 166.21p                | 154.05p               | 1.5698p                  |
| <b>M-Class Distribution</b> |                        |                       |                          |
| 2009                        | 130.90p                | 80.13p                | 2.5220p                  |
| 2010                        | 132.40p                | 105.50p               | 2.4781p                  |
| 2011                        | 141.95p                | 97.67p                | 1.8168p                  |
| 2012                        | 125.19p                | 98.26p                | 2.1207p                  |
| 2013                        | 160.23p                | 123.27p               | 1.9933p                  |
| 2014 <sup>(1)</sup>         | 169.55p                | 156.94p               | 2.8013p                  |
| <b>R-Class Distribution</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 123.33p                | 111.54p               | -                        |
| 2013                        | 157.83p                | 121.45p               | 1.7076p                  |
| 2014 <sup>(1)</sup>         | 166.81p                | 154.52p               | 2.1084p                  |
| <b>R-Class Accumulation</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 123.33p                | 111.54p               | -                        |
| 2013                        | 160.14p                | 121.45p               | 1.9163p                  |
| 2014 <sup>(1)</sup>         | 169.25p                | 156.78p               | 2.2597p                  |

<sup>(1)</sup> The above table shows the highest and lowest share prices to 15 May 2014 and net revenue per share to 15 July 2014.

<sup>(2)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Barclays UK Equity Income (Series 2) Fund

## Investment Objective and Policy

The Fund seeks to provide investors with a reasonable level of income, together with the prospect of growth in both income and capital. It aims to achieve a yield in line with, or in excess of, the yield of the FTSE All-Share Index.

The Fund invests primarily in common stock, preferred shares and securities convertible into common stock of established companies across a range of industries, domiciled in the UK or having significant operations in the UK, and listed on a regulated market in the UK or in an OECD country. The Fund is not subject to any capitalisation restrictions.

The Fund will invest at least 70% of its assets in the common stocks and preferred shares of UK companies. The Fund may, with the remaining portion of the assets (and on an ancillary basis), invest in non-UK equity securities, investment grade government and corporate fixed income securities and convertible debt securities (listed or traded on a Regulated Market).

The Fund may also invest in other transferable securities, money market instruments, derivatives, cash and near cash, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable FCA Rules).

The ACD will not invest directly in derivatives for investment purposes, without giving Shareholders at least 60 days' notice of its intention to do so and it is not intended that the use of derivatives will cause the net asset value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

## Investment Report

During the period under review, the net asset value per share attributable to the A-Class Accumulation shares rose by 10.4%.

## Market/Economic Review

The last 12 months has been a fairly profitable period to invest in UK equities. Volatility has been less of a theme and returns from UK equities have not been as impressive as those seen in many of their developed market counterparts. The period has seen the further diminishing of euro area sovereign debt concerns and worries over domestic and global growth and UK equities have continued to build on the gains seen in 2013. Recent growth figures have provided further support to markets with the UK economy showing stronger signs of recovery than many economists and market participants expected.

In what was a very strong period for developed market equities in general, UK equities performed relatively less well than a number of their developed market counterparts. The FTSE All-Share Index rose 6.8% over the period.

Sector performance was mostly positive with the Technology sector the only sector producing negative returns over the period. Healthcare was the best performing sector returning a very impressive 19.8% over the period, driven by positive sentiment and an increase in merger and acquisition (M&A) activity in the sector. Telecommunications was the second best performing sector returning 14.4% over the period. Although it is worth noting that this sector performance was almost entirely driven by the strong performance of index heavyweight Vodafone and 2014 has seen a significant reversal of some of the gains seen in the first half of the period. Consumer Services was another sector that rallied strongly as consumer confidence continues to rebound in the UK with the sector returning 9.0% over the period.

(Source: Factset, Barclays)

# Barclays UK Equity Income (Series 2) Fund (continued)

## Fund Review

Early in the period, the Fund outperformed the FTSE All-Share Index during a difficult market. Sector allocation was a slight positive during the early part of the period but stock selection drove this outperformance, particularly within Financials and Industrials sector. An overweight position in Telecoms was beneficial and an underweight position in the Materials sector continued to add value. Stock selection within the Financials sector was notable, particularly holdings in insurers Direct Line and Royal Sun Alliance.

Towards the middle of the period, the Fund was ahead of the market. Strong performers included BP, following its quarterly results, and BT. At the sector level, Financials contributed strongly with Legal & General as a stand out performer following the company reporting strong profit growth and raising its dividend by 22%.

An interesting and volatile start to 2014 in the UK where the market started off complacent but then an aggregation of individual warnings, including Pearson and BG, seemed to remind investors of the fragility of the economic recovery and lofty valuations. In the end, the market was down to start the year in 2014. The outperformance of Industrials and Mining however indicated that investors remained supportive of the second stage of the economic recovery and were cautiously adding to cheap emerging market stories. The Fund was ahead of the index on a relative basis, after a strong performance in the more volatile second half of the month in January 2014. An overweight position in Industrials was the primary driver whilst the underweight in Consumer Staples also helped. Notable performers on a stock level included Headlam, African Barrick Gold and Homeserve, whilst on the downside Pearson and a small holding in US name Best Buy Co. detracted from performance.

More recently, the FTSE All-Share rose but investors saw sharply divergent performance between sectors and stocks. Many of the cyclical stocks that had been driving the market so far this year in 2014 sold off and the FTSE 250 significantly underperformed the FTSE 100. At the end of March 2014, M&A returned in spectacular fashion with Pfizer's approach for AstraZeneca. The Fund slightly underperformed the rising market. The rebound in insurance stocks such as Phoenix and Aviva was a positive. A large, but underweight position in Shell, acted as a drag on performance.

(Source: Factset, Barclays)

## Outlook

The UK market still does not look expensive but of the developed markets, we still prefer the US and Europe (ex-UK) to the UK. In the UK, the improving economy continues to favour domestically-focused sectors.

Our Tactical Allocation Committee moved in February 2014 from a neutral to a modest overweight position in developed market equities. We believe the recent setback is likely to give way longer-term, as fundamental strength reasserts itself as a driver of equity markets. The cycle and relative valuations still favour stocks.

Barclays  
Wealth and Investment Management  
(Investment Adviser)  
June 2014



# Barclays UK Equity Income (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014

All investments are in ordinary shares unless stated otherwise. The percentages in brackets show the equivalent sector holdings at 15 May 2013.

| Holding /<br>Nominal<br>Value | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|---|--------------------------|--------------------|
|                               | <b>ASIA: 0.29% (0.21%)</b>                                  |                          |                    |
|                               | <b>SINGAPORE: 0.29% (0.21%)</b>                             |                          |                    |
|                               | <b>Electronic &amp; Electrical Equipment: 0.29% (0.21%)</b> |                          |                    |
| 47,460                        | XP Power  | 741                      | 0.29               |
|                               | <b>CONTINENTAL EUROPE: 7.39% (5.19%)</b>                    |                          |                    |
|                               | <b>DENMARK: 0.58% (0.67%)</b>                               |                          |                    |
|                               | <b>Fixed Line Telecommunications: 0.58% (0.67%)</b>         |                          |                    |
| 252,498                       | TDC   | 1,475                    | 0.58               |
|                               | <b>FRANCE: 1.54% (0.46%)</b>                                |                          |                    |
|                               | <b>Oil &amp; Gas Producers: 0.73% (0.00%)</b>               |                          |                    |
| 44,135                        | Total   | 1,841                    | 0.73               |
|                               | <b>Pharmaceuticals &amp; Biotechnology: 0.81% (0.46%)</b>   |                          |                    |
| 32,807                        | Sanofi^   | 2,056                    | 0.81               |
|                               | <b>GERMANY: 1.43% (1.78%)</b>                               |                          |                    |
|                               | <b>Chemicals: 0.72% (0.68%)</b>                             |                          |                    |
| 21,604                        | Bayer   | 1,823                    | 0.72               |
|                               | <b>Industrial Transportation: 0.71% (1.10%)</b>             |                          |                    |
| 84,051                        | Deutsche Post   | 1,795                    | 0.71               |
|                               | <b>GREECE: 0.18% (0.00%)</b>                                |                          |                    |
|                               | <b>Banks: 0.18% (0.00%)</b>                                 |                          |                    |
| 348,144                       | Piraeus Bank  | 449                      | 0.18               |
|                               | <b>GUERNSEY: 0.41% (0.18%)</b>                              |                          |                    |
|                               | <b>Real Estate Investment Trusts: 0.41% (0.18%)</b>         |                          |                    |
| 337,780                       | NewRiver Retail^^   | 1,030                    | 0.41               |
|                               | <b>IRELAND: 0.15% (0.00%)</b>                               |                          |                    |
|                               | <b>Travel &amp; Leisure: 0.15% (0.00%)</b>                  |                          |                    |
| 68,842                        | Ryanair   | 366                      | 0.15               |
|                               | <b>ITALY: 0.21% (0.00%)</b>                                 |                          |                    |
|                               | <b>Electricity: 0.21% (0.00%)</b>                           |                          |                    |
| 166,551                       | Enel  | 544                      | 0.21               |
|                               | <b>NETHERLANDS: 0.81% (0.00%)</b>                           |                          |                    |
|                               | <b>Fixed Line Telecommunications: 0.15% (0.00%)</b>         |                          |                    |
| 181,984                       | Koninklijke   | 389                      | 0.15               |
|                               | <b>Industrial Transportation: 0.66% (0.00%)</b>             |                          |                    |
| 588,086                       | PostNL  | 1,660                    | 0.66               |
|                               | <b>NORWAY: 0.04% (0.00%)</b>                                |                          |                    |
|                               | <b>Oil &amp; Gas Producers: 0.04% (0.00%)</b>               |                          |                    |
| 5,921                         | Statoil   | 107                      | 0.04               |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|---|--------------------------|--------------------|
|                               | <b>CONTINENTAL EUROPE: 7.39% (5.19%) continued</b>        |                          |                    |
|                               | <b>SWITZERLAND: 2.04% (2.10%)</b>                         |                          |                    |
|                               | <b>Pharmaceuticals &amp; Biotechnology: 2.04% (2.10%)</b> |                          |                    |
| 96,640                        | Novartis  | 5,163                    | 2.04               |
|                               | <b>NORTH AMERICA: 1.92% (2.98%)</b>                       |                          |                    |
|                               | <b>UNITED STATES: 1.92% (2.98%)</b>                       |                          |                    |
|                               | <b>Aerospace &amp; Defense: 0.55% (0.00%)</b>             |                          |                    |
| 14,320                        | Lockheed Martin   | 1,394                    | 0.55               |
|                               | <b>General Retailers: 0.30% (0.00%)</b>                   |                          |                    |
| 49,491                        | Best Buy  | 750                      | 0.30               |
|                               | <b>Industrial Transportation: 0.40% (0.67%)</b>           |                          |                    |
| 17,635                        | Norfolk Southern  | 1,013                    | 0.40               |
|                               | <b>Leisure Goods: 0.12% (0.00%)</b>                       |                          |                    |
| 26,918                        | Take-Two Interactive Software^                            | 301                      | 0.12               |
|                               | <b>Oil &amp; Gas Producers: 0.04% (0.00%)</b>             |                          |                    |
| 1,473                         | Chevron   | 109                      | 0.04               |
|                               | <b>Pharmaceuticals &amp; Biotechnology: 0.00% (1.38%)</b> |                          |                    |
|                               | <b>Technology Hardware &amp; Equipment: 0.51% (0.93%)</b> |                          |                    |
| 66,552                        | Hewlett-Packard   | 1,284                    | 0.51               |
|                               | <b>UNITED KINGDOM: 87.39% (89.35%)</b>                    |                          |                    |
|                               | <b>Aerospace &amp; Defense: 3.77% (2.75%)</b>             |                          |                    |
| 993,446                       | BAE Systems   | 4,138                    | 1.63               |
| 371,532                       | Chemring  | 782                      | 0.31               |
| 591,375                       | Cobham  | 1,840                    | 0.73               |
| 211,974                       | QinetiQ   | 423                      | 0.17               |
| 109,590                       | Rolls-Royce   | 1,120                    | 0.44               |
| 14,685,060                    | Rolls-Royce 'C'†  | 15                       | 0.01               |
| 69,543                        | Ultra Electronics   | 1,226                    | 0.48               |
|                               |   | 9,544                    | 3.77               |
|                               | <b>Banks: 7.21% (7.66%)</b>                               |                          |                    |
| 2,000,051                     | Barclays  | 4,896                    | 1.93               |
| 1,619,594                     | HSBC  | 10,122                   | 4.00               |
| 4,392,784                     | Lloyds Banking  | 3,240                    | 1.28               |
|                               |   | 18,258                   | 7.21               |
|                               | <b>Chemicals: 0.53% (0.66%)</b>                           |                          |                    |
| 508,063                       | Synthomer   | 1,342                    | 0.53               |
|                               | <b>Construction &amp; Materials: 1.26% (1.21%)</b>        |                          |                    |
| 104,312                       | Galliford Try   | 1,244                    | 0.49               |
| 42,466                        | Kier  | 712                      | 0.28               |
| 931,680                       | Low & Bonar   | 801                      | 0.32               |
| 2,091,700                     | Norcros   | 418                      | 0.17               |
|                               |   | 3,175                    | 1.26               |
|                               | <b>Electricity: 1.54% (0.44%)</b>                         |                          |                    |
| 203,557                       | Drax  | 1,266                    | 0.50               |
| 337,031                       | Infinis Energy  | 693                      | 0.27               |
| 126,531                       | Scottish & Southern Energy                                | 1,960                    | 0.77               |
|                               |   | 3,919                    | 1.54               |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                               | Investment                                  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|---|--------------------------|--------------------|
| <b>UNITED KINGDOM: 87.39% (89.35%) continued</b>            |   |                          |                    |
| <b>Electronic &amp; Electrical Equipment: 0.74% (0.70%)</b> |   |                          |                    |
| 97,680  | Domino Printing Sciences                    | 744                      | 0.29               |
| 391,743   | E2V Technologies                            | 615                      | 0.24               |
| 31,511  | Renishaw                                    | 521                      | 0.21               |
|   |   | 1,880                    | 0.74               |
| <b>Equity Investment Instruments: 0.22% (0.23%)</b>         |   |                          |                    |
| 368,364   | Ecofin Water & Power Opportunities          | 540                      | 0.21               |
| 505,550   | Speymill Deutsche Immobilien <sup>^^†</sup> | 26                       | 0.01               |
|   |   | 566                      | 0.22               |
| <b>Financial Services: 5.56% (3.12%)</b>                    |   |                          |                    |
| 812,175   | 3i  | 3,148                    | 1.24               |
| 167,950   | Aberdeen Asset Management                   | 700                      | 0.28               |
| 248,215   | Brewin Dolphin                              | 770                      | 0.30               |
| 537,079   | Develica Deutschland <sup>^^†</sup>         | 5                        | -                  |
| 460,766   | ICAP  | 1,737                    | 0.69               |
| 179,145   | IG  | 1,109                    | 0.44               |
| 177,050   | Intermediate Capital                        | 780                      | 0.31               |
| 63,243  | London Stock Exchange                       | 1,145                    | 0.45               |
| 2,096,095   | Man   | 1,885                    | 0.75               |
| 56,190  | Provident Financial                         | 1,173                    | 0.46               |
| 565,381   | Tullett Prebon                              | 1,627                    | 0.64               |
|   |   | 14,079                   | 5.56               |
| <b>Fixed Line Telecommunications: 2.17% (2.88%)</b>         |   |                          |                    |
| 130,690   | Alternative Networks                        | 591                      | 0.23               |
| 1,235,466   | BT  | 4,481                    | 1.77               |
| 270,540   | Manx Telecom <sup>^^†</sup>                 | 441                      | 0.17               |
|   |   | 5,513                    | 2.17               |
| <b>Food &amp; Drug Retailers: 1.13% (0.80%)</b>             |   |                          |                    |
| 606,814   | J Sainsbury                                 | 2,020                    | 0.80               |
| 272,900   | Tesco                                       | 825                      | 0.33               |
|   |   | 2,845                    | 1.13               |
| <b>Food Producers: 1.28% (2.88%)</b>                        |   |                          |                    |
| 63,439  | Tate & Lyle                                 | 436                      | 0.17               |
| 104,620   | Unilever                                    | 2,810                    | 1.11               |
|   |   | 3,246                    | 1.28               |
| <b>Forestry &amp; Paper: 0.11% (0.23%)</b>                  |   |                          |                    |
| 971,327   | Cambium Global Timberland <sup>^</sup>      | 277                      | 0.11               |
| <b>Gas, Water &amp; Multiutilities: 1.64% (3.56%)</b>       |   |                          |                    |
| 905,610   | Centrica                                    | 2,956                    | 1.17               |
| 157,717   | Pennon                                      | 1,195                    | 0.47               |
|   |   | 4,151                    | 1.64               |
| <b>General Industrials: 0.73% (2.15%)</b>                   |   |                          |                    |
| 175,181   | Rexam                                       | 900                      | 0.36               |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|---|--------------------------|--------------------|
|                               | <b>UNITED KINGDOM: 87.39% (89.35%) continued</b>              |                          |                    |
|                               | <b>General Industrials: 0.73% (2.15%) continued</b>           |                          |                    |
| 114,060                       | RPC   | 702                      | 0.28               |
| 17,673                        | Smiths  | 235                      | 0.09               |
|                               |   | 1,837                    | 0.73               |
|                               | <b>General Retailers: 2.41% (0.97%)</b>                       |                          |                    |
| 706,520                       | boohoo.com^^  | 357                      | 0.14               |
| 260,660                       | Darty   | 261                      | 0.10               |
| 199,936                       | Dixons Retail   | 91                       | 0.04               |
| 445,172                       | Halfords  | 1,946                    | 0.77               |
| 420,568                       | Kingfisher  | 1,690                    | 0.67               |
| 447,126                       | Lookers   | 618                      | 0.24               |
| 127,539                       | Marks & Spencer   | 588                      | 0.23               |
| 294,352                       | SafeStyle UK^^  | 545                      | 0.22               |
|                               |   | 6,096                    | 2.41               |
|                               | <b>Health Care Equipment &amp; Services: 0.39% (1.34%)</b>    |                          |                    |
| 108,620                       | Smith & Nephew  | 998                      | 0.39               |
|                               | <b>Household Goods &amp; Home Construction: 2.27% (1.30%)</b> |                          |                    |
| 195,280                       | Headlam   | 923                      | 0.37               |
| 74,288                        | Persimmon   | 998                      | 0.39               |
| 43,563                        | Reckitt Benckiser   | 2,161                    | 0.85               |
| 1,564,299                     | Taylor Wimpey   | 1,677                    | 0.66               |
|                               |   | 5,759                    | 2.27               |
|                               | <b>Industrial Engineering: 0.30% (0.71%)</b>                  |                          |                    |
| 266,807                       | Melrose Industries  | 757                      | 0.30               |
|                               | <b>Industrial Transportation: 0.85% (0.77%)</b>               |                          |                    |
| 305,216                       | BBA Aviation  | 923                      | 0.36               |
| 425,355                       | DX  | 617                      | 0.24               |
| 54,337                        | Goldenport  | 198                      | 0.08               |
| 69,660                        | UK Mail   | 418                      | 0.17               |
|                               |   | 2,156                    | 0.85               |
|                               | <b>Life Insurance: 7.77% (6.02%)</b>                          |                          |                    |
| 329,459                       | Aviva   | 1,690                    | 0.67               |
| 272,606                       | Chesnara  | 881                      | 0.35               |
| 845,138                       | Friends Life  | 2,587                    | 1.02               |
| 2,168,310                     | Legal & General   | 4,922                    | 1.94               |
| 593,513                       | Phoenix   | 3,873                    | 1.53               |
| 82,860                        | Prudential  | 1,152                    | 0.45               |
| 1,184,124                     | Standard Life   | 4,584                    | 1.81               |
|                               |   | 19,689                   | 7.77               |
|                               | <b>Media: 3.95% (4.77%)</b>                                   |                          |                    |
| 478,130                       | Creston   | 512                      | 0.20               |
| 899,639                       | Hibu†   | 2                        | -                  |
| 208,734                       | Informa   | 997                      | 0.39               |
| 481,313                       | ITV   | 816                      | 0.32               |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                                    | Investment                     | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|--------------------------------|--------------------------|--------------------|
| <b>UNITED KINGDOM: 87.39% (89.35%) continued</b>                 |                                |                          |                    |
| <b>Media: 3.95% (4.77%) continued</b>                            |                                |                          |                    |
| 79,930   | M&C Saatchi^^                  | 214                      | 0.09               |
| 507,543  | Mecom                          | 593                      | 0.24               |
| 294,515  | Moneysupermarket.com           | 507                      | 0.20               |
| 292,823  | Pearson                        | 3,367                    | 1.33               |
| 339,389  | Reed Elsevier                  | 2,980                    | 1.18               |
|  |                                | 9,988                    | 3.95               |
| <b>Mining: 6.22% (5.27%)</b>                                     |                                |                          |                    |
| 149,124  | African Barrick Gold           | 333                      | 0.13               |
| 134,367  | BHP Billiton                   | 2,663                    | 1.05               |
| 95,073   | Central Asia Metals^^          | 155                      | 0.06               |
| 1,485,810  | Glencore Xstrata               | 4,849                    | 1.91               |
| 1,642,777  | Kenmare Resources              | 197                      | 0.08               |
| 210,856  | Rio Tinto                      | 7,103                    | 2.81               |
| 46,628   | Vedanta Resources              | 450                      | 0.18               |
|  |                                | 15,750                   | 6.22               |
| <b>Mobile Telecommunications: 2.77% (4.16%)</b>                  |                                |                          |                    |
| 163,026  | Inmarsat                       | 1,158                    | 0.46               |
| 2,692,981  | Vodafone^                      | 5,840                    | 2.31               |
|  |                                | 6,998                    | 2.77               |
| <b>Nonlife Insurance: 4.12% (2.38%)</b>                          |                                |                          |                    |
| 42,614   | Admiral                        | 603                      | 0.24               |
| 520,660  | Amlin                          | 2,407                    | 0.95               |
| 1,619,166  | Direct Line Insurance          | 3,957                    | 1.56               |
| 49,486   | Lancashire                     | 319                      | 0.13               |
| 120,780  | Novae                          | 688                      | 0.27               |
| 308,873  | Randall & Quilter Investment^^ | 482                      | 0.19               |
| 401,829  | RSA Insurance                  | 1,973                    | 0.78               |
|  |                                | 10,429                   | 4.12               |
| <b>Oil &amp; Gas Producers: 9.31% (11.21%)</b>                   |                                |                          |                    |
| 109,721  | BC                             | 1,380                    | 0.54               |
| 2,395,069  | BP                             | 12,045                   | 4.76               |
| 408,700  | Lekoil Class 'D'^^             | 276                      | 0.11               |
| 60,616   | Ophir Energy                   | 154                      | 0.06               |
| 207,256  | Premier Oil                    | 719                      | 0.28               |
| 351,197  | Royal Dutch Shell Class 'B'    | 9,006                    | 3.56               |
|  |                                | 23,580                   | 9.31               |
| <b>Oil Equipment, Services &amp; Distribution: 1.10% (0.34%)</b> |                                |                          |                    |
| 81,799   | AMEC                           | 969                      | 0.38               |
| 264,434  | Kentz                          | 1,821                    | 0.72               |
|  |                                | 2,790                    | 1.10               |
| <b>Pharmaceuticals &amp; Biotechnology: 6.16% (7.13%)</b>        |                                |                          |                    |
| 125,483  | AstraZeneca                    | 5,929                    | 2.34               |
| 562,026  | GlaxoSmithKline                | 9,213                    | 3.64               |
| 14,210   | Shire^                         | 465                      | 0.18               |
|  |                                | 15,607                   | 6.16               |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                               | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|---|--------------------------|--------------------|
| <b>UNITED KINGDOM: 87.39% (89.35%) continued</b>            |   |                          |                    |
| <b>Real Estate Investment &amp; Services: 0.33% (0.43%)</b> |   |                          |                    |
| 1,250,000   | Assura  | 544                      | 0.21               |
| 252,628   | Belvoir Lettings^^  | 298                      | 0.12               |
|   |   | 842                      | 0.33               |
| <b>Real Estate Investment Trusts: 1.53% (1.46%)</b>         |   |                          |                    |
| 160,950   | Big Yellow  | 822                      | 0.32               |
| 776,850   | Hansteen  | 799                      | 0.32               |
| 448,669   | Segro   | 1,613                    | 0.64               |
| 110,446   | Workspace   | 630                      | 0.25               |
|   |   | 3,864                    | 1.53               |
| <b>Software &amp; Computer Services: 0.69% (0.51%)</b>      |   |                          |                    |
| 100,283   | Computacenter   | 637                      | 0.25               |
| 82,516  | Micro Focus International   | 662                      | 0.26               |
| 170,000   | Servelec  | 468                      | 0.18               |
|   |   | 1,767                    | 0.69               |
| <b>Support Services: 2.66% (2.78%)</b>                      |   |                          |                    |
| 150,950   | Brammer   | 738                      | 0.29               |
| 90,760  | Capita  | 1,001                    | 0.40               |
| 317,213   | Hogg Robinson   | 224                      | 0.09               |
| 200,964   | HomeServe   | 680                      | 0.27               |
| 349,055   | Premier Farnell   | 764                      | 0.30               |
| 989,917   | Rentokil Initial  | 1,234                    | 0.49               |
| 181,180   | Sthree  | 721                      | 0.28               |
| 131,457   | Utilitywise^^   | 431                      | 0.17               |
| 382,647   | Vianet^   | 276                      | 0.11               |
| 49,350  | WS Atkins   | 649                      | 0.26               |
|   |   | 6,718                    | 2.66               |
| <b>Technology Hardware &amp; Equipment: 0.55% (0.56%)</b>   |   |                          |                    |
| 478,048   | Laird   | 1,382                    | 0.55               |
| <b>Tobacco: 2.83% (3.78%)</b>                               |   |                          |                    |
| 114,210   | British American Tobacco  | 3,959                    | 1.56               |
| 121,370   | Imperial Tobacco  | 3,224                    | 1.27               |
|   |   | 7,183                    | 2.83               |
| <b>Travel &amp; Leisure: 3.29% (4.19%)</b>                  |   |                          |                    |
| 292,186   | 888 Holdings  | 397                      | 0.16               |
| 100,160   | Compass   | 995                      | 0.39               |
| 42,110  | easyJet   | 653                      | 0.26               |
| 32,903  | Go-Ahead  | 622                      | 0.25               |
| 149,586   | Greene King   | 1,253                    | 0.49               |
| 618,630   | TUI Travel  | 2,621                    | 1.04               |
| 529,925   | William Hill  | 1,782                    | 0.70               |
|   |   | 8,323                    | 3.29               |
| <b>UNITED KINGDOM: 0.00% (0.00%)</b>                        |   |                          |                    |
| <b>Open-Ended Fund: 0.00% (0.00%)</b>                       |   |                          |                    |
| -   | Institutional Cash Series - Institutional Sterling Liquidity Fund** | -                        | -                  |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                    | Investment                         | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|------------------------------------|--------------------------|--------------------|
| <b>FUTURES: 0.10% (0.06%)</b>                    |                                    |                          |                    |
| 76   | FTSE 100 Index Future June 2014    | 244                      | 0.10               |
| <b>FORWARD CURRENCY CONTRACTS: 0.11% (0.10%)</b> |                                    |                          |                    |
| €(5,496,000)                                     | Sold Euro                          |                          |                    |
| £4,606,308                                       | For Sterling (Expires 20/06/2014)  | 118                      | 0.05               |
| CHF(4,830,000)                                   | Sold Swiss Franc                   |                          |                    |
| £3,331,747                                       | For Sterling (Expires 20/06/2014)  | 98                       | 0.04               |
| DKK(11,408,000)                                  | Sold Danish Krone                  |                          |                    |
| £1,281,654                                       | For Sterling (Expires 20/06/2014)  | 33                       | 0.01               |
| \$(3,698,000)                                    | Sold US Dollar                     |                          |                    |
| £2,228,946                                       | For Sterling (Expires 20/06/2014)  | 27                       | 0.01               |
| £(295,410)                                       | Sold Sterling                      |                          |                    |
| \$501,000  | For US Dollar (Expires 20/06/2014) | 3                        | -                  |
| €(320,000)                                       | Sold Euro                          |                          |                    |
| £263,421   | For Sterling (Expires 20/06/2014)  | 2                        | -                  |
| £(192,507)                                       | Sold Sterling                      |                          |                    |
| \$323,000  | For US Dollar (Expires 20/06/2014) | -                        | -                  |
| \$(420,000)                                      | Sold US Dollar                     |                          |                    |
| £249,709   | For Sterling (Expires 20/06/2014)  | -                        | -                  |
| CHF(340,000)                                     | Sold Swiss Franc                   |                          |                    |
| £226,983   | For Sterling (Expires 20/06/2014)  | (1)                      | -                  |
| £(146,002)                                       | Sold Sterling                      |                          |                    |
| \$244,000  | For US Dollar (Expires 20/06/2014) | (1)                      | -                  |
| £(620,155)                                       | Sold Sterling                      |                          |                    |
| \$1,040,000                                      | For US Dollar (Expires 20/06/2014) | (1)                      | -                  |
| £(313,331)                                       | Sold Sterling                      |                          |                    |
| \$524,000  | For US Dollar (Expires 20/06/2014) | (1)                      | -                  |
|  |                                    | 277                      | 0.11               |
| <b>Portfolio of investments*</b>                 |                                    | <b>246,119</b>           | <b>97.20</b>       |
| <b>Net other assets</b>                          |                                    | <b>7,098</b>             | <b>2.80</b>        |
| <b>Net assets</b>                                |                                    | <b>253,217</b>           | <b>100.00</b>      |

\*Including derivative liabilities.

\*\*These securities are open-ended investment trust.

^These securities are quoted on NASDAQ and comprise 3.64% of the Net Asset Value.

^^These securities are quoted on an Alternative Investment Market (AIM) and comprise 1.69% of the Net Asset Value.

†The indicated holdings above are priced with stale prices.

|                                     |                       |
|-------------------------------------|-----------------------|
| Portfolio Information               | Year to<br>15/05/2014 |
| <b>Total purchases for the year</b> | <b>£170,405,745</b>   |
| <b>Total sales for the year</b>     | <b>£180,983,143</b>   |
| <b>Total Global Exposure</b>        |                       |
| Counterparty                        | £                     |
| Goldman Sachs                       | 244,000               |
| Union Bank of Switzerland           | 10,621,362            |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Statement of Total Return for the year ended 15 May 2014

|   |      | 16/05/2013 to<br>15/05/2014 |                | 16/05/2012 to<br>15/05/2013 |                |
|---|------|-----------------------------|----------------|-----------------------------|----------------|
|   | Note | £'000                       | £'000          | £'000                       | £'000          |
| <b>Income</b>   |      |                             |                |                             |                |
| Net capital gains   | 2    |                             | 19,384         |                             | 56,833         |
| Revenue   | 3    | 9,670                       |                | 9,389                       |                |
| Expenses  | 4    | (3,657)                     |                | (3,603)                     |                |
| Finance costs: Interest   | 6    | (7)                         |                | (3)                         |                |
| Net revenue before taxation   |      | 6,006                       |                | 5,783                       |                |
| Taxation  | 5    | (78)                        |                | (74)                        |                |
| Net revenue after taxation for the year   |      |                             | 5,928          |                             | 5,709          |
| Total return before distributions   |      |                             | 25,312         |                             | 62,542         |
| Finance costs: Distributions  | 6    |                             | (9,557)        |                             | (9,376)        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |      |                             | <b>£15,755</b> |                             | <b>£53,166</b> |

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 15 May 2014

|  |  | 16/05/2013 to<br>15/05/2014 |                 | 16/05/2012 to<br>15/05/2013 |                 |
|--|--|-----------------------------|-----------------|-----------------------------|-----------------|
|  |  | £'000                       | £'000           | £'000                       | £'000           |
| <b>Opening net assets attributable to shareholders</b>                       |  |                             | <b>242,867</b>  |                             | <b>203,122</b>  |
| Movement due to sales and repurchases of shares:                             |  |                             |                 |                             |                 |
| Amounts receivable on issue of shares  |  | 12,695                      |                 | 61,129                      |                 |
| Amounts payable on cancellation of shares                                    |  | (18,605)                    |                 | (75,000)                    |                 |
|  |  |                             | (5,910)         |                             | (13,871)        |
| Stamp duty reserve tax   |  |                             | (13)            |                             | (11)            |
| Change in net assets attributable to shareholders from investment activities |  |                             | 15,755          |                             | 53,166          |
| Retained distribution on accumulation shares                                 |  |                             | 413             |                             | 405             |
| Unclaimed distributions  |  |                             | 105             |                             | 56              |
| <b>Closing net assets attributable to shareholders</b>                       |  |                             | <b>£253,217</b> |                             | <b>£242,867</b> |



# Barclays UK Equity Income (Series 2) Fund (continued)

## Balance Sheet as at 15 May 2014

|  | Note | £'000   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|------|---------|---------------------|---------------------|
| <b>Assets</b>                                  |      |         |                     |                     |
| Investment Assets                              |      |         | 246,123             | 237,762             |
| Debtors  | 7    | 5,309   |                     | 2,799               |
| Cash and bank balances                         | 8    | 11,033  |                     | 9,408               |
| Total other assets                             |      |         | 16,342              | 12,207              |
| <b>Total assets</b>                            |      |         | <b>262,465</b>      | <b>249,969</b>      |
| <b>Liabilities</b>                             |      |         |                     |                     |
| Investment Liabilities                         |      |         | (4)                 | (9)                 |
| Creditors                                      | 9    | (3,878) |                     | (1,735)             |
| Bank overdrafts                                | 8    | (265)   |                     | (539)               |
| Distribution payable on income shares          |      | (5,101) |                     | (4,819)             |
| Total other liabilities                        |      |         | (9,244)             | (7,093)             |
| <b>Total liabilities</b>                       |      |         | <b>(9,248)</b>      | <b>(7,102)</b>      |
| <b>Net assets attributable to shareholders</b> |      |         | <b>£253,217</b>     | <b>£242,867</b>     |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Notes to the Financial Statements

### 1. Accounting policies

The accounting policies can be found on pages 11 and 12.

### 2. Net capital gains

|  | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| The net capital gains on investments during the year comprise: |                                      |                                      |
| Non-derivative securities                                      | 18,786                               | 56,224                               |
| Derivative contracts   | 269                                  | 1,037                                |
| Forward currency contracts                                     | 436                                  | (357)                                |
| Currency losses  | (71)                                 | (55)                                 |
| Transaction charges  | (36)                                 | (16)                                 |
| Net capital gains  | 19,384                               | 56,833                               |

### 3. Revenue

|                                | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Franked UK dividends           | 8,241                                | 8,388                                |
| UK REIT dividends              | 68                                   | 79                                   |
| UK PID income                  | 115                                  | 90                                   |
| Non-taxable overseas dividends | 1,244                                | 794                                  |
| Bond interest                  | -                                    | 21                                   |
| Bank interest                  | 2                                    | -                                    |
| Term deposit interest          | -                                    | 6                                    |
| Underwriting commission        | -                                    | 11                                   |
| Total revenue                  | 9,670                                | 9,389                                |

### 4. Expenses

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Payable to the ACD, associates of the ACD and agents of either of them:               |                                      |                                      |
| ACD's periodic fee  | 3,170                                | 3,181                                |
| Registration fee  | 296                                  | 327                                  |
|   | 3,466                                | 3,508                                |
| Payable to the Depositary, associates of the Depositary and agents of either of them: |                                      |                                      |
| Depositary fee  | 30                                   | 26                                   |
| Safe custody fee  | 21                                   | 17                                   |
|   | 51                                   | 43                                   |
| Other expenses:   |                                      |                                      |
| Administration fee  | 78                                   | 51                                   |
| Audit fee   | 12                                   | 14                                   |
| VAT on audit fee  | 2                                    | 3                                    |
| Printing fee  | 7                                    | (22)                                 |
| Tax advice fee  | 41                                   | 6                                    |
|   | 140                                  | 52                                   |
| Total expenses  | 3,657                                | 3,603                                |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Notes to the Financial Statements (continued)

### 5. Taxation

#### (a) Analysis of taxation charge in year

|                          | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------|--------------------------------------|--------------------------------------|
| Overseas tax             | 78                                   | 74                                   |
| Current tax [note 5(b)]  | 78                                   | 74                                   |
| Deferred tax [note 5(c)] | -                                    | -                                    |
| Total taxation           | 78                                   | 74                                   |

#### (b) Factors affecting taxation charge for the year

The tax assessed for the year is lower than (2013: lower than) the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:

|  | £'000   | £'000   |
|--|---------|---------|
| Net revenue before taxation  | 6,006   | 5,783   |
| Net revenue before taxation multiplied by the appropriate rate of corporation tax at 20% (2013: 20%) | 1,201   | 1,157   |
| Effects of:  |         |         |
| Overseas tax   | 78      | 74      |
| Revenue not subject to taxation  | (1,911) | (1,852) |
| Excess management expenses not utilised  | 709     | 695     |
| Excess non trade loan deficit not utilised   | 1       | -       |
| Current tax  | 78      | 74      |

#### (c) Provision for deferred tax

There is no deferred tax provision in the current year (15 May 2013: same).

At the year end, there is a potential deferred tax asset of £9,014,869 (£8,306,312 at 15 May 2013) due to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (15 May 2013: same).

### 6. Finance cost: Distributions and Interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Interim distribution                            | 4,182                                | 4,208                                |
| Final distribution                              | 5,331                                | 5,042                                |
| Total distribution                              | 9,513                                | 9,250                                |
| Add: Revenue deducted on cancellation of shares | 149                                  | 944                                  |
| Less: Revenue received on creation of shares    | (105)                                | (818)                                |
| Distributions for the year                      | 9,557                                | 9,376                                |
| Interest  |                                      |                                      |
| Bank overdraft interest                         | 7                                    | 3                                    |
| Total finance costs                             | 9,564                                | 9,379                                |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Notes to the Financial Statements (continued)

### 6. Finance cost: Distributions and Interest (continued)

The differences between the net revenue after taxation and the distribution for the year are as follows:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Net revenue after taxation for the year | 5,928                                | 5,709                                |
| Add: Expenses transferred to capital    | 3,657                                | 3,603                                |
| Add: Shortfall on income account        | -                                    | 64                                   |
| Less: Expenses charged against revenue  | (28)                                 | -                                    |
| Distributions for the year              | 9,557                                | 9,376                                |

### 7. Debtors

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts receivable for creation of shares | 1,464               | 11                  |
| Sales awaiting settlement                 | 1,352               | 505                 |
| Accrued revenue                           | 2,278               | 2,114               |
| Overseas tax recoverable                  | 158                 | 125                 |
| Margin interest receivable                | -                   | 14                  |
| UK tax recoverable on REIT distributions  | 57                  | 30                  |
|   | 5,309               | 2,799               |

### 8. Net uninvested cash

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts held at futures clearing houses and brokers | 291                 | 378                 |
| Bank overdrafts                                     | (265)               | (539)               |
| Cash and bank balances                              | 10,742              | 9,030               |
| Net uninvested cash                                 | 10,768              | 8,869               |

### 9. Creditors

|  | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|---------------------|---------------------|
| Amounts payable for cancellation of shares | 1,549               | 437                 |
| Purchases awaiting settlement              | 1,801               | 744                 |
| Accrued expenses                           | 528                 | 554                 |
|  | 3,878               | 1,735               |

### 10. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (15 May 2013: same).

### 11. Risk in relation to the financial instruments

The Fund's investment objective is stated on page 103. In pursuing its objective, the Fund holds financial instruments which expose it to various types of risk. The main risks, and the ACD's policy for managing these risks are set out below. These were applied consistently throughout the current and preceding year.

# Barclays UK Equity Income (Series 2) Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

#### (a) Credit and liquidity risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligations. The primary source of this risk to the Fund is for trade counterparties to fail to meet their transaction commitments. This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

Liquidity risk relates to the capacity to meet liabilities. The primary source of this risk to the Fund is the liability to Shareholders for any cancellation of shares. This risk is minimised by holding cash and readily realisable securities and via access to overdraft facilities.

#### (b) Market risk

Market risk arises mainly from uncertainty about future prices. The primary source of this risk to the Fund is the potential movement in the value of financial instruments held as a result of price fluctuations. The ACD adheres to the investment guidelines and borrowing powers established in the Prospectus and the COLL. In this way, the ACD monitors and controls the exposure to risk from any type of security, sector or issuer.

The Fund may also use derivative instruments to mitigate risk and/or reduce costs. These instruments are not utilised for speculative purposes. Derivative instruments were utilised during the current and preceding year.

#### (c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the utilisation of forward currency contracts as necessary. Forward currency contracts were utilised during the current and preceding year.

The foreign currency profile of the Fund's net assets at the balance sheet date was:

|                 | Monetary<br>exposure<br>£'000 | Non-monetary<br>exposure<br>£'000 | Total<br>£'000 |
|-----------------|-------------------------------|-----------------------------------|----------------|
| 15/05/2014      |                               |                                   |                |
| Currency        |                               |                                   |                |
| Danish Krone    | (1,249)                       | 1,483                             | 234            |
| Euro            | (4,748)                       | 11,004                            | 6,256          |
| Norwegian Krone | -                             | 110                               | 110            |
| Swiss Francs    | (3,461)                       | 5,267                             | 1,806          |
| US Dollar       | (881)                         | 4,870                             | 3,989          |
|                 | (10,339)                      | 22,734                            | 12,395         |
| 15/05/2013      |                               |                                   |                |
| Currency        |                               |                                   |                |
| Danish Krone    | (1,452)                       | 1,640                             | 188            |
| Euro            | (5,128)                       | 6,940                             | 1,812          |
| Swiss Francs    | (4,568)                       | 5,180                             | 612            |
| US Dollar       | (5,691)                       | 6,322                             | 631            |
|                 | (16,839)                      | 20,082                            | 3,243          |

# Barclays UK Equity Income (Series 2) Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

#### (d) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The Fund's only interest bearing financial instruments at the balance sheet date were its bank balances and overdraft facilities as disclosed in note 8.

Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

#### (e) Derivatives - Sensitivity analysis

The Fund invests in FTSE 100 index futures to obtain market exposure to enable it to meet the Fund objectives whilst reducing transaction costs.

The effect of these futures is to increase market exposure by 2.14% (1.59% at 15 May 2013) of net assets. This results in an effective equity exposure at the year end of 99.09% (99.42% at 15 May 2013) of net assets, which means that the gains or losses of the Fund will be 0.9909 (0.9942 at 15 May 2013) times the gains or losses if the Fund was fully invested in equities.

#### (f) Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

### 12. Portfolio transaction costs

|  | 16/05/2013 to<br>15/05/2014 |         | 16/05/2012 to<br>15/05/2013 |         |
|--|-----------------------------|---------|-----------------------------|---------|
|  | £'000                       | £'000   | £'000                       | £'000   |
| Analysis of total purchase costs           |                             |         |                             |         |
| Purchases in year before transaction costs |                             | 169,640 |                             | 196,470 |
| Commissions                                | 141                         |         | (249)                       |         |
| Tax  | 625                         |         | 842                         |         |
| Total purchase costs                       |                             | 766     |                             | 593     |
| Gross purchase total                       |                             | 170,406 |                             | 197,063 |
| Analysis of total sales costs              |                             |         |                             |         |
| Gross sales before transaction costs       |                             | 181,116 |                             | 213,887 |
| Commissions                                | (132)                       |         | (266)                       |         |
| Fees                                       | (1)                         |         | 1                           |         |
| Total sales costs                          |                             | (133)   |                             | (265)   |
| Total sales net of transaction costs       |                             | 180,983 |                             | 213,622 |

### 13. Ultimate controlling party and related party transactions

The ACD is regarded as controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is Barclays Plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held 30.77% of the Fund's shares in issue (42.56% at 15 May 2013). Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 4, 7 and 9 to the financial statements, and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. Within note 9, accrued expenses (including amounts due to associates and agents) of £433,693 (£487,639 at 15 May 2013) are due to the ACD.

# Barclays UK Equity Income (Series 2) Fund (continued)

## Distribution Tables for the year ended 15 May 2014

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation applies only to shares purchased during a distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital, it is not liable to Income tax but must be deducted from the cost of shares, for Capital Gains tax purposes.

### Interim dividend distribution in pence per share

|   | Net<br>Revenue | Equalisation | Distribution<br>Paid<br>15/01/2014 | Distribution<br>Paid<br>15/01/2013 |
|---|----------------|--------------|------------------------------------|------------------------------------|
| <b>A-Class Distribution</b>               |                |              |                                    |                                    |
| Group 1                                   | 4.7772p        | -            | 4.7772p                            | 4.5276p                            |
| Group 2                                   | 3.3190p        | 1.4582p      | 4.7772p                            | 4.5276p                            |
| <b>A-Class Accumulation</b>               |                |              |                                    |                                    |
| Group 1                                   | 7.6690p        | -            | 7.6690p                            | 6.9713p                            |
| Group 2                                   | 4.5246p        | 3.1444p      | 7.6690p                            | 6.9713p                            |
| <b>B-Class Distribution</b>               |                |              |                                    |                                    |
| Group 1                                   | 4.7614p        | -            | 4.7614p                            | 4.5049p                            |
| Group 2                                   | 4.7614p        | -            | 4.7614p                            | 4.5049p                            |
| <b>M-Class Distribution</b>               |                |              |                                    |                                    |
| Group 1                                   | 2.2978p        | -            | 2.2978p                            | 2.1480p                            |
| Group 2                                   | 0.8520p        | 1.4458p      | 2.2978p                            | 2.1480p                            |
| <b>R-Class Distribution<sup>(1)</sup></b> |                |              |                                    |                                    |
| Group 1                                   | 4.8098p        | -            | 4.8098p                            | -                                  |
| Group 2                                   | 0.9266p        | 3.8832p      | 4.8098p                            | -                                  |
| <b>R-Class Accumulation<sup>(1)</sup></b> |                |              |                                    |                                    |
| Group 1                                   | 4.9181p        | -            | 4.9181p                            | -                                  |
| Group 2                                   | 4.4557p        | 0.4624p      | 4.9181p                            | -                                  |

### Final dividend distribution in pence per share

|   | Net<br>Revenue | Equalisation | Distribution<br>Paid<br>15/07/2014 | Distribution<br>Paid<br>15/07/2013 |
|---|----------------|--------------|------------------------------------|------------------------------------|
| <b>A-Class Distribution</b>               |                |              |                                    |                                    |
| Group 1                                   | 6.0857p        | -            | 6.0857p                            | 5.6423p                            |
| Group 2                                   | 4.9766p        | 1.1091p      | 6.0857p                            | 5.6423p                            |
| <b>A-Class Accumulation</b>               |                |              |                                    |                                    |
| Group 1                                   | 9.9255p        | -            | 9.9255p                            | 8.8636p                            |
| Group 2                                   | 4.9778p        | 4.9477p      | 9.9255p                            | 8.8636p                            |
| <b>B-Class Distribution</b>               |                |              |                                    |                                    |
| Group 1                                   | 6.0743p        | -            | 6.0743p                            | 5.6220p                            |
| Group 2                                   | 6.0743p        | -            | 6.0743p                            | 5.6220p                            |
| <b>M-Class Distribution</b>               |                |              |                                    |                                    |
| Group 1                                   | 2.9434p        | -            | 2.9434p                            | 2.7082p                            |
| Group 2                                   | 1.9492p        | 0.9942p      | 2.9434p                            | 2.7082p                            |
| <b>R-Class Distribution<sup>(1)</sup></b> |                |              |                                    |                                    |
| Group 1                                   | 6.1450p        | -            | 6.1450p                            | 5.6516p                            |
| Group 2                                   | 1.0740p        | 5.0710p      | 6.1450p                            | 5.6516p                            |
| <b>R-Class Accumulation<sup>(1)</sup></b> |                |              |                                    |                                    |
| Group 1                                   | 6.3794p        | -            | 6.3794p                            | 5.6500p                            |
| Group 2                                   | 1.1854p        | 5.1940p      | 6.3794p                            | 5.6500p                            |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

# Barclays UK Equity Income (Series 2) Fund (continued)

## Risk and Reward Profile

| 1   | 2 | 3 | 4 | 5  | 6 | 7 |
|---|---|---|---|--|---|---|
| <p>The risk and reward category is calculated using historical data which may not be a reliable indicator of the Fund's future risk profile.</p> <p>The risk and reward category may shift over time and is not a target or a guarantee.</p> <p>The lowest category (i.e. Category 1) does not mean a risk-free investment.</p> <p>The Fund is in Category 5 because of the high range and frequency of price movements (volatility) of the underlying investments in which the Fund invests.</p> <p>The following are additional risks not covered by the risk and reward category.</p> <p>The Fund may be exposed to stock market movements in a single country or region which may be adversely affected by political or economic developments, government action or natural events that do not affect a fund investing in broader markets.</p> <p>The Fund may use financial contracts (known as derivatives) in an attempt to reduce risk (hedging) or for investment purposes. It may be that the use of derivatives causes share prices to fluctuate which may in turn result in loss to the Fund.</p> |   |   |   | <p>The Fund relies upon the performance of one or more investment managers. If the investment managers perform poorly, the value of your investment is likely to be adversely affected.</p> <p>Future legal or regulatory change could have a substantial adverse effect on the Fund and your investment.</p> <p>Stock markets can be volatile, meaning that the prices of shares held by the Fund can change quickly and substantially.</p> <p>The Fund is not guaranteed and your investment is at risk. You may lose some or all of your investment.</p> <p>The Fund may seek to identify and invest in undervalued securities. The identification of investment opportunities in undervalued securities is difficult and there can be no assurance that such opportunities will be successfully identified.</p> <p>The figure for the synthetic risk and reward indicator disclosed in the financial statements is the same as the most up-to-date key investor information document ('KIID').</p> <p>More information in relation to risks in general may be found in the "Risk Factors" section of the Prospectus.</p> |   |   |



# Barclays UK Equity Income (Series 2) Fund (continued)

## Fund Facts

### Ongoing Charge Figure

| Accounting Date                     | 15/05/2014 | 15/05/2013 |
|-------------------------------------|------------|------------|
| A-Class Distribution                | 1.74%      | 1.73%      |
| A-Class Accumulation                | 1.74%      | 1.73%      |
| B-Class Distribution                | 1.49%      | 1.47%      |
| M-Class Distribution                | 0.79%      | 0.79%      |
| R-Class Distribution <sup>(1)</sup> | 1.14%      | 0.08%      |
| R-Class Accumulation <sup>(1)</sup> | 1.14%      | 0.08%      |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012. No annual management charge was charged on either share class during the period 16 November 2012 to 15 May 2013. A charge commenced on the R-Class Distribution shares and R-Class Accumulation shares on 16 May 2013 and 5 June 2013 respectively.

The Ongoing Charge Figure ('OCF') represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: Directors Fees and Registration Fees.

The OCF is expressed as an annual percentage rate.

### Net Asset Value

|                                     | Net Asset Value<br>£'000 | Net Asset Value<br>per Share | Number of<br>Shares in<br>Issue '000 |
|-------------------------------------|--------------------------|------------------------------|--------------------------------------|
| <b>15/05/2012</b>                   |                          |                              |                                      |
| A-Class Distribution                | 142,310                  | 214.17p                      | 66,446                               |
| A-Class Accumulation                | 8,836                    | 329.95p                      | 2,678                                |
| B-Class Distribution                | 51,975                   | 213.04p                      | 24,397                               |
| M-Class Distribution                | 1                        | 100.00p                      | 1                                    |
| <b>15/05/2013</b>                   |                          |                              |                                      |
| A-Class Distribution                | 169,455                  | 271.55p                      | 62,404                               |
| A-Class Accumulation                | 10,966                   | 435.50p                      | 2,518                                |
| B-Class Distribution                | 2,789                    | 270.51p                      | 1,031                                |
| M Class Distribution                | 59,644                   | 130.29p                      | 45,777                               |
| R-Class Distribution <sup>(1)</sup> | 12                       | 266.08p                      | 5                                    |
| R-Class Accumulation <sup>(1)</sup> | 1                        | 278.86p                      | 1                                    |
| <b>15/05/2014</b>                   |                          |                              |                                      |
| A-Class Distribution                | 166,204                  | 288.67p                      | 57,576                               |
| A-Class Accumulation                | 10,833                   | 480.61p                      | 2,254                                |
| B-Class Distribution                | 2,553                    | 288.15p                      | 886                                  |
| M Class Distribution                | 67,608                   | 139.85p                      | 48,343                               |
| R-Class Distribution                | 5,702                    | 291.96p                      | 1,953                                |
| R-Class Accumulation                | 317                      | 310.78p                      | 102                                  |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Barclays UK Equity Income (Series 2) Fund (continued)

## Share Price Range and Net Revenue

| Year                        | Highest Share Price | Lowest Share Price | Net Revenue per Share |
|-----------------------------|---------------------|--------------------|-----------------------|
| <b>A-Class Distribution</b> |                     |                    |                       |
| 2009                        | 218.30p             | 161.40p            | 10.5580p              |
| 2010                        | 233.30p             | 199.90p            | 10.0599p              |
| 2011                        | 236.79p             | 199.63p            | 10.2828p              |
| 2012                        | 241.58p             | 208.90p            | 9.4532p               |
| 2013                        | 290.59p             | 239.17p            | 10.1699p              |
| 2014 <sup>(1)</sup>         | 298.37p             | 281.71p            | 10.8629p              |
| <b>A-Class Accumulation</b> |                     |                    |                       |
| 2009                        | 300.70p             | 211.30p            | 13.6238p              |
| 2010                        | 329.70p             | 282.10p            | 13.7043p              |
| 2011                        | 344.48p             | 294.43p            | 14.6690p              |
| 2012                        | 379.49p             | 321.76p            | 14.0943p              |
| 2013                        | 471.46p             | 375.71p            | 15.8349p              |
| 2014 <sup>(1)</sup>         | 486.62p             | 459.45p            | 17.5945p              |
| <b>B-Class Distribution</b> |                     |                    |                       |
| 2009                        | 218.50p             | 161.80p            | 10.5879p              |
| 2010                        | 232.50p             | 199.00p            | 10.0623p              |
| 2011                        | 234.92p             | 198.18p            | 10.0966p              |
| 2012                        | 240.66p             | 207.82p            | 9.3910p               |
| 2013                        | 289.79p             | 238.28p            | 10.1269p              |
| 2014 <sup>(1)</sup>         | 297.79p             | 281.12p            | 10.8357p              |
| <b>B-Class Accumulation</b> |                     |                    |                       |
| 2009 <sup>(4)</sup>         | 287.80p             | 211.60p            | 13.6418p              |
| <b>I-Class Distribution</b> |                     |                    |                       |
| 2009 <sup>(4)</sup>         | 127.40p             | 83.40p             | 7.2622p               |
| <b>M-Class Distribution</b> |                     |                    |                       |
| 2009                        | 224.70p             | 164.90p            | 10.7591p              |
| 2010 <sup>(3)</sup>         | 240.70p             | 206.50p            | 10.3402p              |
| 2011 <sup>(3)</sup>         | 104.50p             | 94.87p             | -                     |
| 2012                        | 115.44p             | 99.25p             | 2.6810p               |
| 2013                        | 140.06p             | 114.32p            | 4.8562p               |
| 2014 <sup>(1)</sup>         | 144.24p             | 136.12p            | 5.2412p               |
| <b>R-Class Distribution</b> |                     |                    |                       |
| 2012 <sup>(2)</sup>         | 241.01p             | 222.67p            | -                     |
| 2013                        | 292.87p             | 238.74p            | 5.6516p               |
| 2014 <sup>(1)</sup>         | 301.28p             | 284.36p            | 10.9548p              |
| <b>R-Class Accumulation</b> |                     |                    |                       |
| 2012 <sup>(2)</sup>         | 241.01p             | 222.67p            | -                     |
| 2013                        | 302.77p             | 238.74p            | 5.6500p               |
| 2014 <sup>(1)</sup>         | 312.81p             | 295.24p            | 11.2975p              |

<sup>(1)</sup> The above table shows the highest and lowest share prices to 15 May 2014 and net revenue per share to 15 July 2014.

<sup>(2)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

<sup>(3)</sup> M-Class Distribution shares closed on 12 November 2010 and relaunched on 21 October 2011.

<sup>(4)</sup> B-Class Accumulation and I-Class Distribution shares closed on 9 October 2009.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Barclays US Alpha Fund

## Investment Objective and Policy

This Fund seeks superior long-term capital growth primarily through investment in US companies.

The Fund invests primarily in common stock, preferred shares and securities convertible into common stock, of established companies across a range of industries, domiciled in the US or having significant operations in the US, and listed or traded on a regulated market in the US or in an OECD country.

The investment manager and/or sub-investment manager(s) will use stock selection techniques which aim to generate superior long-term capital growth. The allocation to individual companies within the portfolio will be actively managed. While the Fund is not subjected to any capitalisation restrictions, the Fund will seek to invest primarily in large, established companies which meet the investment manager's and/or sub-investment manager(s) selection criteria.

The Fund will invest at least 70% of its assets in the common stocks and preferred shares of US companies. The Fund may, with the remaining portion of the assets (and on an ancillary basis), invest in non-US equity securities, investment grade government and corporate fixed income securities and convertible debt securities (listed or traded on a Regulated Market). The Fund may also invest up to 10% of its net asset value in other collective investment undertakings.

The Fund may also invest in other transferable securities, money market instruments, derivatives, cash and near cash, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in the applicable FCA Rules).

The ACD will not invest directly in derivatives for investment purposes, without giving Shareholders at least 60 days' notice of its intention to do so and it is not intended that the use of derivatives will cause the net asset value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.

## Investment Report

During the period under review, the net asset value per share attributable to the A-Class Accumulation shares rose by 2.3%.

## Market/Economic Review

US equity markets have enjoyed a very strong 12 months despite the domestic economic recovery still struggling to move out of first gear for much of the period. Following a weak first quarter in 2014 for GDP growth, impacted heavily by bad weather, sentiment still remains positive and more recent data suggests that the US economy could reaccelerate. At the same time, the inflation picture is not as muted as it seems on the surface.

Strong corporate earnings growth continued to underpin the stock market and the market has rallied strongly. US equities rose as a result, shrugging off concerns as the Federal Reserve ('Fed') introduced the concept of reducing its asset purchase program. The market has continued to rise, often regardless of whether economic data releases pointed to strength or potential weakness in the economy. The S&P500 Index has continued to touch a series of highs throughout the period with the S&P500 Total Return Index gaining 15.2% over the period amid much improved risk sentiment.

In terms of sector performance, only Telecommunication Services failed to produce a positive return over the period. The top performing sector has been Industrials with a return of 23.4%, closely followed by Information Technology returning 20.1%. The sector was buoyed by positive market sentiment amid a number of Initial Public Offerings (IPOs) and increased merger and acquisition (M&A) activity. Materials, a sector whose fortunes are tied closely to the global economy, registered a 19.3% increase.

(Source: Factset, Barclays)

## Fund Review

The manager of the Fund, INTECH, has a mathematical investment approach. They do not pick individual stocks or forecast stock performance. Instead, they use stock price volatility and the correlation between stocks aiming to generate a return greater than the S&P 500 benchmark. The process attempts to outperform benchmarks over the long term and to limit the magnitude and frequency of periods of underperformance.

INTECH's relative performance is typically impacted by two factors: the market's relative volatility structure and size (market diversity). Relative volatility refers to stocks moving relative to one another or relative to a benchmark. Size (market diversity) is a measure of how capital is distributed among stocks in a market or an index. At INTECH, sector and stock-specific weightings are a residual of the investment process.

# Barclays US Alpha Fund (continued)

## Fund Review (continued)

A slight rise in market diversity over the early part of the period reflected a change in the distribution of capital in which smaller stocks marginally outperformed larger stocks, on average. U.S. equity markets exhibited relatively stable stock volatility. INTECH's investment process typically benefits from rising diversity and a more stable relative volatility environment. Fundamental factors, which can impact shorter-term performance, had a positive effect on the Fund's relative performance and the Fund was slightly ahead of the S&P500 benchmark.

Stock selection in the Financials and Information Technology sectors contributed to the Fund's relative performance. In addition, an overweight allocation to the Consumer Discretionary and Materials sectors contributed to the portfolio's relative return. Conversely, stock selection within the Energy and Consumer Discretionary sectors and an overweight allocation to Utilities detracted from the Fund's relative performance. Underweight positions in Microsoft (Information Technology) and Exxon Mobil (Energy) were notable contributors to the Fund's relative performance. Additionally, an underweight position in Apple (Information Technology) and overweight in Marathon Petroleum Corp. (Energy) detracted from the portfolio's relative return.

Around the middle of the period, the Fund was ahead of the S&P500 Index. Stock selection in the Financials sector was the primary contributor to the Fund's relative outperformance. In addition, an overweight allocation to Consumer Staples and an underweight position in Energy were the primary contributors to the portfolio's relative return. Conversely, stock selection within the Consumer Discretionary sector, as well as an overweight allocation to Financials and an underweight allocation to Telecommunication Services detracted from the Fund's relative performance. An underweight position in IBM (Information Technology) contributed to the portfolio's relative return. Underweight positions in Google (Information Technology) and Apple (Information Technology) were notable detractors to the Fund's relative performance around the middle of the period.

An increase in market diversity at the start of the year in 2014 reflected a change in the distribution of capital in which smaller stocks outperformed larger stocks, on average. U.S. equity markets exhibited relatively stable stock volatility. INTECH's investment process typically benefits from rising diversity and a more stable relative volatility environment and the Fund was ahead of the S&P500 Index to start the year in 2014. Stock selection in the Consumer Staples and Industrials sectors contributed to the Fund's relative outperformance. In addition, an underweight allocation to Energy and an overweight allocation to Utilities positively contributed to the portfolio's relative return. Conversely, stock selection and an overweight allocation within the Consumer Discretionary sector detracted from the Fund's relative performance. An underweight position in Exxon Mobil (Energy) and in GE (Industrials) contributed to the portfolio's relative return. An overweight position in Best Buy (Consumer Discretionary) detracted from the Fund's relative performance.

More recently, the Fund was slightly behind the index. Stock selection in the Consumer Staples and Healthcare sectors were the most notable detractors to the Fund's performance. In addition, an underweight allocation to Energy and an overweight allocation to the Consumer Discretionary sector were the largest detractors to the portfolio's relative return. Conversely, stock selection within Energy and an overweight allocation within the Utilities sector were the most notable contributors to the Fund's relative performance. An overweight position in Hershey Company (Consumer Staples) and an underweight in Allergan Inc. (Healthcare) detracted from the portfolio's relative return. An overweight position in Cabot Oil & Gas Corp. (Energy) contributed to the Fund's relative performance.

(Source: Factset, Barclays)

## Outlook

The US economy continues to look the strongest compared to the other major developed economies, and we believe this will help support the US equity market going forward. The region continues to be one of our most favoured. The corporate sector is in fairly good health while concerns about growth have been overdone. Valuations are higher but still not stretched and earnings headroom remains.

Barclays  
Wealth and Investment Management  
(Investment Adviser)  
June 2014

# Barclays US Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014

All investments are in ordinary shares unless stated otherwise. The percentages in brackets show the equivalent sector holdings at 15 May 2013.

| Holding /<br>Nominal<br>Value | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|--|--------------------------|--------------------|
|                               | <b>CENTRAL AMERICA: 0.00% (0.98%)</b>                            |                          |                    |
|                               | <b>PANAMA: 0.00% (0.98%)</b>                                     |                          |                    |
|                               | <b>Travel &amp; Leisure: 0.00% (0.98%)</b>                       |                          |                    |
|                               | <b>CONTINENTAL EUROPE: 4.22% (1.82%)</b>                         |                          |                    |
|                               | <b>IRELAND: 2.34% (0.95%)</b>                                    |                          |                    |
|                               | <b>Electronic &amp; Electrical Equipment: 0.23% (0.00%)</b>      |                          |                    |
| 3,466                         | Allegion   | 100                      | 0.23               |
|                               | <b>General Industrials: 0.00% (0.12%)</b>                        |                          |                    |
|                               | <b>Industrial Engineering: 0.45% (0.67%)</b>                     |                          |                    |
| 5,700                         | Ingersoll-Rand   | 194                      | 0.45               |
|                               | <b>Nonlife Insurance: 0.06% (0.16%)</b>                          |                          |                    |
| 1,300                         | XL Group   | 25                       | 0.06               |
|                               | <b>Pharmaceuticals &amp; Biotechnology: 1.45% (0.00%)</b>        |                          |                    |
| 3,900                         | Actavis  | 477                      | 1.12               |
| 1,800                         | Perrigo  | 142                      | 0.33               |
|                               |  | 619                      | 1.45               |
|                               | <b>Technology Hardware &amp; Equipment: 0.15% (0.00%)</b>        |                          |                    |
| 2,100                         | Seagate Technology^  | 64                       | 0.15               |
|                               | <b>NETHERLANDS: 0.96% (0.85%)</b>                                |                          |                    |
|                               | <b>Chemicals: 0.56% (0.85%)</b>                                  |                          |                    |
| 4,200                         | LyondellBasell Industries Class 'A'                              | 238                      | 0.56               |
|                               | <b>Media: 0.40% (0.00%)</b>                                      |                          |                    |
| 6,100                         | Nielsen  | 169                      | 0.40               |
|                               | <b>SWITZERLAND: 0.92% (0.02%)</b>                                |                          |                    |
|                               | <b>Electronic &amp; Electrical Equipment: 0.18% (0.00%)</b>      |                          |                    |
| 2,300                         | TE Connectivity  | 78                       | 0.18               |
|                               | <b>Industrial Engineering: 0.33% (0.00%)</b>                     |                          |                    |
| 3,200                         | Pentair  | 141                      | 0.33               |
|                               | <b>Nonlife Insurance: 0.04% (0.02%)</b>                          |                          |                    |
| 300                           | ACE  | 18                       | 0.04               |
|                               | <b>Support Services: 0.09% (0.00%)</b>                           |                          |                    |
| 1,600                         | Tyco International   | 40                       | 0.09               |
|                               | <b>Technology Hardware &amp; Equipment: 0.28% (0.00%)</b>        |                          |                    |
| 3,700                         | Garmin^  | 121                      | 0.28               |
|                               | <b>UNITED KINGDOM: 0.43% (0.50%)</b>                             |                          |                    |
|                               | <b>Nonlife Insurance: 0.43% (0.09%)</b>                          |                          |                    |
| 3,600                         | Aon  | 185                      | 0.43               |
|                               | <b>Oil Equipment, Services &amp; Distribution: 0.00% (0.41%)</b> |                          |                    |
|                               | <b>NORTH AMERICA: 90.49% (93.41%)</b>                            |                          |                    |
|                               | <b>BERMUDA: 0.09% (0.00%)</b>                                    |                          |                    |
|                               | <b>Oil Equipment, Services &amp; Distribution: 0.09% (0.00%)</b> |                          |                    |
| 2,500                         | Nabors Industries  | 37                       | 0.09               |

# Barclays US Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                   | Investment                         | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|------------------------------------|--------------------------|--------------------|
| <b>NORTH AMERICA: 90.49% (93.41%) continued</b> |                                    |                          |                    |
| <b>UNITED STATES: 90.04% (93.41%)</b>           |                                    |                          |                    |
| <b>Aerospace &amp; Defense: 4.24% (2.02%)</b>   |                                    |                          |                    |
| 3,300   | Boeing                             | 258                      | 0.60               |
| 5,000   | FLIR Systems^                      | 100                      | 0.24               |
| 1,100   | General Dynamics                   | 74                       | 0.17               |
| 3,700   | L-3 Communications                 | 256                      | 0.60               |
| 4,400   | Lockheed Martin                    | 428                      | 1.00               |
| 4,400   | Northrop Grumman                   | 312                      | 0.73               |
| 400   | Precision Castparts                | 58                       | 0.14               |
| 5,700   | Raytheon                           | 326                      | 0.76               |
|   |                                    | 1,812                    | 4.24               |
| <b>Alternative Energy: 0.00% (0.14%)</b>        |                                    |                          |                    |
| <b>Automobiles &amp; Parts: 1.88% (0.27%)</b>   |                                    |                          |                    |
| 3,400   | BorgWarner                         | 120                      | 0.28               |
| 11,100  | Delphi Automotive                  | 436                      | 1.02               |
| 1,700   | Genuine Parts                      | 86                       | 0.20               |
| 9,700   | Goodyear Tire & Rubber^            | 143                      | 0.34               |
| 400   | Harley-Davidson                    | 17                       | 0.04               |
|   |                                    | 802                      | 1.88               |
| <b>Banks: 2.97% (5.28%)</b>                     |                                    |                          |                    |
| 4,900   | BB&T                               | 107                      | 0.25               |
| 3,700   | Comerica                           | 101                      | 0.24               |
| 12,400  | Fifth Third Bancorp^               | 149                      | 0.35               |
| 7,800   | Hudson City Bancorp^               | 45                       | 0.11               |
| 18,500  | Huntington Bancshares^             | 99                       | 0.23               |
| 15,800  | KeyCorp                            | 124                      | 0.29               |
| 2,400   | M&T Bank                           | 170                      | 0.40               |
| 11,500  | People's United Financial^         | 97                       | 0.23               |
| 17,700  | Regions Financial                  | 106                      | 0.25               |
| 11,000  | US Bancorp                         | 266                      | 0.62               |
|   |                                    | 1,264                    | 2.97               |
| <b>Beverages: 1.79% (2.13%)</b>                 |                                    |                          |                    |
| 3,600   | Brown-Forman Class 'B'             | 194                      | 0.45               |
| 8,800   | Coca-Cola Enterprises              | 244                      | 0.57               |
| 6,900   | Constellation Brands Class 'A'     | 328                      | 0.77               |
|   |                                    | 766                      | 1.79               |
| <b>Chemicals: 2.96% (1.58%)</b>                 |                                    |                          |                    |
| 1,700   | Airgas                             | 107                      | 0.25               |
| 6,200   | Ecolab                             | 391                      | 0.92               |
| 4,600   | FMC                                | 198                      | 0.46               |
| 1,200   | International Flavors & Fragrances | 69                       | 0.16               |
| 2,900   | PPG Industries                     | 336                      | 0.79               |
| 400   | Praxair                            | 31                       | 0.07               |
| 2,300   | Sigma-Aldrich^                     | 131                      | 0.31               |
|   |                                    | 1,263                    | 2.96               |

# Barclays US Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                               | Investment                  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|-----------------------------|--------------------------|--------------------|
| <b>NORTH AMERICA: 90.49% (93.41%) continued</b>             |                             |                          |                    |
| <b>UNITED STATES: 90.04% (93.41%) continued</b>             |                             |                          |                    |
| <b>Construction &amp; Materials: 0.73% (1.78%)</b>          |                             |                          |                    |
| 900   | Jacobs Engineering          | 29                       | 0.07               |
| 2,400   | Sherwin-Williams            | 283                      | 0.66               |
|   |                             | 312                      | 0.73               |
| <b>Electricity: 2.80% (4.50%)</b>                           |                             |                          |                    |
| 10,100  | CMS Energy                  | 176                      | 0.41               |
| 3,400   | Dominion Resources          | 142                      | 0.33               |
| 6,100   | DTE Energy                  | 275                      | 0.64               |
| 1,400   | Edison International        | 46                       | 0.11               |
| 500   | Exelon                      | 10                       | 0.02               |
| 4,700   | NextEra Energy              | 269                      | 0.63               |
| 2,100   | Northeast Utilities         | 57                       | 0.14               |
| 3,900   | NRG Energy                  | 78                       | 0.18               |
| 4,200   | PPL                         | 84                       | 0.20               |
| 2,500   | Public Service Enterprise   | 57                       | 0.14               |
|   |                             | 1,194                    | 2.80               |
| <b>Electronic &amp; Electrical Equipment: 1.23% (0.00%)</b> |                             |                          |                    |
| 1,600   | Agilent Technologies        | 52                       | 0.12               |
| 200   | F5 Network^                 | 12                       | 0.03               |
| 4,500   | PerkinElmer                 | 115                      | 0.27               |
| 4,200   | Roper Industries            | 347                      | 0.81               |
|   |                             | 526                      | 1.23               |
| <b>Financial Services: 8.80% (4.57%)</b>                    |                             |                          |                    |
| 3,500   | American Express            | 183                      | 0.43               |
| 4,400   | Ameriprise Financial        | 284                      | 0.67               |
| 11,700  | Charles Schwab Corp         | 174                      | 0.41               |
| 7,700   | CME^                        | 319                      | 0.75               |
| 10,500  | Discover Financial Services | 354                      | 0.83               |
| 11,300  | E*TRADE Financial^          | 133                      | 0.31               |
| 5,200   | Equifax                     | 218                      | 0.51               |
| 3,005   | IntercontinentalExchange    | 338                      | 0.79               |
| 6,500   | MasterCard                  | 283                      | 0.66               |
| 8,000   | McGraw Hill Financial       | 364                      | 0.85               |
| 3,100   | Moody's                     | 150                      | 0.35               |
| 5,000   | NASDAQ OMX Group^           | 108                      | 0.25               |
| 18,200  | Navient^                    | 170                      | 0.40               |
| 500   | Northern Trust^             | 18                       | 0.04               |
| 1,500   | State Street                | 56                       | 0.13               |
| 4,300   | Visa Class 'A'              | 531                      | 1.24               |
| 8,100   | Western Union               | 77                       | 0.18               |
|   |                             | 3,760                    | 8.80               |
| <b>Fixed Line Telecommunications: 0.03% (2.64%)</b>         |                             |                          |                    |
| 3,700   | Frontier Communications^    | 13                       | 0.03               |
| <b>Food &amp; Drug Retailers: 4.10% (0.66%)</b>             |                             |                          |                    |
| 9,600   | AmerisourceBergen           | 386                      | 0.90               |

# Barclays US Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                             | Investment              | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|-------------------------|--------------------------|--------------------|
| <b>NORTH AMERICA: 90.49% (93.41%) continued</b>           |                         |                          |                    |
| <b>UNITED STATES: 90.04% (93.41%) continued</b>           |                         |                          |                    |
| <b>Food &amp; Drug Retailers: 4.10% (0.66%) continued</b> |                         |                          |                    |
| 6,400   | Cardinal Health         | 247                      | 0.58               |
| 5,300   | CVS Caremark            | 238                      | 0.56               |
| 13,400  | Kroger                  | 369                      | 0.86               |
| 2,800   | McKesson                | 296                      | 0.69               |
| 7,900   | Safeway                 | 161                      | 0.38               |
| 1,400   | Walgreen                | 57                       | 0.13               |
|   |                         | 1,754                    | 4.10               |
| <b>Food Producers: 3.91% (4.69%)</b>                      |                         |                          |                    |
| 1,200   | Archer-Daniels-Midland  | 31                       | 0.07               |
| 1,800   | Campbell Soup Class 'C' | 48                       | 0.11               |
| 6,900   | General Mills           | 219                      | 0.51               |
| 6,400   | Hershey                 | 368                      | 0.86               |
| 5,500   | Hormel Foods            | 160                      | 0.38               |
| 4,100   | JM Smucker              | 238                      | 0.56               |
| 4,700   | Kellogg                 | 188                      | 0.44               |
| 3,100   | McCormick & Company     | 130                      | 0.30               |
| 100   | Monsanto                | 7                        | 0.02               |
| 11,700  | Tyson Foods             | 283                      | 0.66               |
|   |                         | 1,672                    | 3.91               |
| <b>Forestry &amp; Paper: 0.00% (0.14%)</b>                |                         |                          |                    |
| <b>Gas, Water &amp; Multiutilities: 2.61% (1.29%)</b>     |                         |                          |                    |
| 4,500   | AGL Resources           | 141                      | 0.33               |
| 2,300   | Ameren                  | 54                       | 0.13               |
| 500   | Duke Energy             | 21                       | 0.05               |
| 12,000  | NiSource                | 259                      | 0.61               |
| 7,600   | Sempra Energy           | 443                      | 1.04               |
| 2,200   | Spectra Energy          | 52                       | 0.12               |
| 5,200   | Wisconsin Energy        | 141                      | 0.33               |
|   |                         | 1,111                    | 2.61               |
| <b>General Industrials: 0.67% (0.31%)</b>                 |                         |                          |                    |
| 1,200   | 3M                      | 101                      | 0.24               |
| 1,100   | Ball                    | 39                       | 0.09               |
| 4,100   | Bemis                   | 100                      | 0.23               |
| 400   | Honeywell International | 22                       | 0.05               |
| 1,400   | Sealed Air              | 27                       | 0.06               |
|   |                         | 289                      | 0.67               |
| <b>General Retailers: 6.42% (8.61%)</b>                   |                         |                          |                    |
| 600   | AutoZone                | 187                      | 0.44               |
| 1,700   | Bed Bath & Beyond^      | 63                       | 0.15               |
| 9,100   | Best Buy                | 138                      | 0.32               |
| 3,400   | Costco Wholesale^       | 231                      | 0.54               |
| 1,700   | Dollar General          | 56                       | 0.13               |
| 5,100   | Dollar Tree^            | 155                      | 0.36               |



# Barclays US Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                                 | Investment                           | Market<br>Value<br>£'000 | % of Net<br>Assets |
|---|--------------------------------------|--------------------------|--------------------|
| <b>NORTH AMERICA: 90.49% (93.41%) continued</b>               |                                      |                          |                    |
| <b>UNITED STATES: 90.04% (93.41%) continued</b>               |                                      |                          |                    |
| <b>General Retailers: 6.42% (8.61%) continued</b>             |                                      |                          |                    |
| 200   | Family Dollar Stores                 | 7                        | 0.02               |
| 3,800   | GameStop Class 'A'                   | 81                       | 0.19               |
| 1,700   | H&R Block                            | 28                       | 0.06               |
| 7,900   | Home Depot                           | 359                      | 0.84               |
| 100   | Kohl's                               | 3                        | 0.01               |
| 6,400   | L Brands                             | 217                      | 0.51               |
| 5,800   | Lowe's                               | 154                      | 0.36               |
| 1,100   | Netflix^                             | 225                      | 0.53               |
| 3,700   | O'Reilly Automotive^                 | 322                      | 0.75               |
| 1,400   | PetSmart^                            | 54                       | 0.13               |
| 1,100   | Ross Stores^                         | 45                       | 0.11               |
| 10,600  | TJX                                  | 367                      | 0.86               |
| 1,300   | Tractor Supply^                      | 49                       | 0.11               |
|   |                                      | 2,741                    | 6.42               |
| <b>Health Care Equipment &amp; Services: 7.74% (1.99%)</b>    |                                      |                          |                    |
| 9,155   | Aetna                                | 407                      | 0.95               |
| 2,600   | Becton Dickinson                     | 179                      | 0.42               |
| 32,900  | Boston Scientific                    | 248                      | 0.58               |
| 8,000   | CareFusion                           | 199                      | 0.47               |
| 10,400  | Cigna                                | 540                      | 1.27               |
| 400   | C.R. Bard                            | 35                       | 0.08               |
| 100   | DaVita HealthCare Partners Class 'I' | 4                        | 0.01               |
| 800   | DENTSPLY International^              | 22                       | 0.05               |
| 1,700   | Express Scripts ^                    | 69                       | 0.16               |
| 4,500   | Humana                               | 320                      | 0.75               |
| 2,700   | Laboratory Corporation of America    | 160                      | 0.37               |
| 800   | Medtronic                            | 29                       | 0.07               |
| 1,400   | Patterson^                           | 34                       | 0.08               |
| 700   | Quest Diagnostics                    | 24                       | 0.06               |
| 3,700   | St Jude Medical                      | 139                      | 0.33               |
| 5,300   | Thermo Fisher Scientific             | 365                      | 0.85               |
| 4,700   | UnitedHealth                         | 214                      | 0.50               |
| 4,600   | WellPoint                            | 287                      | 0.67               |
| 500   | Zimmer                               | 30                       | 0.07               |
|   |                                      | 3,305                    | 7.74               |
| <b>Household Goods &amp; Home Construction: 1.28% (3.09%)</b> |                                      |                          |                    |
| 3,600   | Clorox                               | 189                      | 0.44               |
| 12,000  | Newell Rubbermaid                    | 209                      | 0.49               |
| 2,200   | Snap-on                              | 149                      | 0.35               |
|   |                                      | 547                      | 1.28               |
| <b>Industrial Engineering: 1.17% (0.68%)</b>                  |                                      |                          |                    |
| 3,000   | Dover                                | 153                      | 0.36               |
| 5,700   | Flowserve                            | 252                      | 0.59               |
| 1,800   | Illinois Tool Works                  | 92                       | 0.22               |
|   |                                      | 497                      | 1.17               |

# Barclays US Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value | Investment   | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|--|--------------------------|--------------------|
|                               | <b>NORTH AMERICA: 90.49% (93.41%) continued</b>      |                          |                    |
|                               | <b>UNITED STATES: 90.04% (93.41%) continued</b>      |                          |                    |
|                               | <b>Industrial Metals &amp; Mining: 0.23% (0.00%)</b> |                          |                    |
| 3,200                         | Alcoa  | 25                       | 0.06               |
| 4,900                         | United States Steel                                  | 74                       | 0.17               |
|                               |  | 99                       | 0.23               |
|                               | <b>Industrial Transportation: 0.58% (0.43%)</b>      |                          |                    |
| 1,800                         | Union Pacific  | 205                      | 0.48               |
| 700                           | United Parcel Service Class 'B'                      | 42                       | 0.10               |
|                               |  | 247                      | 0.58               |
|                               | <b>Leisure Goods: 1.31% (0.18%)</b>                  |                          |                    |
| 3,400                         | Electronic Arts^                                     | 68                       | 0.16               |
| 2,500                         | Harman International Industries                      | 156                      | 0.37               |
| 2,400                         | Hasbro^  | 77                       | 0.18               |
| 11,100                        | Mattel^  | 256                      | 0.60               |
|                               |  | 557                      | 1.31               |
|                               | <b>Life Insurance: 2.40% (0.66%)</b>                 |                          |                    |
| 5,800                         | Aflac  | 214                      | 0.50               |
| 2,800                         | Assurant   | 112                      | 0.26               |
| 5,900                         | Genworth Financial Class 'A'                         | 63                       | 0.15               |
| 6,000                         | Lincoln National                                     | 169                      | 0.40               |
| 4,600                         | Principal Financial                                  | 124                      | 0.29               |
| 300                           | Prudential Financial                                 | 14                       | 0.03               |
| 3,900                         | Torchmark  | 185                      | 0.43               |
| 7,500                         | Unum   | 146                      | 0.34               |
|                               |  | 1,027                    | 2.40               |
|                               | <b>Media: 6.42% (9.38%)</b>                          |                          |                    |
| 1,500                         | Cablevision Systems Class 'A'                        | 15                       | 0.04               |
| 9,300                         | CBS Class 'B'  | 312                      | 0.73               |
| 7,200                         | Comcast Class 'A'^                                   | 216                      | 0.51               |
| 4,000                         | Discovery Communications Class 'A'^                  | 173                      | 0.41               |
| 1,400                         | Dun & Bradstreet Corp                                | 87                       | 0.20               |
| 200                           | Graham   | 79                       | 0.18               |
| 12,000                        | Interpublic Group                                    | 125                      | 0.29               |
| 11,950                        | News Corp Class 'A'^                                 | 120                      | 0.28               |
| 2,700                         | Omnicom  | 109                      | 0.25               |
| 3,800                         | Scripps Networks Interactive Class 'A'               | 168                      | 0.39               |
| 9,000                         | Time Warner  | 367                      | 0.86               |
| 3,800                         | Time Warner Cable                                    | 310                      | 0.73               |
| 16,600                        | Twenty-First Century Fox^                            | 336                      | 0.79               |
| 5,100                         | Viacom Class 'B'^                                    | 252                      | 0.59               |
| 1,500                         | Walt Disney  | 72                       | 0.17               |
|                               |  | 2,741                    | 6.42               |
|                               | <b>Mining: 0.05% (0.00%)</b>                         |                          |                    |
| 800                           | CONSOL Energy  | 21                       | 0.05               |

# Barclays US Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value                                    | Investment                  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|--|-----------------------------|--------------------------|--------------------|
| <b>NORTH AMERICA: 90.49% (93.41%) continued</b>                  |                             |                          |                    |
| <b>UNITED STATES: 90.04% (93.41%) continued</b>                  |                             |                          |                    |
| <b>Mobile Telecommunications: 0.00% (2.61%)</b>                  |                             |                          |                    |
| <b>Nonlife Insurance: 2.87% (1.96%)</b>                          |                             |                          |                    |
| 11,500   | Allstate                    | 394                      | 0.92               |
| 2,900  | Chubb                       | 159                      | 0.37               |
| 5,200  | Cincinnati Financial^       | 150                      | 0.35               |
| 5,700  | Hartford Financial Services | 116                      | 0.27               |
| 8,200  | Marsh & McLennan            | 238                      | 0.56               |
| 3,800  | Progressive Corp            | 57                       | 0.13               |
| 2,100  | Travelers                   | 115                      | 0.27               |
|  |                             | 1,229                    | 2.87               |
| <b>Oil &amp; Gas Producers: 2.00% (11.17%)</b>                   |                             |                          |                    |
| 13,800   | Cabot Oil & Gas             | 306                      | 0.72               |
| 6,600  | Chesapeake Energy           | 114                      | 0.27               |
| 4,800  | EQT                         | 295                      | 0.69               |
| 1,100  | Exxon Mobil                 | 66                       | 0.15               |
| 400  | Oneok                       | 15                       | 0.04               |
| 500  | Range Resources             | 27                       | 0.06               |
| 1,100  | Southwestern Energy         | 30                       | 0.07               |
|  |                             | 853                      | 2.00               |
| <b>Oil Equipment, Services &amp; Distribution: 0.31% (0.36%)</b> |                             |                          |                    |
| 1,900  | Helmerich & Payne           | 119                      | 0.28               |
| 500  | Williams                    | 14                       | 0.03               |
|  |                             | 133                      | 0.31               |
| <b>Personal Goods: 2.12% (1.25%)</b>                             |                             |                          |                    |
| 2,600  | Colgate-Palmolive           | 103                      | 0.24               |
| 3,800  | Kimberly-Clark              | 251                      | 0.59               |
| 1,800  | Nike                        | 78                       | 0.18               |
| 600  | Under Armour                | 17                       | 0.04               |
| 12,300   | VF                          | 457                      | 1.07               |
|  |                             | 906                      | 2.12               |
| <b>Pharmaceuticals &amp; Biotechnology: 2.23% (9.95%)</b>        |                             |                          |                    |
| 2,000  | AbbVie                      | 63                       | 0.15               |
| 500  | Biogen Idec^                | 86                       | 0.20               |
| 4,800  | Bristol-Myers Squibb        | 140                      | 0.33               |
| 1,300  | Celgene^                    | 115                      | 0.27               |
| 1,800  | Forest Laboratories         | 99                       | 0.23               |
| 1,200  | Gilead Sciences^            | 57                       | 0.13               |
| 300  | Hospira                     | 8                        | 0.02               |
| 1,500  | Merck                       | 50                       | 0.12               |
| 9,800  | Mylan^                      | 280                      | 0.65               |
| 2,500  | Pfizer                      | 44                       | 0.10               |
| 300  | Varian Medical              | 14                       | 0.03               |
|  |                             | 956                      | 2.23               |

# Barclays US Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value | Investment  | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|---|--------------------------|--------------------|
|                               | <b>NORTH AMERICA: 90.49% (93.41%) continued</b>           |                          |                    |
|                               | <b>UNITED STATES: 90.04% (93.41%) continued</b>           |                          |                    |
|                               | <b>Real Estate Investment Trusts: 0.12% (2.01%)</b>       |                          |                    |
| 500                           | Crown Castle International                                | 23                       | 0.05               |
| 300                           | Public Storage  | 30                       | 0.07               |
|                               |   | 53                       | 0.12               |
|                               | <b>Software &amp; Computer Services: 2.04% (1.89%)</b>    |                          |                    |
| 3,000                         | Adobe Systems^  | 107                      | 0.25               |
| 3,200                         | CA^   | 55                       | 0.13               |
| 2,200                         | Cognizant Technology Solutions Class 'A'^                 | 62                       | 0.15               |
| 1,200                         | Computer Sciences   | 44                       | 0.10               |
| 3,000                         | Intuit^   | 132                      | 0.31               |
| 4,900                         | VeriSign^   | 141                      | 0.33               |
| 16,300                        | Yahoo!^   | 328                      | 0.77               |
|                               |   | 869                      | 2.04               |
|                               | <b>Support Services: 4.64% (0.81%)</b>                    |                          |                    |
| 1,200                         | Alliance Data Systems                                     | 168                      | 0.39               |
| 9,100                         | Automatic Data Processing^                                | 416                      | 0.97               |
| 4,000                         | Cintas^   | 143                      | 0.34               |
| 9,200                         | Fidelity National Information Services                    | 295                      | 0.69               |
| 10,800                        | Fiserv^   | 384                      | 0.90               |
| 5,900                         | Paychex^  | 142                      | 0.33               |
| 1,200                         | Republic Services   | 25                       | 0.06               |
| 900                           | Stericycle^   | 60                       | 0.14               |
| 6,100                         | Total System Services                                     | 113                      | 0.26               |
| 2,700                         | Waste Management  | 71                       | 0.17               |
| 100                           | W.W. Grainger   | 15                       | 0.04               |
| 20,800                        | Xerox   | 147                      | 0.35               |
|                               |   | 1,979                    | 4.64               |
|                               | <b>Technology Hardware &amp; Equipment: 3.82% (2.19%)</b> |                          |                    |
| 800                           | Apple^  | 280                      | 0.66               |
| 7,900                         | Applied Materials^  | 88                       | 0.21               |
| 4,300                         | Harris  | 192                      | 0.45               |
| 700                           | Juniper Networks  | 10                       | 0.02               |
| 2,300                         | Linear Technology^  | 61                       | 0.14               |
| 300                           | Microchip Technology^                                     | 8                        | 0.02               |
| 26,400                        | Micron Technology^  | 406                      | 0.95               |
| 5,000                         | Motorola Solutions  | 197                      | 0.46               |
| 2,200                         | NetApp^   | 45                       | 0.11               |
| 7,400                         | Pitney Bowes  | 114                      | 0.27               |
| 3,000                         | Western Digital^  | 152                      | 0.35               |
| 2,900                         | Xilinx^   | 78                       | 0.18               |
|                               |   | 1,631                    | 3.82               |

# Barclays US Alpha Fund (continued)

## Portfolio Statement as at 15 May 2014 (continued)

| Holding /<br>Nominal<br>Value | Investment                                      | Market<br>Value<br>£'000 | % of Net<br>Assets |
|-------------------------------|---|--------------------------|--------------------|
|                               | <b>NORTH AMERICA: 90.49% (93.41%) continued</b> |                          |                    |
|                               | <b>UNITED STATES: 90.04% (93.41%) continued</b> |                          |                    |
|                               | <b>Tobacco: 0.97% (1.84%)</b>                   |                          |                    |
| 4,100                         | Altria  | 98                       | 0.23               |
| 3,400                         | Lorillard                                       | 115                      | 0.27               |
| 6,000                         | Reynolds American                               | 202                      | 0.47               |
|                               |   | 415                      | 0.97               |
|                               | <b>Travel &amp; Leisure: 2.60% (0.35%)</b>      |                          |                    |
| 600                           | Chipotle Mexican Grill                          | 177                      | 0.42               |
| 6,200                         | Delta Air Lines                                 | 141                      | 0.33               |
| 400                           | Marriott International^                         | 14                       | 0.03               |
| 100                           | Priceline Group^                                | 68                       | 0.16               |
| 24,800                        | Southwest Airlines                              | 366                      | 0.86               |
| 2,600                         | Starbucks^                                      | 108                      | 0.25               |
| 1,400                         | TripAdvisor^                                    | 70                       | 0.16               |
| 1,400                         | Wynn Resorts^                                   | 168                      | 0.39               |
|                               |   | 1,112                    | 2.60               |
|                               | <b>VIRGIN ISLANDS: 0.36% (0.00%)</b>            |                          |                    |
|                               | <b>Personal Goods: 0.36% (0.00%)</b>            |                          |                    |
| 2,800                         | Michael Kors                                    | 152                      | 0.36               |
|                               | <b>FUTURES: 0.04% (0.15%)</b>                   |                          |                    |
| 37                            | S&P 500 E-Mini Future June 2014                 | 18                       | 0.04               |
|                               | <b>Portfolio of investments*</b>                | <b>40,655</b>            | <b>95.18</b>       |
|                               | <b>Net other assets</b>                         | <b>2,058</b>             | <b>4.82</b>        |
|                               | <b>Net assets</b>                               | <b>42,713</b>            | <b>100.00</b>      |

\*Including derivatives.

^ These securities are quoted on NASDAQ and comprise 20.37% of the Net Asset Value.

| Portfolio Information               | Year to<br>15/05/2014 |
|-------------------------------------|-----------------------|
| <b>Total purchases for the year</b> | <b>£46,729,540</b>    |
| <b>Total sales for the year</b>     | <b>£56,915,974</b>    |

| Counterparty  | Total Global Exposure<br>£ |
|---------------|----------------------------|
| Goldman Sachs | 18,000                     |

# Barclays US Alpha Fund (continued)

## Statement of Total Return for the year ended 15 May 2014

|   |      | 16/05/2013 to<br>15/05/2014 |               | 16/05/2012 to<br>15/05/2013 |                |
|---|------|-----------------------------|---------------|-----------------------------|----------------|
|   | Note | £'000                       | £'000         | £'000                       | £'000          |
| <b>Income</b>   |      |                             |               |                             |                |
| Net capital gains   | 2    |                             | 1,183         |                             | 12,584         |
| Revenue   | 3    | 745                         |               | 994                         |                |
| Expenses  | 4    | (320)                       |               | (331)                       |                |
| Finance costs: Interest   | 6    | (1)                         |               | (1)                         |                |
| Net revenue before taxation   |      | 424                         |               | 662                         |                |
| Taxation  | 5    | (105)                       |               | (142)                       |                |
| Net revenue after taxation for the year   |      |                             | 319           |                             | 520            |
| Total return before distributions   |      |                             | 1,502         |                             | 13,104         |
| Finance costs: Distributions  | 6    |                             | (335)         |                             | (520)          |
| <b>Change in net assets attributable to shareholders from investment activities</b> |      |                             | <b>£1,167</b> |                             | <b>£12,584</b> |

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 15 May 2014

|  |  | 16/05/2013 to<br>15/05/2014 |                | 16/05/2012 to<br>15/05/2013 |                |
|--|--|-----------------------------|----------------|-----------------------------|----------------|
|  |  | £'000                       | £'000          | £'000                       | £'000          |
| <b>Opening net assets attributable to shareholders</b>                       |  |                             | <b>52,570</b>  |                             | <b>44,753</b>  |
| Movement due to sales and repurchases of shares:                             |  |                             |                |                             |                |
| Amounts receivable on issues of shares                                       |  | 5,293                       |                | 1,492                       |                |
| Amounts payable on cancellation of shares                                    |  | (16,318)                    |                | (6,261)                     |                |
|  |  |                             | (11,025)       |                             | (4,769)        |
| Change in net assets attributable to shareholders from investment activities |  |                             | 1,167          |                             | 12,584         |
| Retained distribution on accumulation shares                                 |  |                             | 1              |                             | -              |
| Unclaimed distributions  |  |                             | -              |                             | 2              |
| <b>Closing net assets attributable to shareholders</b>                       |  |                             | <b>£42,713</b> |                             | <b>£52,570</b> |

# Barclays US Alpha Fund (continued)

## Balance Sheet as at 15 May 2014

|  | Note | £'000   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|------|---------|---------------------|---------------------|
| <b>Assets</b>                                  |      |         |                     |                     |
| Investment Assets                              |      |         | 40,655              | 50,920              |
| Debtors  | 7    | 1,229   |                     | 79                  |
| Cash and bank balances                         | 8    | 3,350   |                     | 3,248               |
| Total other assets                             |      |         | 4,579               | 3,327               |
| <b>Total assets</b>                            |      |         | <b>45,234</b>       | <b>54,247</b>       |
| <b>Liabilities</b>                             |      |         |                     |                     |
| Creditors                                      | 9    | (1,323) |                     | (139)               |
| Bank overdrafts                                | 8    | (881)   |                     | (1,031)             |
| Distribution payable on income shares          |      | (317)   |                     | (507)               |
| Total other liabilities                        |      |         | (2,521)             | (1,677)             |
| <b>Total liabilities</b>                       |      |         | <b>(2,521)</b>      | <b>(1,677)</b>      |
| <b>Net assets attributable to shareholders</b> |      |         | <b>£42,713</b>      | <b>£52,570</b>      |

# Barclays US Alpha Fund (continued)

## Notes to the Financial Statements

### 1. Accounting policies

The accounting policies can be found on pages 11 and 12.

### 2. Net capital gains

|  | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--|--------------------------------------|--------------------------------------|
| The net capital gains on investments during the year comprise: |                                      |                                      |
| Non-derivative securities                                      | 892                                  | 12,308                               |
| Derivative contracts   | 397                                  | 297                                  |
| Currency (losses)/gains  | (83)                                 | 2                                    |
| Transaction charges  | (23)                                 | (23)                                 |
| Net capital gains  | 1,183                                | 12,584                               |

### 3. Revenue

|                                | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Overseas REIT dividends        | 13                                   | 25                                   |
| Unfranked UK dividends         | 1                                    | -                                    |
| Non-taxable overseas dividends | 730                                  | 969                                  |
| Bank interest                  | 1                                    | -                                    |
| Total revenue                  | 745                                  | 994                                  |

### 4. Expenses

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Payable to the ACD, associates of the ACD and agents of either of them:               |                                      |                                      |
| ACD's periodic fee  | 216                                  | 247                                  |
| Registration fee  | 19                                   | 19                                   |
|   | 235                                  | 266                                  |
| Payable to the Depositary, associates of the Depositary and agents of either of them: |                                      |                                      |
| Depositary fee  | 5                                    | 5                                    |
| Safe custody fee  | 3                                    | 5                                    |
|   | 8                                    | 10                                   |
| Other expenses:   |                                      |                                      |
| Administration fee  | 55                                   | 24                                   |
| Audit fee   | 12                                   | 14                                   |
| VAT on audit fee  | 2                                    | 3                                    |
| Printing fee  | 7                                    | 11                                   |
| Tax advice fee  | 1                                    | 3                                    |
|   | 77                                   | 55                                   |
| Total expenses  | 320                                  | 331                                  |



# Barclays US Alpha Fund (continued)

## Notes to the Financial Statements (continued)

### 5. Taxation

#### (a) Analysis of taxation charge in year

|                          | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|--------------------------|--------------------------------------|--------------------------------------|
| Overseas tax             | 105                                  | 142                                  |
| Current tax [note 5(b)]  | 105                                  | 142                                  |
| Deferred tax [note 5(c)] | -                                    | -                                    |
| Total taxation           | 105                                  | 142                                  |

#### (b) Factors affecting taxation charge for the year

The tax assessed for the year is higher than (2013: higher than) the standard rate of corporation tax in the UK for an open-ended investment company (20%). The differences are explained below:

|  | £'000 | £'000 |
|--|-------|-------|
| Net revenue before taxation  | 424   | 662   |
| Net revenue before taxation multiplied by the appropriate rate of corporation tax at 20% (2013: 20%) | 85    | 132   |
| Effects of:  |       |       |
| Overseas tax   | 105   | 142   |
| Revenue not subject to taxation  | (146) | (193) |
| Excess management expenses not utilised  | 61    | 61    |
| Current tax  | 105   | 142   |

#### (c) Provision for deferred tax

There is no deferred tax provision in the current year (15 May 2013: same).

At the year end, there is a potential deferred tax asset of £502,575 (£440,188 at 15 May 2013) due to surplus management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (15 May 2013: same).

### 6. Finance cost: Distributions and Interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares and comprise:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Final distribution                              | 318                                  | 507                                  |
| Add: Revenue deducted on cancellation of shares | 34                                   | 27                                   |
| Less: Revenue received on creation of shares    | (17)                                 | (14)                                 |
| Distributions for the year                      | 335                                  | 520                                  |
| Interest  |                                      |                                      |
| Bank overdraft interest                         | 1                                    | 1                                    |
| Total finance costs                             | 336                                  | 521                                  |

# Barclays US Alpha Fund (continued)

## Notes to the Financial Statements (continued)

### 6. Finance cost: Distributions and Interest (continued)

The differences between the net revenue after taxation and the distribution for the year are as follows:

|   | 16/05/2013 to<br>15/05/2014<br>£'000 | 16/05/2012 to<br>15/05/2013<br>£'000 |
|---|--------------------------------------|--------------------------------------|
| Net revenue after taxation for the year | 319                                  | 520                                  |
| Add: Shortfall on income account        | 17                                   | -                                    |
| Less: Expenses charged against revenue  | (1)                                  | -                                    |
| Distributions for the year              | 335                                  | 520                                  |

### 7. Debtors

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts receivable for creation of shares | 208                 | -                   |
| Sales awaiting settlement                 | 985                 | -                   |
| Accrued revenue                           | 28                  | 69                  |
| Overseas tax recoverable                  | 5                   | 3                   |
| Margin interest receivable                | -                   | 7                   |
| Amounts receivable on FX contracts        | 3                   | -                   |
|   | 1,229               | 79                  |

### 8. Net uninvested cash

|   | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|---|---------------------|---------------------|
| Amounts held at futures clearing houses and brokers | 393                 | 174                 |
| Bank overdrafts                                     | (881)               | (1,031)             |
| Cash and bank balances                              | 2,957               | 3,074               |
| Net uninvested cash                                 | 2,469               | 2,217               |

### 9. Creditors

|  | 15/05/2014<br>£'000 | 15/05/2013<br>£'000 |
|--|---------------------|---------------------|
| Amounts payable for cancellation of shares | 204                 | 37                  |
| Purchases awaiting settlement              | 1,023               | -                   |
| Accrued expenses                           | 92                  | 102                 |
| Amounts payable on FX contracts            | 4                   | -                   |
|  | 1,323               | 139                 |

### 10. Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (15 May 2013: same).

### 11. Risk in relation to the financial instruments

The Fund's investment objective is stated on page 123. In pursuing its objective, the Fund holds financial instruments which expose it to various types of risk. The main risks, and the ACD's policy for managing these risks are set out below. These were applied consistently throughout the current and preceding year.

# Barclays US Alpha Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

#### (a) Credit and liquidity risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligations. The primary source of this risk to the Fund is for trade counterparties to fail to meet their transaction commitments. This risk is managed by appraising the credit profile of financial instruments and trade counterparties.

Liquidity risk relates to the capacity to meet liabilities. The primary source of this risk to the Fund is the liability to Shareholders for any cancellation of shares. This risk is minimised by holding cash and readily realisable securities and via access to overdraft facilities.

#### (b) Market risk

Market risk arises mainly from uncertainty about future prices. The primary source of this risk to the Fund is the potential movement in the value of financial instruments held as a result of price fluctuations. The ACD adheres to the investment guidelines and borrowing powers established in the Prospectus and the COLL. In this way, the ACD monitors and controls the exposure to risk from any type of security, sector or issuer.

The Fund may also use derivative instruments to mitigate risk and/or reduce costs. These instruments are not utilised for speculative purposes. Derivative instruments were utilised during the current and preceding year.

#### (c) Foreign currency risk

Foreign currency risk is the risk of movements in the value of overseas financial instruments as a result of fluctuations in exchange rates. This risk may be managed by the utilisation of forward currency contracts as necessary. Forward currency contracts were not utilised during the current and preceding year.

The foreign currency profile of the Fund's net assets at the balance sheet date was:

|            | Monetary<br>exposure<br>£'000 | Non-monetary<br>exposure<br>£'000 | Total<br>£'000 |
|------------|-------------------------------|-----------------------------------|----------------|
| 15/05/2014 |                               |                                   |                |
| Currency   |                               |                                   |                |
| Euro       | 4                             | -                                 | 4              |
| US Dollar  | 494                           | 40,594                            | 41,088         |
|            | 498                           | 40,594                            | 41,092         |
| 15/05/2013 |                               |                                   |                |
| Currency   |                               |                                   |                |
| US Dollar  | 547                           | 50,918                            | 51,465         |
|            | 547                           | 50,918                            | 51,465         |

#### (d) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates. The Fund's only interest bearing financial instruments at the balance sheet date were its bank balances and overdraft facilities as disclosed in note 8.

Cash is deposited, and overdraft facilities utilised, on normal commercial terms and earn or bear interest based on LIBOR or its overseas equivalent.

#### (e) Derivatives - Sensitivity analysis

The Fund invests in S&P 500 E-Mini futures to obtain market exposure to enable it to meet the Fund objectives whilst reducing transaction costs.

# Barclays US Alpha Fund (continued)

## Notes to the Financial Statements (continued)

### 11. Risk in relation to the financial instruments (continued)

#### (f) Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

### 12. Portfolio transaction costs

|  | 16/05/2013 to<br>15/05/2014 |        | 16/05/2012 to<br>15/05/2013 |        |
|--|-----------------------------|--------|-----------------------------|--------|
|  | £'000                       | £'000  | £'000                       | £'000  |
| Analysis of total purchase costs           |                             |        |                             |        |
| Purchases in year before transaction costs |                             | 46,711 |                             | 57,128 |
| Commissions                                | 19                          |        | 25                          |        |
| Total purchase costs                       |                             | 19     |                             | 25     |
| Gross purchase total                       |                             | 46,730 |                             | 57,153 |
| Analysis of total sales costs              |                             |        |                             |        |
| Gross sales before transaction costs       |                             | 56,938 |                             | 61,359 |
| Commissions                                | (21)                        |        | (26)                        |        |
| Fees                                       | (1)                         |        | (1)                         |        |
| Total sales costs                          |                             | (22)   |                             | (27)   |
| Total sales net of transaction costs       |                             | 56,916 |                             | 61,332 |

### 13. Ultimate controlling party and related party transactions

The ACD is regarded as controlling party of the Fund by virtue of having the ability to act in concert in respect of Fund operations. The ultimate controlling party of the ACD is Barclays Plc. This entity and its subsidiaries are also related parties of the Fund.

At the year end, the ACD and its associates held 2.36% of the Fund's shares in issue (2.26% at 15 May 2013). Details of all other material related party transactions during the year and any payment amounts outstanding at the balance sheet date are disclosed in notes 4, 7 and 9 to the financial statements, and the Statement of Change in Net Assets Attributable to Shareholders and the Portfolio Statement. Within note 9, accrued expenses (including amounts due to associates and agents) of £27,706 (£54,405 15 May 2013) are due to the ACD.

# Barclays US Alpha Fund (continued)

## Distribution Table for the year ended 15 May 2014

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

Equalisation applies only to shares purchased during the distribution year (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital.

Being capital, it is not liable to Income tax but must be deducted from the cost of shares for Capital Gains tax purposes.

### Final dividend distribution in pence per share

|                             | Net<br>Revenue | Equalisation | Distribution<br>Paid<br>15/07/2014 | Distribution<br>Paid<br>15/07/2013 |
|-----------------------------|----------------|--------------|------------------------------------|------------------------------------|
| <b>A-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | -              | -            | -                                  | 0.0127p                            |
| Group 2                     | -              | -            | -                                  | 0.0127p                            |
| <b>A-Class Accumulation</b> |                |              |                                    |                                    |
| Group 1                     | -              | -            | -                                  | 0.0158p                            |
| Group 2                     | -              | -            | -                                  | 0.0158p                            |
| <b>B-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | -              | -            | -                                  | 0.5936p                            |
| Group 2                     | -              | -            | -                                  | 0.5936p                            |
| <b>I-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 1.2177p        | -            | 1.2177p                            | 1.9723p                            |
| Group 2                     | 0.2469p        | 0.9708p      | 1.2177p                            | 1.9723p                            |
| <b>M-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 2.3631p        | -            | 2.3631p                            | 2.9517p                            |
| Group 2                     | 1.3217p        | 1.0414p      | 2.3631p                            | 2.9517p                            |
| <b>R-Class Distribution</b> |                |              |                                    |                                    |
| Group 1                     | 3.3000p        | -            | 3.3000p                            | 2.1779p                            |
| Group 2                     | 0.0121p        | 3.2879p      | 3.3000p                            | 2.1779p                            |
| <b>R-Class Accumulation</b> |                |              |                                    |                                    |
| Group 1                     | 0.7612p        | -            | 0.7612p                            | 2.1779p                            |
| Group 2                     | 0.0033p        | 0.7579p      | 0.7612p                            | 2.1779p                            |

# Barclays US Alpha Fund (continued)

## Risk and Reward Profile

| 1   | 2 | 3 | 4 | 5  | 6 | 7 |
|---|---|---|---|--|---|---|
| <p>The risk and reward category is calculated using historical data which may not be a reliable indicator of the Fund's future risk profile.</p> <p>The risk and reward category may shift over time and is not a target or a guarantee.</p> <p>The lowest category (i.e. Category 1) does not mean a risk-free investment.</p> <p>The Fund is in Category 6 because of the high range and frequency of price movements (volatility) of the underlying investments in which the Fund invests.</p> <p>The following are additional risks not covered by the risk and reward category.</p> <p>The Fund may be exposed to stock market movements in a single country or region which may be adversely affected by political or economic developments, government action or natural events that do not affect a fund investing in broader markets.</p> <p>The Fund may use financial contracts (known as derivatives) in an attempt to reduce risk (hedging) or for investment purposes. It may be that the use of derivatives causes share prices to fluctuate which may in turn result in loss to the Fund.</p> |   |   |   | <p>The Fund relies upon the performance of one or more investment managers. If the investment managers perform poorly, the value of your investment is likely to be adversely affected.</p> <p>Future legal or regulatory change could have a substantial adverse effect on the Fund and your investment.</p> <p>Stock markets can be volatile, meaning that the prices of shares held by the Fund can change quickly and substantially.</p> <p>The Fund is not guaranteed and your investment is at risk. You may lose some or all of your investment.</p> <p>If you purchase shares in the Fund through a clearing or settlement system, you will be bound by its terms and conditions, which may include the payment of additional fees.</p> <p>The Fund may seek to identify and invest in undervalued securities. The identification of investment opportunities in undervalued securities is difficult and there can be no assurance that such opportunities will be successfully identified.</p> <p>The figure for the synthetic risk and reward indicator disclosed in the financial statements is the same as the most up-to-date key investor information document ('KIID').</p> <p>More information in relation to risks in general may be found in the "Risk Factors" section of the Prospectus.</p> |   |   |

# Barclays US Alpha Fund (continued)

## Fund Facts

### Ongoing Charge Figure

| Accounting Date                     | 15/05/2014 | 15/05/2013 |
|-------------------------------------|------------|------------|
| A-Class Distribution                | 1.91%      | 1.91%      |
| A-Class Accumulation                | 1.91%      | 1.91%      |
| B-Class Distribution                | 1.66%      | 1.66%      |
| I-Class Distribution                | 1.06%      | 1.06%      |
| M-Class Distribution                | 0.66%      | 0.66%      |
| R-Class Distribution <sup>(1)</sup> | 0.26%      | 0.26%      |
| R-Class Accumulation <sup>(1)</sup> | 1.30%      | 0.26%      |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012. No annual management charge was charged on either share class during the period from 16 November 2012 to 15 May 2013. A charge commenced on the R-Class Distribution shares and R-Class Accumulation shares on 15 May 2014 and 15 June 2013 respectively.

The Ongoing Charge Figure ('OCF') represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the period - it does not include initial charges or performance fees. The OCF includes the annual management charge and also the following charges which are deducted directly from the Fund: Directors Fees and Registration Fees.

The OCF is expressed as an annual percentage rate.

### Net Asset Value

|                                     | Net Asset Value<br>£'000 | Net Asset Value<br>per Share | Number of<br>Shares in<br>Issue '000 |
|-------------------------------------|--------------------------|------------------------------|--------------------------------------|
| <b>15/05/2012</b>                   |                          |                              |                                      |
| A-Class Distribution                | 643                      | 207.42p                      | 310                                  |
| A-Class Accumulation                | 3,052                    | 212.39p                      | 1,437                                |
| B-Class Distribution                | 439                      | 208.06p                      | 211                                  |
| I-Class Distribution                | 181                      | 208.05p                      | 87                                   |
| M-Class Distribution                | 40,438                   | 212.03p                      | 19,072                               |
| <b>15/05/2013</b>                   |                          |                              |                                      |
| A-Class Distribution                | 681                      | 271.31p                      | 251                                  |
| A-Class Accumulation                | 3,587                    | 278.06p                      | 1,290                                |
| B-Class Distribution                | 532                      | 272.82p                      | 195                                  |
| I-Class Distribution                | 200                      | 273.97p                      | 73                                   |
| M-Class Distribution                | 47,568                   | 278.29p                      | 17,093                               |
| R-Class Distribution <sup>(1)</sup> | 1                        | 272.88p                      | .*                                   |
| R-Class Accumulation <sup>(1)</sup> | 1                        | 275.08p                      | .*                                   |
| <b>15/05/2014</b>                   |                          |                              |                                      |
| A-Class Distribution                | 561                      | 277.72p                      | 202                                  |
| A-Class Accumulation                | 2,979                    | 284.53p                      | 1,047                                |
| B-Class Distribution                | 481                      | 279.65p                      | 172                                  |
| I-Class Distribution                | 181                      | 278.46p                      | 65                                   |
| M-Class Distribution                | 38,200                   | 285.99p                      | 13,357                               |
| R-Class Distribution                | 33                       | 275.00p                      | 12                                   |
| R-Class Accumulation                | 278                      | 283.67p                      | 98                                   |

<sup>(1)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

\* The number of shares in issue at the year end for this share class is less than 500 units and therefore not rounded up to the nearest thousands for disclosure purposes.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**

# Barclays US Alpha Fund (continued)

## Share Price Range and Net Revenue

| Year                        | Highest<br>Share Price | Lowest<br>Share Price | Net Revenue<br>per Share |
|-----------------------------|------------------------|-----------------------|--------------------------|
| <b>A-Class Distribution</b> |                        |                       |                          |
| 2009                        | 187.70p                | 127.90p               | 0.1585p                  |
| 2010                        | 209.70p                | 174.50p               | -                        |
| 2011                        | 215.77p                | 172.18p               | -                        |
| 2012                        | 225.25p                | 201.77p               | -                        |
| 2013                        | 280.86p                | 217.29p               | 0.0127p                  |
| 2014 <sup>(1)</sup>         | 287.17p                | 266.55p               | -                        |
| <b>A-Class Accumulation</b> |                        |                       |                          |
| 2009                        | 192.30p                | 131.10p               | 0.1767p                  |
| 2010                        | 214.90p                | 178.70p               | -                        |
| 2011                        | 221.04p                | 176.39p               | -                        |
| 2012                        | 230.75p                | 206.70p               | -                        |
| 2013                        | 287.73p                | 222.60p               | 0.0158p                  |
| 2014 <sup>(1)</sup>         | 294.21p                | 273.08p               | -                        |
| <b>B-Class Distribution</b> |                        |                       |                          |
| 2009                        | 189.60p                | 129.40p               | -                        |
| 2010                        | 210.80p                | 175.70p               | -                        |
| 2011                        | 216.54p                | 172.85p               | -                        |
| 2012                        | 226.26p                | 202.73p               | 0.4569p                  |
| 2013                        | 282.46p                | 218.47p               | 0.5936p                  |
| 2014 <sup>(1)</sup>         | 288.99p                | 268.15p               | -                        |
| <b>I-Class Distribution</b> |                        |                       |                          |
| 2009                        | 189.70p                | 129.90p               | 0.8369p                  |
| 2010                        | 210.90p                | 175.80p               | -                        |
| 2011                        | 216.75p                | 173.11p               | -                        |
| 2012                        | 226.87p                | 203.41p               | 1.6187p                  |
| 2013                        | 283.91p                | 219.38p               | 1.9723p                  |
| 2014 <sup>(1)</sup>         | 290.87p                | 269.70p               | 1.2177p                  |
| <b>M-Class Distribution</b> |                        |                       |                          |
| 2009                        | 191.20p                | 130.60p               | 2.0882p                  |
| 2010                        | 214.80p                | 177.70p               | 1.5270p                  |
| 2011                        | 220.82p                | 176.51p               | 1.5005p                  |
| 2012                        | 231.51p                | 207.74p               | 2.2981p                  |
| 2013                        | 290.15p                | 224.08p               | 2.9517p                  |
| 2014 <sup>(1)</sup>         | 297.55p                | 275.75p               | 2.3631p                  |
| <b>R-Class Distribution</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 221.72p                | 214.72p               | -                        |
| 2013                        | 285.19p                | 218.85p               | 2.1779p                  |
| 2014 <sup>(1)</sup>         | 292.72p                | 271.16p               | 3.3000p                  |
| <b>R-Class Accumulation</b> |                        |                       |                          |
| 2012 <sup>(2)</sup>         | 221.72p                | 214.72p               | -                        |
| 2013                        | 285.87p                | 218.85p               | 2.1779p                  |
| 2014 <sup>(1)</sup>         | 292.72p                | 271.49p               | 0.7612p                  |

<sup>(1)</sup> The above table shows the highest and lowest share prices to 15 May 2014 and net revenue per share to 15 July 2014.

<sup>(2)</sup> R-Class Distribution and R-Class Accumulation shares launched on 16 November 2012.

**Past performance is not a guide to future performance.**

**The price of shares and the income from them may go down as well as up.**

**Exchange rate changes may cause the value of any overseas investments to rise or fall.**



# General Information

## Barclays UK Lower Cap Fund

### Constitution

|                                      |  |
|--------------------------------------|--|
| Launch date:                         | May 1987   |
| Period end dates for distributions:  | 15 May   |
| Distribution dates:                  | 15 July  |
| Minimum initial lump sum investment: | A-Class - £500<br>B-Class - £100,000<br>M-Class - N/A<br>R-Class - £2,000,000      |
| Minimum monthly contribution:        | A-Class - £50<br>B-Class - N/A<br>M-Class - N/A<br>R-Class - N/A                   |
| Valuation point:                     | 1 am   |
| Annual management charges:           | A-Class - 1.50%<br>B-Class - 1.25%<br>M-Class - Capped at 0.90%<br>R-Class - 1.05% |
| Initial charges:                     | A-Class - 4.50%<br>B-Class - N/A<br>M-Class - N/A<br>R-Class - 2.00%               |

## Barclays Sterling Bond Fund

### Constitution

|                                      |   |
|--------------------------------------|---|
| Launch date:                         | November 1982   |
| Period end dates for distributions:  | 15 February 15 May<br>15 August 15 November   |
| Distribution dates:                  | 15 January 15 April<br>15 July 15 October   |
| Minimum initial lump sum investment: | A-Class - £500<br>B-Class - £100,000<br>M-Class - N/A<br>I-Class - £2,000,000<br>R-Class - £2,000,000           |
| Minimum monthly contribution:        | A-Class - £50<br>B-Class - N/A<br>M-Class - N/A<br>I-Class - N/A<br>R-Class - N/A                               |
| Valuation point:                     | 1 am  |
| Annual management charges:           | A-Class - 1.00%<br>B-Class - 0.85%<br>M-Class - Capped at 0.90%<br>I-Class - Capped at 1.15%<br>R-Class - 0.60% |
| Initial charges:                     | A-Class - 4.00%<br>B-Class - 2.00%<br>M-Class - N/A<br>I-Class - N/A<br>R-Class - 2.00%                         |

## General Information (continued)

### Barclays UK Alpha (Series 2) Fund

#### Constitution

|                                      |   |
|--------------------------------------|---|
| Launch date:                         | November 1972   |
| Period end dates for distributions:  | 15 May  |
| Distribution dates:                  | 15 July   |
| Minimum initial lump sum investment: | A-Class - £500<br>B-Class - £100,000<br>M-Class - N/A<br>I-Class - £2,000,000<br>R-Class - £2,000,000           |
| Minimum monthly contribution:        | A-Class - £50<br>B-Class - N/A<br>M-Class - N/A<br>I-Class - N/A<br>R-Class - N/A                               |
| Valuation point:                     | 1am   |
| Annual management charges:           | A-Class - 1.50%<br>B-Class - 1.25%<br>M-Class - Capped at 0.90%<br>I-Class - Capped at 1.15%<br>R-Class - 0.90% |
| Initial charges:                     | A-Class - 4.50%<br>B-Class - N/A<br>M-Class - N/A<br>I-Class - N/A<br>R-Class - 2.00%                           |

### Barclays Europe (ex-UK) Alpha Fund

#### Constitution

|                                      |  |
|--------------------------------------|--|
| Launch date:                         | February 2000  |
| Period end dates for distributions:  | 15 May   |
| Distribution dates:                  | 15 July  |
| Minimum initial lump sum investment: | A-Class - £500<br>B-Class - £100,000<br>M-Class - N/A<br>R-Class - £2,000,000      |
| Minimum monthly contribution:        | A-Class - £50<br>B-Class - N/A<br>M-Class - N/A<br>R-Class - N/A                   |
| Valuation point:                     | 1am  |
| Annual management charges:           | A-Class - 1.50%<br>B-Class - 1.25%<br>M-Class - Capped at 0.90%<br>R-Class - 0.90% |
| Initial charges:                     | A-Class - 4.50%<br>B-Class - N/A<br>M-Class - N/A<br>R-Class - 2.00%               |

# General Information (continued)

## Barclays UK Equity Income (Series 2) Fund

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### Constitution

|                                      |  |
|--------------------------------------|--|
| Launch date:                         | April 1972   |
| Period end dates for distributions:  | 15 May 15 November   |
| Distribution dates:                  | 15 January 15 July   |
| Minimum initial lump sum investment: | A-Class - £500<br>B-Class - £100,000<br>M-Class - N/A<br>R-Class - £2,000,000      |
| Minimum monthly contribution:        | A-Class - £50<br>B-Class - N/A<br>M-Class - N/A<br>R-Class - N/A                   |
| Valuation point:                     | 1am  |
| Annual management charges:           | A-Class - 1.50%<br>B-Class - 1.25%<br>M-Class - Capped at 0.90%<br>R-Class - 0.90% |
| Initial charges:                     | A-Class - 4.50%<br>B-Class - 2.00%<br>M-Class - N/A<br>R-Class - 2.00%             |

## Barclays US Alpha Fund

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### Constitution

|                                      |   |
|--------------------------------------|---|
| Launch date:                         | June 1989   |
| Period end dates for distributions:  | 15 May  |
| Distribution dates:                  | 15 July   |
| Minimum initial lump sum investment: | A-Class - £500<br>B-Class - £100,000<br>M-Class - N/A<br>I-Class - £2,000,000<br>R-Class - £2,000,000           |
| Minimum monthly contribution:        | A-Class - £50<br>B-Class - N/A<br>M-Class - N/A<br>I-Class - N/A<br>R-Class - N/A                               |
| Valuation point:                     | 1am   |
| Annual management charges:           | A-Class - 1.50%<br>B-Class - 1.25%<br>M-Class - Capped at 0.90%<br>I-Class - Capped at 1.15%<br>R-Class - 0.90% |
| Initial charges:                     | A-Class - 4.50%<br>B-Class - N/A<br>M-Class - N/A<br>I-Class - N/A<br>R-Class - 2.00%                           |

# General Information (continued)

## Pricing and Dealing

The Funds are valued at 1am daily. Prices are available on the internet at: [www.barclaysinvestments.co.uk](http://www.barclaysinvestments.co.uk).

Dealing in shares takes place on a forward pricing basis, from 9:00am to 5:30pm, Monday to Friday, excluding Bank Holidays.

## Buying and Selling Shares

Shares may be bought on any business day from the ACD or through financial adviser by telephoning or by completing an application form. Shares may normally be sold back to the ACD on any business day at the price calculated at the following valuation point.

## Prospectus and ACD's Reports

The ACD will send to all persons on the Shareholder Register annual and interim reports.

Copies of the Prospectus and the most recent annual or interim reports are available free of charge by telephoning 0845 300 4003 or by writing to the ACD.

Do you have difficulty in reading information in print because of a disability? If so, we can help. We are able to produce information for our clients in large print and braille. If you would like to discuss your particular requirements, please contact us on 0845 300 4003.

Calls charges will vary. We may record and monitor calls.

This item can be provided in Braille, large print or audio by calling 0800 400 100\* (via TextDirect if appropriate). If outside the UK call +44 (0)1624 6844 44\*

\*Calls are recorded so that we can monitor the quality of our service and for security purposes. Calls made to 0800 numbers are free if made from a UK landline. Other call costs may vary, please check with your telecoms provider. Lines are open from 8am to 6pm UK time Monday to Friday.

Barclays offers wealth and investment products and services to its clients through Barclays Bank PLC (Registered No: 1026167) and its subsidiary companies. These subsidiaries include Barclays Asset Management Limited (Registered No: 6991560) and Woolwich Plan Managers Limited (Registered No: 3230386). All three companies are registered in England and authorised and regulated by the Financial Conduct Authority. Registered Office: 1 Churchill Place, London E14 5HP.

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