BARCLAYS

The Barclays Global MA Index

The Barclays Global MA Index aims to provide stable returns through a diversified portfolio that provides exposure to global equities, commodities and fixed income while targeting a 7% volatility.

The Index has 12 components to provide diversification across asset classes and geographical regions.

Equities**	S&P	Nasdaq 100	Eurozone	Germany*	Japan	Emerging markets

Fixed Income	US 5Y	US	German 5Y*	German 10Y*	Japan 10Y*	Commodities	Gold

*Non U.S. Dollars denominated assets have their profits and losses converted to U.S. Dollars on a daily basis.
** Equities & Commodities components are futures indices except prior to 17-Dec-2009 when the Emerging Markets component was an ETF.

Portfolio Construction based on Modern Portfolio Theory and Momentum Investing

2-step optimization	1. The Base Combination	2. The Optimal Combination
Max 150% exposure	Objective: Maximise long-term returns based on principles of Modern Portfolio Theory	Objective: Tilt the weights of the Base Combination, based on momentum investing to react to short-term trends.

On each business day, Global MA determines an optimal combination of the index components using a 2-step process.

The first step is a process known as mean variance optimization and is based on the principles of Modern Portfolio Theory. Incorporating historical volatilities and correlations of the index components, the mean variance optimization process eliminates combinations with an estimated volatility greater than 7%, and selects the remaining combination with the highest estimated return potential by assuming a direct relationship between risk and return. This is known as the "base combination".

The second step tilts the weights in the base combination by up to 20% in total to reduce exposure to index components with weaker recent performance. This process selects an adjusted combination with the strongest short term performance momentum subject to the 7% volatility limit. This is called the "optimal combination".

On a daily basis, the Index checks whether it should rebalance its portfolio to match the optimal combination. Rebalance will occur only if the current weights and the optimal weights are different by more than 10% in total for all index components in either the consolidated equities & commodities asset class or the fixed income asset class.

This dynamic rebalancing approach is designed to avoid unnecessary adjustments to the portfolio when the market is stable, but also allows the index to rebalance as frequently as daily when market conditions are volatile.

Volatility Control Overlay

150% X 150% = 225% Max Exposure	In addition to dynamically rebalancing the portfolio, the Index adjusts its exposure to the portfolio up or down in an attempt to maintain the 7% volatility target. This exposure can be up to 150%, such that the Index may have up to 225% exposure to the index components

Global Equities, Fixed Income & Commodities

2-step Optimization to capture: Long-term volatility and correlation Short-term trends

Ability to Rebalance Daily

7% Volatility Control

The Index is calculated net of running and rebalancing costs for each index component. For more information on these costs, please see the Risk factors below.
For liquidity purposes, within the optimal combination all fixed income components have a maximum weight of 50%, while the weight for S&P500 is capped at 25%, NASDAQ 100 and EURO STOXX 50 equities at 20%, Germany and Japan at 15%, Emerging Markets at 10%, and Gold at 20%. The volatility control overlay may increase these weights by up to 1.5x.

Indices.barclays/GlobalMA

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Risk factors

An investment in the Barclays Global MA Index also involves fees, costs and risks. The following is a summary of these fees and costs and certain risks associated with The Index. You should consider the following, and consult with your advisers and read any product documentation carefully, before investing in any financial product based on the performance of the Index.

- The Index makes the following deductions: (1) A running cost ranging from 0.20% to 0.30% per annum depending on the component (see Appendix 1) (except prior to 17-Dec-2009, a financing cost of 3-month US dollar LIBOR plus 0.30% for the Emerging Markets components) on the notional exposure of the Index to the component which is deducted on a daily basis, and (2) a rebalancing cost ranging from 0.02% to 0.05% depending on the component (see Appendix 1) which applies to the change in notional exposure to the relevant component as a result of portfolio rebalancing as well as volatility control, and is deducted from the Index level each time the Index rebalances. These deductions will be reflected in the daily calculation of the daily Index level and will reduce performance of the Index, and the Index will underperform similar portfolios from which these fees and costs are not deducted.
- The Index strategy may be unsuccessful. The allocation between the components reflected in the Index at any time may not be optimized and may underperform a different allocation between the included asset classes. Historical volatility may prove to be a poor measure of predicting future returns and future volatility. Similarly, recent performance momentum may be a poor measure of predicting future returns. If either of the above is true, the allocation of underlying index components in the Index may not be optimized and the Index may perform poorly.
- The volatility control mechanism may not achieve its intended goal, and the Index may not achieve its target volatility of 7%. In addition, the Index may assign up to 225% of total exposure to its underlying assets, because relevant exposure levels determined by daily optimization and volatility control can both be up to 150%. When The Index's exposure to its underlying index components is greater than 100%, any negative performance of the underlying assets will be magnified and the level of the Index may decrease significantly.
- Any weight in the portfolio which is not invested will earn no return. In addition, if the Volatility control mechanism causes exposure to the Index Portfolio to be less than 100%, the difference will not be invested and will earn no return.
- The Index might include exposure limitations or restrictions that might result in the Index underperforming a similar strategy without these limitations or restrictions The Index may at any time be invested in only one or a small number of underlying assets, which produce lower returns than an investment in a more diversified pool of assets.
- The Index is subject to risks associated with rolling futures contracts, including the risk that its underlying indices will replace expiring contracts with higher-priced contracts, which may cause the index values to fall even if the spot levels of the bonds, commodities or equities underlying the relevant futures contracts are stable or increasing in value.
- The Index is subject to risks associated with movements in the exchange rates between the foreign currencies of the assets to which the Index provide exposure relative to the U.S. dollar and may underperform an index that is based on movements of futures contracts without taking currency conversion into account.
- The Index may produce negative returns if the relevant regional equity markets, emerging equity market and/or the relevant regional treasury markets have negative performance.
- The Index has a limited performance history, and any hypothetical back-tested data relating to the Index does not represent actual historical data and is subject to inherent limitations.

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