



# Single-Asset Class Fund Range

Assessment of Value Summary Report



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# Introduction to the Assessment of Value

The Financial Conduct Authority ("FCA") introduced rules, effective September 2019, requiring authorised fund managers ("AFMs"), including Barclays Asset Management Limited ("BAML"), to enhance their governance framework and demonstrate how their funds deliver value to investors. As part of this, and on an annual basis, all AFMs will now produce an Assessment of Value ("AoV") on the funds they manage and will review how they provide value across the following criteria:

1. Economies of Scale
2. Quality of Service
3. General Fund Costs
4. Comparable Market Rates
5. Comparable Services
6. Classes of Units
7. Performance

The wide range of criteria allows investors to see how the funds deliver value, not only in the context of fees and performance, but also through the different services they provide. The single-asset class fund range AoV will be conducted at least annually and a summary will be made available to investors on our website<sup>1</sup> on, or before, 28 November each calendar year.

The conclusions of the Assessment of Value will also be used to evidence our Price and Value outcomes under the FCA's Consumer Duty Regulation. As per industry practice, these conclusions will be included in the European MiFID Template v4.1.

As part of this AoV, we have conducted an extensive review of the single-asset class funds ("the Funds") we manage, set out below, and summarised our findings in this report, alongside any remedial action.

The Funds covered in this AoV are as follows:

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## **Barclays Multi-Manager Fund (UK)**

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Barclays UK Alpha Fund

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Barclays UK Small and Mid Cap Fund

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Barclays UK Equity Income Fund

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Barclays Global Core Fund

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Barclays Sterling Corporate Bond Fund

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<sup>1</sup> [www.barclaysinvestments.com](http://www.barclaysinvestments.com)

## Prior to the Assessment of Value

Before the introduction of the AoV, we have always challenged ourselves to keep enhancing the Funds, incorporate innovation and improve value and outcomes for investors. Some of the steps we have taken in the recent past are shown below, in light of new regulation or internal development. Highlights include:

- In the last five years, we have made 57 changes to the sub-investment managers of the Funds through our manager selection process; demonstrating our commitment to choosing the best in class managers across the world to deliver value and performance through our Funds
- In November 2018, the Class A Shares of the Funds had their annual management charge ("AMC") reduced to the lower rate charged by the Class B Shares. This led to a lower total cost for investors in these share classes
- In August 2019, we updated the Funds' prospectuses by making the benchmarks of the Funds clearer to allow investors to better compare the Funds' performance
- In February 2020, we improved the investment objectives and policies of the Funds to ensure that they provide clearer, more detailed information as to how each Fund is managed and the types of investments they make, in line with FCA guidance

## Independent validation of our AoV approach

As part of our commitment to produce a fair and unbiased AoV, we continue to employ the services of a specialist independent consultant. This consultant has a strong track record of helping support many firms with their AoV through their breadth of expertise and years of experience. For this Single-Asset AoV, its input has allowed us to:

### 1. Enhance our peer groups for our Comparable Market Rates analysis

We have been able to identify and provide the most comparable market share classes and provide bespoke peer groups for the share classes of each fund based on fundamental characteristics of the BAML Funds. This enables us to provide the most accurate review on our Funds through like-for-like comparisons to peer groups.

### 2. Provided validation of the value we are offering through our share classes within our Classes of Units analysis

We have obtained an external validation of the approach we have taken in providing value through our Classes of Units and how the differential in pricing across distribution channels relate to industry norms.

# Executive Summary and Key Findings

We have looked across the various criteria, whether that is through the savings investors can achieve through economies of scale (the cost advantages that companies obtain due to the scale of their operations), or the quality of service we provide, in order to make an assessment on the value of our Funds. Overall, we believe that the Funds do provide value for our investors and this report will describe how we believe that has been achieved.

It is important to note that the initiatives we have conducted in the past have improved many aspects of the Funds. As a result of the 2020 AoV, we took the decision to reduce the Annual Management Charge ("AMC") and Registration Fee ("RF") of a number of the Funds' share classes. This is to ensure that the share classes are consistently priced across the various distribution channels and Funds, leading to fair value for all investors. The following fee reductions took place in February 2021:

- AMC of Class M shares of the Barclays UK Alpha Fund and Barclays UK Equity Income Fund from 0.75% to 0.70%
- AMC of Class M shares of the Barclays Sterling Corporate Bond Fund from 0.40% to 0.35%
- AMC of Class R shares of the Barclays Sterling Corporate Bond Fund from 0.70% to 0.60%
- Registration Fee of Class R Shares for all funds 0.15% to 0.10%.

Furthermore, in May 2021, we took the opportunity to deliver additional value to investors through the merger of the sub-funds of Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2) umbrellas, outlined below.

Existing Funds	Receiving Funds
Barclays UK Alpha (Series 2) Fund#	
Barclays UK Core Fund*	Barclays UK Alpha Fund *
Barclays UK Opportunities Fund*	
Barclays UK Equity Income (Series 2) Fund#	Barclays UK Equity Income Fund*
Barclays Europe (Ex-UK) Alpha Fund #	Barclays Global Core Fund*
Barclays Sterling Bond Fund#	Barclays Sterling Corporate Bond Fund*
Barclays UK Lower Cap Fund#	Barclays UK Small and Mid Cap Fund <sup>2</sup>

Consolidation has enabled BAML to meet its regulatory obligations whilst eliminating duplication and create efficiencies across funds product management, finance, operations, risk, governance, trading, legal, and compliance. Value will also be enhanced through the following:

- **Economies of Scale:** with the exception of Barclays UK Small and Mid Cap Fund which was set up to receive the assets from Barclays UK Lower Cap Fund, the post-merger Funds have seen a significant rise in AUM. This will lead to a reduction in the ongoing charge figure ("OCF") across the vast majority of share classes. Whilst the AUM of Barclays UK Small and Mid Cap Fund has not grown through the mergers, we still consider it to have sufficient scale and, therefore, deem the transfer of assets from Barclays UK Lower Cap Fund to Barclays UK Small and Mid Cap Fund the most appropriate action
- **Performance:** this will be improved by increasing the AUM and efficiency of the Funds, whilst accessing the optimal blend of third party investment managers. For some sub-funds, this was previously not possible as the lower AUM levels limited the number of third party investment managers that we could award mandates to

It is our goal to ensure that we continue to deliver value for our investors in the future. Given the assessment will be conducted on an annual basis, we recognise that there will always be opportunities to deliver further value in the future and we will continue to monitor and improve, as appropriate.

#Sub-funds of the (now terminated) Barclays Multi-Manager Fund (UK Series 2)

\*Sub-funds of the Barclays Multi-Manager Fund (UK)

<sup>2</sup>New sub-fund created

## Outcome of the Review

- No area of concern identified against the criteria
- Identified an area that requires further monitoring
- Identified an area of concern requiring action

Fund	Criteria						
	Economies of Scale	Quality of Service	AFM Costs	Comparable Market Rates	Comparable Services	Classes of Units	Performance
Barclays UK Alpha Fund	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>
Barclays UK Small and Mid Cap Fund	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: red;">●</span>
Barclays UK Equity Income Fund	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>
Barclays Global Core Fund	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>
Barclays Sterling Corporate Bond Fund	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: green;">●</span>	<span style="color: yellow;">●</span>

## Key Findings

### Comparable Market Rates

- 4 of the 5 sub-funds, and their individual share classes, are delivering value in the context of charges in comparison to the broader comparable market. The A and R share classes of Barclays Global Core Fund are priced higher than their relative peer groups, driven by the low AUM of the Fund. We will continue to monitor the Fund and take appropriate action when necessary.
- In 8 out of 13 cases where there is a comparable multi-manager peer group, the Barclays Fund share class is cheaper than, or in line with, its' multi-manager peer group.

### Classes of Units

- Third party independent evaluation of our Classes of Units has shown that the charges for our legacy direct retail classes for equity sub-funds and fixed income sub-funds are at a 0.36% and 0.30% increment above the charges for the IA Primary, respectively. This is favourable in comparison to the 0.50% and 0.40% increment seen across the industry for equity and fixed income sub-funds, respectively.

### Performance

- Our overall rating of fund performance has changed since our previous Assessment of Value. 3 of the 5 sub-funds remain at an Amber rating, noting however that their individual quantitative scores improved over the period.
- Barclays Global Core Fund improved from an Amber to a Green rating. Performance against the Fund's benchmark has been strong over the last 12 months., Performance has been ahead of its peer group across all time horizons. This has been helped largely by recent performance which has seen improvement as the style headwinds previously faced by the Fund have abated.
- Barclays UK Small and Mid Cap Fund dropped from an Amber to a Red rating. The Fund received a low quantitative score due to its underperformance against both its index and peer group over the 1, 3, and 5 year time horizons. The Fund also struggled to meet its investment objective of providing capital growth over a 5 year period.

The performance challenges have been in the context of challenging market conditions over the last 12–18 months. These conditions proved especially difficult for one of the third party investment manager mandates that was overly exposed to highly valued growth shares in 2022, which saw their ratings and share prices fall sharply as inflation and geopolitical fears surfaced. Action has since been taken by the third-party investment manager to address these issues and the Fund will be closely monitored through the Manager Selection process detailed later in the Quality of Service section. Further action will be taken where necessary.

- The overall ratings are reflective of the combined quantitative and qualitative rating assigned to each Fund.

### AFM Costs

- We are comfortable with the level of charges for each of our Funds and believe that the Funds are not making excessive profits to the detriment of our investors.

### Economies of Scale

- Where economies of scale are achievable and exist, these are passed onto investors.

### Comparable Services

- The Funds are delivering value when compared to similar internally managed funds as well as comparing the investor servicing to that of the Barclays digital platform, Smart Investor.

### Quality of Service

- We have been recognised, and won awards, from industry bodies:
  - Citywire Selector Awards and nominations
  - Investor in Customer Gold Accreditation to our Fund Administrator

# Economies of Scale

## What does the Economies of Scale section cover?

The purpose of the Economies of Scale section is to assess whether the Funds achieve savings for investors and provide further value as the Assets Under Management ("AUM") of each Fund rises. This means that as the size of the Funds grow, a smaller proportion of an investor's investment is spent on activities necessary for the smooth running of the Funds, ultimately resulting in cost savings for the investor and therefore better overall returns.

## What is the approach we have taken?

When assessing economies of scale, we analysed the main costs of the Funds to see if savings are achieved as AUM increases, and if these are ultimately passed onto investors. The costs of the Funds that were reviewed included:

- **Ongoing Charge Figure ("OCF")** – this is the overall cost an investor pays for investing in a fund. This encompasses the four fees listed below and excludes transaction costs
- **Annual Management Charge ("AMC")** – this is payable to Barclays Asset Management Limited ("BAML") as the authorised fund manager ("AFM"). A portion of the AMC is paid to Barclays Investment Services Limited ("BISL") for investment management services
- **Third Party Investment Manager Fee** – this is the fee payable to our third party sub-investment managers and is paid from the AMC
- **Registration Fee** – this is the fee paid directly to BAML and is primarily used to pay the transfer agency services charged by Northern Trust, the appointed transfer agent
- **Third Party Costs** – these are the costs covering a number of services including Fund Accounting, Custody, Depositary, Legal, and Audit charges

## How did we do?

The first Fund cost we analysed was the total fund cost that an investor pays when investing in one of our Funds, the OCF. For all Funds we manage, investors benefit from a reduction in OCF when the AUM of the Funds rise. This is because the costs of certain services that investors pay for, as part of the OCF, are fixed (for example, fund accounting). Therefore, as the AUM of the Funds rise, the proportion of those fixed costs, relative to the amount invested, will reduce. When AUM rises significantly, those savings are passed onto investors through a reduction in OCF and they benefit from economies of scale.

Next, the AMC and Registration Fee were considered in the context of economies of scale and whether it would be appropriate to introduce a tiering mechanism, whereby the fees would marginally reduce as certain levels of AUM were reached for each Fund. These costs are used to pay for investment management and other operational services in order to ensure the smooth running of the Funds. In particular, the Registration Fee is mainly used to pay for the maintenance of the large direct investor book that invest in these Funds and other out of pocket expenses, including mailing costs. Both the AMC and Registration Fee are paid as a percentage of a Fund's AUM and therefore these costs rise and fall with the Fund's AUM, meaning economies of scale cannot be achieved. As the total AUM of the Funds across the fund range is not sufficiently large, it is not possible for us to implement a variable fee structure to achieve savings for investors. This is because

the Funds require considerable scale to operate such a structure. However, this will be reviewed as part of the annual AoV in the event that the Funds reach a greater size.

A portion of the AMC is used to pay the lead investment manager, Barclays Investment Solutions Limited ("BISL"), who in turn pays third party investment managers. This is because the investment management of the Funds is delegated to third parties, who are selected by BISL as the lead investment manager. This will be discussed in more detail in the Quality of Service section. How those third party investment managers are paid is determined by whether they operate on a fixed or tiered fee structure. For those third party investment managers that operate on a tiered fee structure, the fee that is paid to them will marginally reduce when certain AUM is reached and there may be circumstances where savings are achieved but not automatically passed onto investors. This is because the AMC of the Funds is a fixed percentage, whereas the fees paid to those underlying third party investment managers may vary. The cost of continually adjusting the AMC in response to a small adjustments in the underlying third party managers costs would outweigh the benefit to investors. As part of our regular product reviews, we continuously monitor the fees that are paid to the investment managers and where savings are potentially achieved, we look to pass that saving onto investors through a reduction in AMC.

Finally, there are operational services provided to investors that are conducted by other third parties, such as fund accounting. A selection of those costs are also tiered, which means that when the AUM of the Funds reach a certain level, the percentage cost of those services will marginally reduce, which in this instance investors do benefit from. In addition, some third party costs are fixed which means that as the AUM of the Funds rise significantly, the proportion of those fixed costs will reduce, leading to a lower OCF which investors also benefit from.

## What are the steps we have taken to add value for investors?

In light of the 2020 AoV, we took the opportunity to further increase economies of scale for the single-asset funds, and pass on savings to investors, through the mergers of the Barclays Multi-Manager Fund (UK) and Barclays Multi-Managed Fund (UK Series 2) umbrellas. This was completed in May 2021 and resulted in an increase in AUM of the newly merged sub-funds and, hence, a reduction in OCF; meaning that the cost paid by investors to invest in the Funds has fallen.

The only fund to not benefit from the mergers, in relation to OCF reductions, is the Barclays UK Small and Mid Cap Fund which was set up under the Barclays Multi-Manager Fund (UK) umbrella to accept the assets from Barclays UK Lower Cap Fund (a previous sub-fund of the Barclays Multi-Manager Fund (UK Series 2) umbrella). Whilst the Fund's AUM has not grown through the mergers, we still consider it to have sufficient scale and, therefore, deem the transfer of assets from Barclays UK Lower Cap Fund to Barclays UK Small and Mid Cap Fund the most appropriate action. Furthermore, the Fund benefits from the efficiencies created across funds product management, finance, operations, risk, governance, trading, legal, and compliance, as a result of the fund merger project.

In addition to the mergers, in February 2021, we also conducted a number of AMC and Registration Fee reductions, which are outlined in the Executive Summary section.

The Board will continue to monitor the economies of scale that investors could achieve, as part of its annual AoV.

# Quality of Service

## What does the Quality of Service section cover?

The purpose of the Quality of Service section is to look across our fund range and demonstrate how the different services add value for our investors. It is important for investors that we scrutinise and challenge ourselves on these services to ensure they continue to be of high quality and deliver value. Through this section, investors can gain insight into the level of service they are receiving, against the cost they are paying.

We performed detailed analysis on the quality of services provided by BAML, Barclays Investment Solutions Limited ("BISL") as Investment Manager, and other third parties who provide their own services to the Funds and investors. The services include those that may impact investors directly, such as our product literature, or those that may impact investors indirectly, such as our investment management process.

## What is the approach we have taken?

In order to assess the quality of each service, we reviewed all relevant quantitative measurements relating to both our internal practices and third party service providers. These include the service standards we have in place with those third party service providers. Where no quantitative data is available for particular services, we have taken a subjective review, which was validated by internal control functions. We have also reviewed quantitative data such as breaches and complaints to identify any themes that detract from the service to our investors.

## How did we do?

### Investment and Manager Selection Process

The Funds are a range of equity and fixed income funds managed by an experienced team of specialist fund selectors who apply their best thinking in selecting and blending exposure to some of the world's leading asset managers across different geographies. Whilst BISL manage each Fund through manager selection, they delegate individual security selection to the third party investment managers (or "sub-investment managers") using institutional style mandates that allows investors to access the broadest range of global investment talent with the highest levels of risk management and control.

The Manager Selection process features a comprehensive investment due diligence process, incorporating both quantitative and qualitative analysis.

Quantitative analysis incorporates a review of fund performance data in order to construct a peer group within each region, style and asset class.

In addition to the quantitative analysis, the team undertakes a thorough qualitative assessment of each manager in order to gather information on strategy. This involves a robust qualitative scoring (1-5) of each strategy, with only those achieving the highest scores being put forward for approval. Strategies are scored using a proprietary assessment methodology termed the '5Ps':

**Parent:** Ensure that the firms with which they are partnering are in a strong financial position, have a suitable culture and a robust business strategy.

- **People:** Investment talent is defined as a superior capability of individuals to gather and synthesize public information, correctly anticipate market movements and express their conviction via meaningful active exposures.
- **Philosophy:** What is the opportunity set that the manager is trying to capture and why does the market inefficiency exist? Will it persist?
- **Process:** Assessing the day-to-day way of working. For example, the systems used, the risk controls, the documentation produced, the idea generation and the portfolio construction.
- **Performance:** Assess whether the historic data is consistent with what the manager has described about their process. It is important that performance attribution is aligned with the manager's process and style and that we have insights into when the manager may be expected to perform well or poorly in the future. The highest scoring managers are then put through a rigorous operational due diligence process by an independent team to ensure the operational excellence of the sub-investment managers. Managers who successfully pass the operational due diligence process are selected and blended together with those of a contrasting investment style by the Manager Selection team.

As signatories to the United Nations Principles for Responsible Investments ("UN PRI"), we have integrated responsible investment considerations into our selection process of individual managers; and BAML is 4 star rated by the UN PRI based on Fund Manager Selection. Since July 2021, we vote and engage on our underlying holdings through leveraging the services of Hermes EOS, a leading specialist in this space.

The skills and expertise of our in house fund manager selection team has been recognised in the industry at the following awards:

- Citywire Selector Awards
  - Ian Aylward, Head of Manager Selection & Responsible Investing, was voted the 'Most Influential UK Fund Selector' in 2022 and also listed as one of the Top 10 Heads of Fund Selection in the UK in 2023.
  - Samina Chaudhary, Portfolio Manager, was named among the Top 100 Fund Selectors in 2022
- Stephen Peters, Head of Equity Fund Research, was named among the Top 100 Fund Selectors in 2022
- MoneyAge Wealth & Asset Management Awards 2023 Rob Mansell and Sabina Raza, Portfolio Managers won the Emerging Markets Manager of the Year.

## Other Services Provided

Finally, the single-asset funds benefit from our robust oversight and governance of all of our third party suppliers. We continuously monitor the service standards we have in place with key suppliers and are proud of the excellent partnerships we have forged to provide a good service to investors.

Overall, the Funds provide a good level of value to investors through a variety of different services, such as our investment process. From an operational standpoint, particularly when services are delegated to a third party, we hold those parties to high standards. A provider that has particularly demonstrated high levels of service quality is our Fund Administrator, Northern Trust, who have received Gold standard accreditation from Investor in Customers ("IIC") – a leading independent customer experience agency in the UK. IIC measured Northern Trust against four key principles which identify how well they:

- Understand Customer Needs
- Meet Customer Needs
- Delight Customers
- Engender Loyalty

The Gold standard accreditation was received in 2017, 2019 and again in the most recent assessment in 2022. Third party services are monitored continuously. This is to ensure that the Funds deliver value and continue to do so in the future

### What are the steps we have taken to add value for investors?

We continue to monitor service standards of third party suppliers and where we have identified instances when service providers were not meeting the standards set out, we have worked with the supplier to resolve the issues.

We continue to review complaint themes in order to improve the quality of service to investors. We have recently initiated an outreach to investors to gather up-to-date bank details in order to facilitate a smoother payment process to our investors. This will benefit investors by removing the need to issue payments by cheque, allow us to release any unclaimed client monies and greatly speed up the release of proceeds by having pre-verified bank details on record.

In order to ensure that our funds provide good outcomes to meet the Customer Understanding requirements of the new Consumer Duty, a plain language review of our funds product literature, client communications and website was undertaken to ensure information is communicated in a way that is fair, clear and not misleading and takes into account the needs of our vulnerable customers.

We continue to work with our fund administrator to meet the Customer Support outcome by identifying opportunities to enhance processes and where possible remove unreasonable barriers in the customer journey whilst continuing to meet their needs.

The Barclays multi-asset active funds invest in Barclays single-asset class funds. In November 2022, nine of these single-asset class funds adopted Article 8 provisions of SFDR by applying certain exclusionary screens to their investments and seeking to promote environmental and social characteristics to investors.

The UK Stewardship Code sets high standards for those investing money on behalf of UK savers and pensioners, and those that support them, therefore we are pleased to highlight that Barclays Wealth & Investments has met the expected standard of reporting and is now listed as a signatory to the UK Stewardship Code, effective February 2023.

We have recently initiated an outreach to investors to gather up-to-date bank details in order to facilitate a smoother payment process to our investors. This will benefit investors by removing the need to issue payments by cheque, allow us to release any unclaimed client monies and greatly speed up the release of proceeds by having pre-verified bank details on record.

We continue to monitor service standards of third party suppliers and where we have identified instances when service providers were not meeting the standards set out, we have worked with the supplier to resolve the issues.

# General Fund Costs

## What does the General Fund Costs section cover?

The purpose of the General Fund Costs section is to identify the different charges that the Funds pay for, as part of the OCF, and outline whether these are reasonable for the services provided. The types of costs that are reviewed include the AMC and also payments made to other third parties for their services, such as audit and legal fees. When conducting such analysis on the Funds, we outlined all costs at share class level.

It is appropriate to note that entry costs are waived and no exit costs or performance fees are applied to any of the Funds.

## What is the approach we have taken?

We compared the charges made to the Funds with the actual costs incurred in providing the services charged for. We then used this information to assess whether the Funds provide good value to investors, in relation to the services they provide, and compared this with the relevant peer groups and similar funds managed by BAML or other Barclays entities and associates. This is covered in more detail in the Comparable Market Rates, Comparable Services and Classes of Units sections.

Furthermore, we have taken the opportunity to assess AFM costs in the context of profit margins and to consider those that might exist if fund AUMs were to grow significantly. To do this, analysis was undertaken to identify each of the revenue and cost streams that apply to our Funds business. These include:

Revenue Streams	Cost Streams
Annual management fees	Transfer agency fees
Registration fees	Risk management fees
Sub-investment manager fees <sup>3</sup>	BISL employee costs
	Barclays UK and Barclays Execution Services costs

## How did we do?

We have a stringent framework in place to monitor and manage the costs of the Funds, with any concerns escalated to the BAML Board. We uphold discipline in how we manage these, particularly in how we allocate cost, where we will pay for certain costs that should not be borne by the investor, such as setting up a new share class. For further information on how the costs compare to the Funds' peer groups and similar funds managed by BAML or other Barclays entities and associates, please refer to the Comparable Market Rates, Comparable Services and Classes of Units sections.

We are satisfied that the costs to the Funds are reasonable and the charges for each of the Funds are justified in the context of the overall value delivered to investors.

Furthermore, following the extensive review of the various revenue and cost streams related to the Funds, we have determined, and are comfortable that, the Funds are making reasonable profits at levels that are not considered excessive.

## What are the steps we have taken to add value for investors?

We will continue to monitor all the costs of the Funds and where opportunities arise to reduce our costs, we will not hesitate to pass these savings on to investors, where possible. Our stringent framework and governance structure will remain in place to manage the Funds' costs effectively.

<sup>3</sup> This is treated as negative revenue as opposed to costs as it is not shown as a cost in BAML or BISL books

# Comparable Market Rates

## What does the Comparable Market Rates section cover?

The purpose of the Comparable Market Rates section is to compare the value that our Funds provide with other similar externally-managed funds in the market. This assessment analyses the cost of the Funds at share class level, compared to our competitors, but also considers the different services that they provide.

## What is the approach we have taken?

In order to achieve a fair and useful comparison, we identified those funds in the market which are comparable to our range. In order to do this, we have employed the services from an independent third party consultant that specialises in data and analytics, who have looked at funds with similar investment objectives, policies and fund sizes. They have also sought to identify the structure of the comparable funds and share classes so we can provide the most appropriate like-for-like comparison. With all this taken into consideration, they have developed tailored peer groups that most closely resemble the characteristics of our Funds and their share classes.

Across the mutual fund landscape, there are varying investment approaches deployed by investment managers in delivering an investment strategy. The three approaches assessed within this section are set out below:

- **Single-manager**; security selection: investment strategy implemented through direct security selection
- **Multi-manager**; fund of mandate: investment strategy implemented through delegation of security selection to third party managers
- **Multi-manager**; fund of funds: investment strategy implemented through investing in other mutual funds

The Funds covered in this AoV are implemented through a 'fund of mandates' approach, however each investment approach comes with varying associated features and benefits. For the purposes of this assessment, we sought to identify funds that deploy an investment approach which provides the most appropriate like-for-like comparison, including single and multi-manager funds.

Each Fund has different share class characteristics according to the distribution channel and therefore fees may be different across share classes for the same Fund. The share classes that are comparable with the peer groups are the Class R Shares, Class A and B Shares, and Class M Shares which are the 'Retail Platform' share class, 'Direct Holder' share class, and 'Investment Manager' share class, respectively. These classes objectively represent the share classes available for current retail distribution, legacy direct retail distribution, and restricted distribution, and allows us to undertake a like-for-like comparison.

## How did we do?

Overall, we believe that the Funds deliver value when compared to the market when taking into consideration the fees paid by investors and the associated service they receive through the Funds. As shown by the table below, compared to other multi-manager funds within the peer groups, our Funds are all priced below or in line with the average of their respective peer groups in all instances, with the exception of Barclays Global Core A share class, Barclays Global Core M share class, Barclays UK Equity Income R share class, and Barclays UK Alpha M share class, which are 0.07%, 0.07%, 0.06%, and 0.18%, more expensive than the average of the peer group, respectively. It is also worth noting that we were only able to identify a limited multi-manager peer group for the Barclays UK Alpha Fund A share class and Barclays UK Equity Income Fund A/B share class which can inflate observed differences in costs. Nonetheless, we will continue to review all the Funds and share classes and monitor their fees.

Comparing the Funds to strategies with a single-manager selecting securities, on average the Funds are more expensive. This is expected given the additional level of manager selection and oversight of those managers that is available to investors through holding a multi-manager fund of funds or a fund of mandates, such as our Funds. It is worth noting also, there are incremental benefits that present themselves borne out of a multi-manager fund being structured as a fund of mandate compared to a fund of fund.

Across all our peer groups in the market, the average difference in OCF between funds with a multi-manager investment approach to funds that deploy a single-manager strategy for the Retail, Direct Retail, and Limited Distribution share classes are 0.35%, 0.18%, 0.09%, respectively. The average difference in cost between each share class type compared to their respective single-manager peer groups is less than the aforementioned observed difference in cost between multi-manager funds and equivalent single-manager funds for the Retail and Direct Retail share classes, and in line for the Limited Distribution share class.

The table below shows a comparison of the Barclays Funds OCF with the multi-manager peer group average OCF and full peer group average OCF at a share class level.

In 8 out of 13 instances where a multi-manager peer group was identified, our share classes are all priced below or in line with the average of their respective multi-manager peer groups. In all these instances, each class has a smaller increment in OCF above its single manager peer group compared to that observed between the average OCF across the multi-manager peer group to its respective single manager peer group.

## What are the steps we have taken to add value for investors?

We will continue to monitor the OCF and AMC of the Funds in comparison to similar competitor funds as part of the annual AoV, with additional consideration given to the four share classes mentioned above which are relatively more expensive than our competitors. In particular, we will look at how the structure and fund size of competitor funds impacts the overall OCF, when compared to our Funds, and assess if our pricing structure is appropriate and fair with the current implementation and service provided.

Revenue Streams	Barclays Global Core Fund			Barclays UK Equity Income Fund			Barclays UK Alpha Fund			Barclays Sterling Corporate Bond Fund			Barclays UK Small and Mid Cap Fund		
	R	A	M	R	A/B	M	R	A	M	R	A	M	R	A	M
OCF	1.13%	1.53%	0.86%	1.11%	1.51%	0.84%	1.06%	1.46%	0.79%	0.80%	1.10%	0.48%	1.40%	1.65%	1.13%
Multi-manager peer group Average OCF	1.09%	1.46%	0.79%	1.05%	*	0.93%	1.20%	*	0.61%	0.80%	1.19%	0.54%	1.45%	1.80%	1.08%
Full peer group average	0.88%	1.47%	0.79%	0.88%	1.44%	0.70%	0.87%	1.56%	0.70%	0.57%	0.97%	0.49%	1.05%	1.58%	0.99%
Difference between multi-manager peer group average OCF and single manager peer group average OCF	0.31%	-0.02%	0.01%	0.22%	*	0.27%	0.40%	*	-0.16%	0.29%	0.28%	0.08%	0.52%	0.28%	0.25%
Difference between Barclays fund OCF and single manager peer group average OCF	0.35%	0.06%	0.08%	0.27%	0.08%	0.18%	0.26%	-0.12%	0.03%	0.30%	0.19%	0.02%	0.47%	0.13%	0.30%

\*No comparable peer group identified

# Comparable Services

## What does the Comparable Services section cover?

The purpose of the Comparable Services section is to compare the value our Funds provide with other similar funds that BAML or other Barclays entities and associates manage. This assessment analyses the costs of the Funds compared to other internally managed funds, but also considers the different services that they offer.

## What is the approach we have taken?

The approach we have taken is to identify which other funds managed by BAML or other Barclays entities and associates are comparable to the Funds in scope of this assessment. In order to do this, we looked at funds with similar investment objectives, policies and fund sizes, including funds which are domiciled in Ireland.

The investment universe across funds may differ and therefore we ensured that we only compared funds that invested in one single-asset class.

We also considered the portfolio construction and fund structure when identifying comparable funds. The two fund structures that exist within BAML managed funds are fund of funds - a fund that invests in other funds - or a fund of mandates. Given that there are no single-asset class fund of funds that BAML or other Barclays entities and associates manage, we only made comparisons with other funds that invested in a single asset class and operated a fund of mandates structure.

Having all these elements appropriately considered will provide investors with an accurate assessment of what they are paying for, given the services provided, in comparison with similar funds.

When making those comparisons, we recognised that as the size of the Funds increase, a smaller proportion of an investor's investment will be spent on the costs associated with the Funds' services and the OCF will reduce.

After defining the potential comparable services and funds that BAML or other Barclays entities and associates manage, we determined that Barclays UK Alpha Fund was comparable against an equivalent Irish domiciled fund – GlobalAccess UK Opportunities Fund.

For the remaining four sub-funds – Barclays UK Equity Income, Barclays Global Core Fund, Barclays Sterling Corporate Bond Fund, Barclays UK Small and Mid Cap Fund – there are no comparable services. This is mainly due to the mergers of the our UK domiciled fund umbrellas, Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2), completed in May 2021, which resulted in just one fund umbrella whereby all sub-funds with similar objectives and structures were merged.

Therefore, we have one single comparison category: **UK Equity Funds**.

In terms of Classes of Units, we looked at the fees at share class level. Each Fund has different share class characteristics according to the distribution channel and therefore fees may be different across Funds. The only share classes that are comparable across distribution channels and jurisdictions are the Class M Shares, which are the 'internal' share class (i.e. available to internal Barclays services such as Discretionary Portfolio Management) and the Class R Shares, which are the 'retail platform' share class (i.e. available for retail distribution).

## How did we do?

### UK Equity Funds

The AMC for the Class M Shares of the Barclays UK Alpha Fund and GlobalAccess UK Opportunities Fund are aligned at 0.70%, following the AMC reduction of Barclays UK Alpha Fund M Shares from 0.75% to 0.70% in February 2021. In terms of the Class R Shares, we found that the AMC is consistent across both funds. No action is required.

There are circumstances where the Barclays UK Alpha Fund has a higher OCF. This is because the Fund operates a larger direct investor book, which incurs increased Transfer Agency costs in comparison to the GlobalAccess UK Opportunities Fund, and therefore no action is required.

### What are the steps we have taken to add value for investors?

As mentioned in the Executive Summary, we have completed a number of AMC and Registration Fee reductions in February 2021, following the analysis conducted in the 2020 AoV. We will continue to monitor the overall costs derived from the services provided to investors, compared to similar funds, as part of the annual AoV.

### Additional Comparable Service Review: Platform comparison

In addition to the comparable service from a sub-fund perspective, we have undertaken an extensive analysis into the differences in the services offered to investors through the two key channels that the Funds are distributed across, specifically:

1. Direct distribution via the Transfer Agent (TA), Northern Trust and;
2. Digital distribution via Smart Investor – a Barclays UK investment platform.

The purpose of the analysis was to understand whether our direct investors in the more expensive legacy share classes would be better off holding their investments on the Smart Investor platform in the cheaper retail share class. To do this, we have compared the platform and dealing fees across both distribution channels.

#### Platform Fee

There are no platform fees for investors in our Direct/ BIA book, whereas Smart Investor clients are charged 0.20% of their total account value (with a minimum charge of £48) per annum. On average, the OCF of the retail share class is 0.35% lower than that of the direct legacy share class.

With the £48 minimum platform fee for Smart Investor clients, we determined that Direct/ BIA investors would need a minimum AUM of £13,714 to benefit from transferring their holdings to the Smart Investor platform. Investors below the £13,714 threshold would

be paying more than 0.35% (the average increment in OGC between the R and A/B share class) for the platform OGC, thus entirely removing the benefit of a cheaper retail share class.

Having reviewed the direct share register for the Funds, we can see that 58% of the Direct/ BIA share class holders do not meet the minimum threshold and, hence, would be better off paying the more expensive OCF of the legacy share class with no platform fee compared to the cheaper retail OCF and minimum platform fee.

#### Dealing Fees

For clients directly invested via the TA, there are no dealing fees payable for all types of trades, compared to Smart Investor where telephone, online, and regular investment trades cost £25, £3, and £1, respectively. Furthermore, email, post, and fax trade instructions are not available to Smart Investor customers as they are to investors in the Direct/ BIA book.

The majority of the Direct/ BIA trades in the period were via regular investments set up with the TA, at 85% of the total trade volume. A much smaller proportion of the trades were via telephone, at c.6% of the total trade volume. However, the relative proportion of clients trading via post in the period stood considerably larger at 37% of the total number of trading clients. This shows us that a move to Smart Investor for a large number of the Direct/ BIA clients would likely not be appropriate given the appetite for postal trading which is not available on the Smart Investor platform.

A further 24% of the clients trading in the period traded via telephone. As telephone trades are not chargeable via the TA, Direct/ BIA clients are saving an average of £30, equating to 0.17% given the average AUM across the client book.

#### Direct/ BIA vs. Smart Investor – Outcome of review:

From the in-depth analysis of the holding and trading costs of both the direct TA service and Smart Investor platform, alongside client demographics and trading behaviours, we are confident that a large proportion of the Direct/ BIA client book would not benefit from transferring their holdings to the Smart Investor platform, and the investor services provided through the TA are appropriate and reasonable. A very small cohort of clients may benefit from being invested via Smart Investor. Having worked with the appropriate internal channels to review this further, a sample of clients were contacted in 2022 to inform them of their options in being invested via Smart Investor. Only one client requested further information, whilst the others confirmed they would prefer to remain invested directly.

# Classes of Units

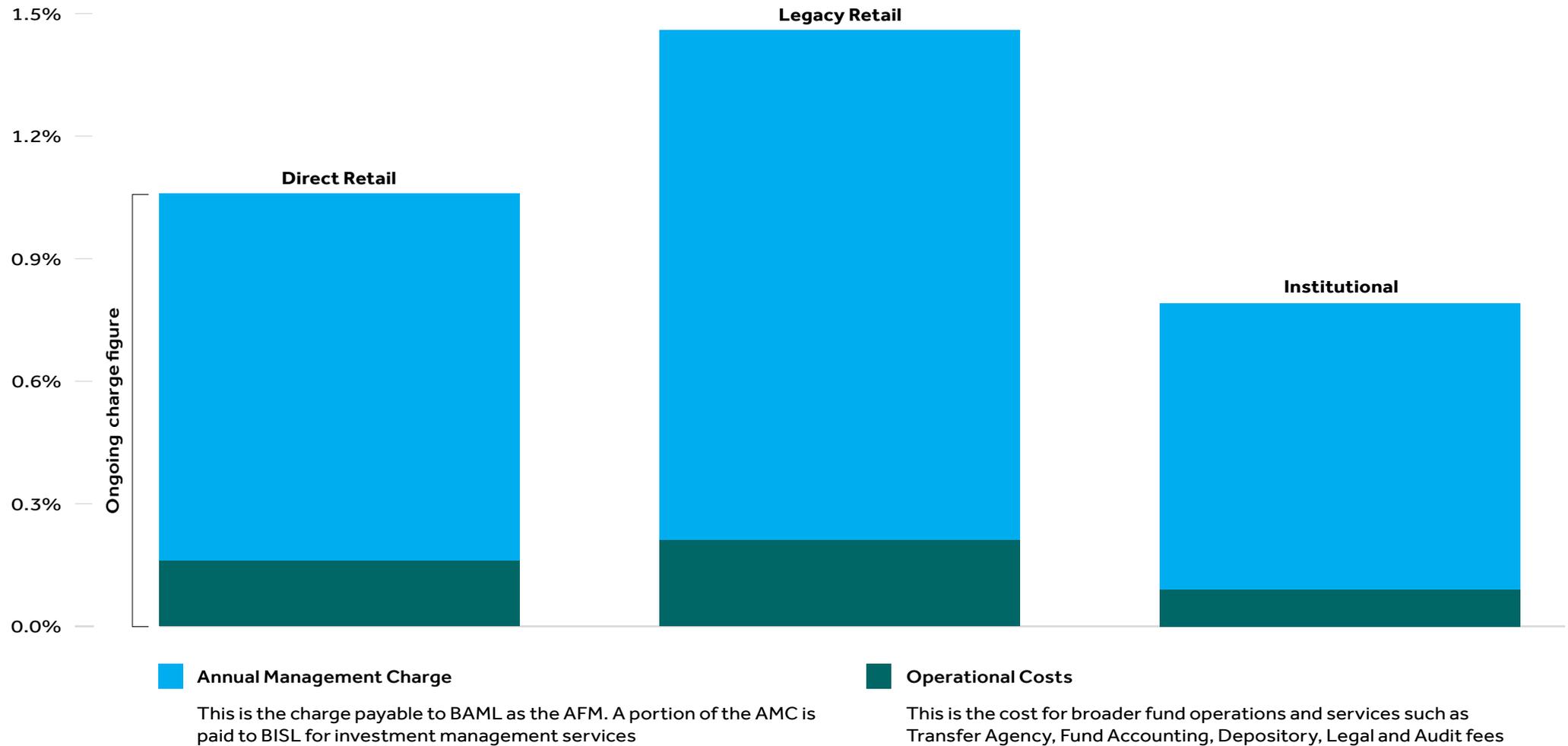
## What does the Classes of Units section cover?

The purpose of the Classes of Units section is to compare the value provided by each share class of each single-asset fund to ensure they are appropriately priced and are consistent across the Funds. The pricing points of these share classes are based on their characteristics and distribution channel and therefore it is important that investors are in the correct share class to ensure they are paying the appropriate cost.

Share Class	Who is it for?	Explanation of Charges
Direct Retail		
A	These are the share classes for investments made by direct retail investors through our historic branch based channels and owned by Barclays Investment Account – an ISA wrapped direct to retail proposition sold through legacy branch sales force.	Direct retail share classes have higher Annual Management Charges than the equivalent platform class. The minimum investment amount was historically significantly lower for the A and B class when compared to the R class. This enabled direct investors to access the Funds through until 2011 when no new investors were accepted into the class. As a result, a total of 34,000 direct investors hold the Funds with an average investment of £15k. Given the direct nexus with the end investor, the Annual Management Charge above the platform class reflects the additional investor servicing and compliance required for each holding in the A and B class of unit.
B		
Platform and Nominee Share Class		
R	This is the main share class for retail investors available through direct to consumer intermediating investment platforms.	This share class was launched following the Retail Distribution Review and the class available to retail investors made through intermediating platforms. The minimum investment amount is set at £2m. The lower pricing of the class of units is reflective of the restricted access to intermediating Investment Platforms and Propositions that sit between the Fund and the end investor. The result is that the nominee only holders have an average holding in the class of £10m.  Investors total charge for the R share class is the ongoing fund cost plus the respective platform/ proposition fee. This fee in effect paying for the investor servicing that for the direct holders pay through an inflated OGC.
Investment Manager Share Class		
M	This share class is available for vario, LegBarclays Wealth portfolio propositions and Barclays Multi-Manager funds.	The lower pricing of these share classes is reflective of investment manager gaining access to the class of unit given they are investing into the sub-funds on behalf of investors in Barclays Portfolio propositions. Investors in these portfolios are paying an investment management fee at the portfolio proposition level in addition to the sub-fund costs.

## Fund costs explained

The chart below shows the components that comprise the Ongoing Charge Figure for Barclays Single Asset Funds. For illustrative purposes, we have used the Barclays UK Alpha Fund to highlight the breakdown of costs.



## What is the approach we have taken?

The approach taken during this section of the report has been to assess the relative pricing of both the Annual Management Charge and Registration Fee charged by the AFM across each class of units, to ensure:

- The pricing points of the Annual Management Charge and Registration Fee different shares classes of a fund, according to the characteristics and distribution channel, are justified, reasonable and consistently applied; and
- The pricing differential of the Annual Management Charge and Registration Fee applied across sub-funds of the same class of unit is appropriate and consistently applied

Furthermore, we have conducted analysis on our share classes to identify where we are providing value in the representative Classes of Units and how this constitutes differentials in the pricing points.

We have also worked with a specialist independent consultant, who have provided us with an independent assessment to our Classes of Units approach, as well as help us understand our position in the market in the context of our treatment of legacy share classes.

## How did we do?

The FCA acknowledge that there are legitimate reasons for differentiation between the pricing points of unit classes. They have stated four scenarios where an investor might be in a more expensive unit class:

1. Investors are in a pre-RDR class of unit which is more expensive because they continue to pay trail commission
2. Investors are in a pre-RDR class of unit which is more expensive but the manager has 'turned off' trail commission
3. Investors are in a more expensive class of unit than others available through alternative distribution channels
4. The fund manager has launched a cheaper class of unit (but not for the reasons listed above) which would be available without switching distribution channel

The FCA suggests it is primarily scenarios two and four that would need addressing through the AFM's assessment of the class of units. Given the scrutiny of these scenarios, we have provided a summary of how they apply to our Funds below:

- The A class of unit was originally set up to be able to pay trail commission, this ceased following the Retail Distribution Review. The differentiation between the A and B class of unit was historic. The only difference that remained was that the A class of unit had a higher Annual Management Charge.
- Ahead of the 2021 AoV, the AFM converted all A class of unit holders to hold the B class of unit. Of the total holdings in direct Classes of Units (A and B Classes) approximately 98% of holdings saw AMC reduced by on average 0.25%.
- Through our assessment of the share register last year, we have identified a small percentage of total holdings across our funds, 2.8%, in platforms that are invested in the A and B share class, each of which are eligible for the platform R class of unit. In light of this finding, we informed all internal nominees as well as number of the external platforms of the R share class availability, and have already seen conversions taking place as a result. This year, our assessment of the share register shows holdings in the A and B share class has reduced to 1.4% of total holdings across our funds. We continue to work with those platforms remaining to encourage conversion to the R class of unit.

## Comparison to the Investment Association Funds Universe

Based on data provided by our specialist independent consultant, we can observe the split of total AUM of the Funds between legacy retail and platform retail when compared to the 2022 population of UK domiciled share classes composition as shown by the data below using industry's comparable share class labelling.

	Distribution		
	IA Primary/ Platform/ Nominee – R	Distribution Included/ Direct Retail – A&B	Limited Distribution/ Investment Manager – M
Barclays Share Classes	40%	50%	10%
Population of UK Domiciled Share classes	48%	28%	25%

For our direct retail distribution investors, the Classes of Units held have different rights compared to the platform class of unit as well as to institutional class of unit.

For a unit holder of the direct retail class, they would be required to switch to a new distribution channel in order to access the platform / nominee class of unit. There would in turn be an affiliated proposition cost to pay in addition to the OGC of the class of unit.

It is worth noting, given the older demographic of our legacy share class holders, we do not tend to see significant changes in holdings as compared to our platform and limited distribution share classes. This can inflate the relative weight of the legacy share class holdings across our funds in periods of declining AUM.

Given the actions we are undertaking mentioned above, we expect our distribution split will move more towards the industry norm should the platforms we are reaching out to convert their holdings into the correct share class. However, given the overweight allocation to the A and B Classes of Units, which can be partially attribute to the point mentioned above, we have continued our in-depth analysis presented last year on the direct investor base who own the A and B share class. The highlights of our findings are mentioned below.

## Legacy A and B Classes of Units: Assessment of Value

As detailed in the Comparable Services section, a comparison has been made to the R class of unit and the comparative value to those investors holding the class through the Barclays digital retail platform, Smart Investor. This analysis allows for a deeper assessment of value of the A and B Class of unit. We note, however, that alternative third party platforms are also available which will have varying platform fees among them.

The direct holders are serviced by the Fund Administrator, Northern Trust. 94% of the platform class holders hold the class of unit on Barclays Smart Investor.

Northern Trust provide direct shareholders with all holdings correspondence such as investor statements as well as the ongoing investor servicing through the ability to check portfolio balances and transact through both phone and fax.

This direct investor servicing offered to the direct investors in the A and B Classes of Units provides a functionality enabling ongoing investor servicing.

In previous assessments it was inferred that the ongoing manual servicing model available to direct investors provides value to those investors in the direct Classes of Units. This assumption has been assessed in further detail through the comparable services section of the report.

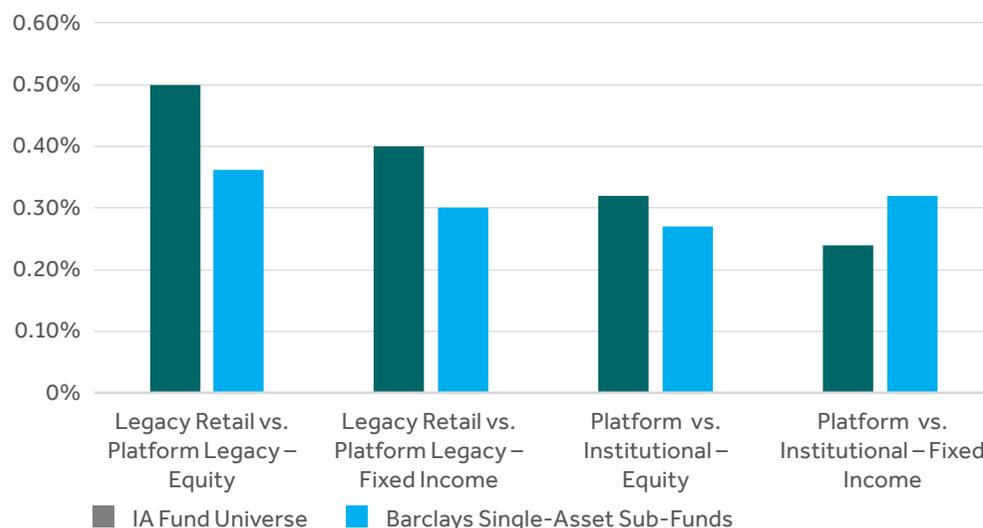
There are c.1,600 of the shareholders who have a direct saving set up. There is no transaction charge for each of these investors regular saving into the Funds. This service provides incremental value through the platform-like functionality afforded to investors in the direct legacy Classes of Units.

## Comparison of Incremental Charge across units to the Investment Association Funds Universe

Additionally, through the independent consulting process, we have identified the average increment in cost between all IA Funds legacy retail share class and platform share class is 0.50% and 0.40% for equity funds and fixed income funds, respectively. The average increment in cost between the Barclays equity and fixed income sub-funds retail Classes of Units and the platform Classes of Units is 0.36% and 0.30%, respectively.

Similarly, the average difference in the average increment between the platform share class and institutional share class of all IA Funds is 0.32% and 0.24% for equity funds and fixed income funds, respectively. The average increment in cost between the Barclays equity and fixed income sub-funds retail Classes of Units and the institutional class of unit is 0.27% and 0.32%, respectively.

Figure 1: Average Difference in Costs Between Classes of Units



#### Average Increment in Cost

Share Class Comparison	Legacy Retail Share Class vs Platform Share Class		Platform Share Class vs Institutional Share Class	
	Equity	Fixed Income	Equity	Fixed Income
IA Fund Universe	<b>0.50%</b>	<b>0.40%</b>	<b>0.32%</b>	<b>0.24%</b>
Barclays Single-Asset Sub-Funds	<b>0.36%</b>	<b>0.30%</b>	<b>0.27%</b>	<b>0.32%</b>

Both data points provide confirmation that the increments charged for both the platform class of unit over and above the retail class of unit are reasonable when compared to the peer group. Overall, the Funds deliver value when comparing class of unit fees for the same fund and across different funds.

## What are the steps we have taken to add value for investors?

We are currently taking steps to ensure investors holding Class A and B shares are not disadvantaged and the share classes they hold deliver value.

- As mentioned above, we continue to work with those platforms invested in A and B share classes to inform them that they are able to convert their underlying investors into the R share class which is available for their platform.
- Currently, investors in the A and B share class make up 50% of the holdings across all funds, compared to the population of UK Domiciled Share Classes that have 27.5% invested in comparable share classes. Given the point above, we have taken steps, where appropriate, to see this proportion of investors reduce over time to the industry average.
- We are continuing to analyse the composition of our direct book of investors holding the A and B Classes of Units to ascertain which investors could be better off transferring their holding to the Barclays Smart Investor Platform and in turn converting to a cheaper share class.

These steps will ensure that investors are in the correct share class for their distribution channel and the differential between pricing points across the share classes and funds are justified, reasonable and consistently applied.

Using independent validation in relation to the our Classes of Units assessment of value, we have acted to reinforce our approach and are positively assured on subsequent steps being undertaken.

We will continue to monitor the share classes as part of the annual AoV, and ensure that any new share classes are appropriately priced and consistent.

# Performance

## What does the Performance section cover?

The purpose of the Performance section is to assess how each fund delivers performance against its stated investment objective and therefore delivers value to the investor.

## Summary of our investment process

All of our Funds invest in either equity or fixed income securities to give investors access to those particular markets. The Funds delegate mandates to other third party investment managers to manage the relevant Fund's assets on BISL's behalf, in order to achieve strong performance and value for the investor. As discussed in the Quality of Service section, the BISL Manager Selection team blend together some of the world's leading asset managers across geographies by using a proven quantitative and qualitative investment due diligence process. The very experienced team look to identify the manager's skill at selecting assets for the Funds, whilst ensuring they have a robust risk, control and governance framework in place.

Blending managers with contrasting investment styles means the Funds can generate performance from multiple investment sources, in line with the investment objective and policies of the Funds. The BISL Manager Selection team continuously monitor the performance of those third party investment managers and do not hesitate to make changes, if required, in order to ensure that Funds continue to deliver value for investors.

## What is the approach we have taken?

We assessed whether the single-asset funds had met their relevant investment objectives across a number of time frames. We also looked at whether the Funds had performed as we would expect on an absolute basis and also in relation to each other, to ensure the Funds had performed as expected across the risk/return continuum. The framework takes into consideration each fund's reference index, as set out in their respective prospectuses, and the performance of the broader market as expressed by the Funds' Morningstar Category.

The quantitative assessment also provides analysis on both returns and risk-adjusted returns (Sharpe Ratio) which were considered over multiple time horizons. Finally, the assessment also took into account the steps already taken to improve investor outcomes and how we expect these to enhance investor value in the future.

**Table 1: Annualised cumulative total return performance to 31 July 2023 (%), net of fees**

<b>Fund</b>	<b>12m Yield</b>	<b>1 Year (%)</b>	<b>3 Year (%)</b>	<b>5 Year (%)</b>
Barclays Global Core A Acc GBP	0.00	8.51	8.78	8.82
Barclays Global Core A Dis GBP*	0.00	8.51	-	-
Barclays Global Core M Inc GBP*	0.29	9.26	-	-
Barclays Global Core R Acc GBP	0.04	8.96	9.22	9.25
Barclays Global Core R Dis GBP	0.03	8.99	9.21	9.25
Barclays Sterling Corporate Bd A Acc GBP	3.82	-7.29	-6.10	-1.42
Barclays Sterling Corporate Bd A Dis GBP	3.92	-7.30	-6.12	-1.42
Barclays Sterling Corporate Bd M Dis GBP	3.90	-6.73	-5.55	-0.83
Barclays Sterling Corporate Bd R Acc GBP	3.15	-6.95	-5.84	-1.19
Barclays Sterling Corporate Bd R Dis GBP	4.13	-7.01	-5.86	-1.19
Barclays UK Alpha A Acc GBP	1.91	5.77	11.91	1.54
Barclays UK Alpha A Dis GBP	1.94	5.79	11.90	1.53
Barclays UK Alpha B Acc GBP	1.91	5.79	11.91	1.55
Barclays UK Alpha B Dis GBP	1.94	5.80	11.91	1.55
Barclays UK Alpha M Acc GBP	2.55	6.47	12.65	2.20
Barclays UK Alpha M Dis GBP	2.60	6.51	12.65	2.20
Barclays UK Alpha R Acc GBP	2.29	6.20	12.35	1.93
Barclays UK Alpha R Dis GBP	2.33	6.19	12.34	1.92
Barclays UK Equity Income A Acc GBP	5.02	3.03	13.00	0.94
Barclays UK Equity Income A Dis GBP	5.18	3.10	13.03	0.96
Barclays UK Equity Income M Dis GBP	5.17	3.80	13.77	1.63
Barclays UK Equity Income R Acc GBP	5.01	3.45	13.44	1.33
Barclays UK Equity Income R Dis GBP	5.17	3.51	13.47	1.35
Barclays UK Small and Mid Cap A Acc GBP	1.40	-8.26	3.24	-2.49
Barclays UK Small and Mid Cap A Inc GBP	1.42	-8.23	3.24	-2.50
Barclays UK Small and Mid Cap M Inc GBP	1.95	-7.76	3.78	-1.98
Barclays UK Small and Mid Cap R Acc GBP	1.65	-8.01	3.50	-2.26
Barclays UK Small and Mid Cap R Inc GBP	1.67	-8.00	3.49	-2.26

Source: Morningstar as of 31 July 2023

\*Share class dormant during 3 and 5 year period

## How did we do?

The analysis established that the majority of funds successfully achieved their investment objective. All the Funds successfully delivered income over the long term, with 3 of the 5 funds assessed delivering capital growth over 5 years. Both returns and income yields, per share class, have been outlined in Table 1 and the results of the quantitative and qualitative performance assessments (based on a representative class) can be found in the Fund by Fund Analysis section.

The quantitative assessment, in which we compared the Funds' returns against their benchmarks and peers, showed that the Funds were in line with how we would expect them to perform in prevailing market conditions, given the Funds' objectives and asset allocation.

The Global Core Fund has shown recovery from headwinds faced throughout most of 2022, resulting in outperformance relative to its reference index over the past 12 months. Over the longer term it is still lagging slightly behind its index, but performance when compared with peers has been strong, consistently performing in the top quartile over all time periods.

Due to its value bias, the UK Equity Income Fund has underperformed its benchmark but achieved higher yields than its index, and the majority of its peers - a key component of its investment objective.

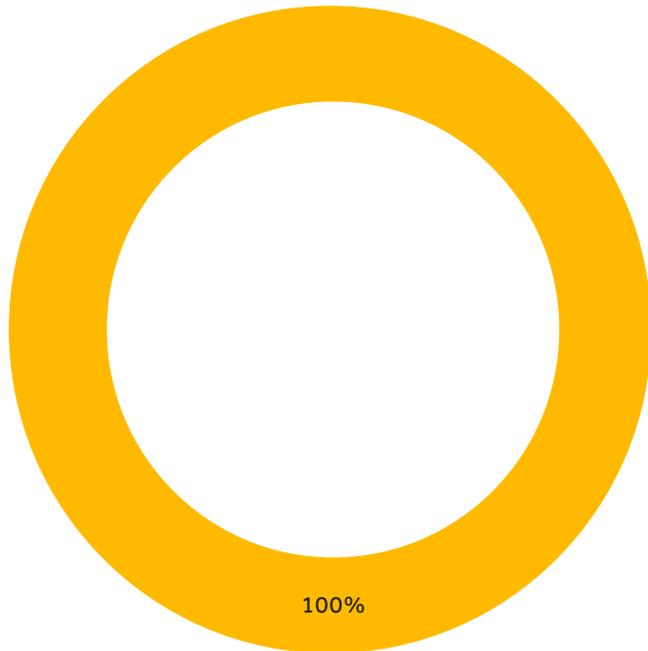
The Sterling Corporate Bond fund has performed well versus its comparators, but has not achieved all the components of its investment objective. Namely, the Fund has provided income but hasn't achieved capital growth over 5 years. Given the performance of both the peer group and the reference index, the Fund has fared well in the current market conditions.

Both the UK Small and Mid Cap Fund and the UK Alpha Fund have a bias towards smaller companies which have not fared well in the current economic environment. The UK Alpha fund has met its objectives and is performing in line with comparators since changes were made to the Fund in mid-2021. However, the the UK Small and Mid Cap Fund has struggled over the last 18-24 months. It has neither met its investment objective or outperformed relative to its reference index or peer group over any of the time periods assessed.

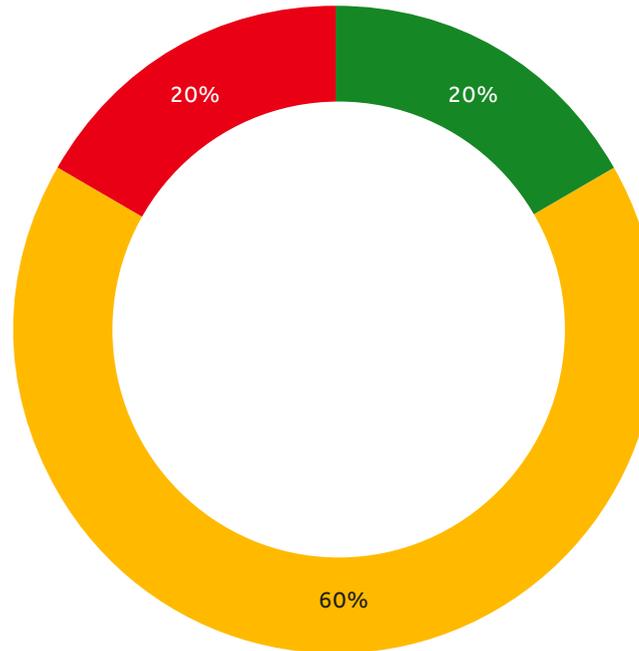
The quantitative assessment indicates an improvement in performance relative to last year's assessment for 4 of the 5 funds. Taking all factors into consideration, we believe the fund range still provides good value to clients through the challenging and temporary market environment.

### How our 5 Funds performed compared to last year

1 year to July 2022



1 year to 31 July 2023



- **Green:** No area of concern identified against the criteria
- **Amber:** Identified an area that requires further monitoring
- **Red:** Identified an area of concern requiring action

### What are the steps we have taken to add value for investors?

We will continue to monitor the performance of the Funds as part of the annual AoV and address any underperformance. As mentioned in the Quality of Service section, The Manager Selection process features comprehensive investment due diligence and ongoing oversight of third party investment managers, incorporating both quantitative and qualitative analysis. The Manager Selection team remain continuously engaged with third party investment managers, especially in cases of underperformance where greater scrutiny is required. The team have made numerous changes over the past several years to improve performance and will continue to do so. In addition, the reduction of fees referred to in the Executive Summary section are expected to help generate additional returns, given the lower cost, and provide value to investors over the long term.

## Fund by Fund Analysis

In this section, we have taken a more detailed look at how each of our Funds deliver value across the seven different criteria and provide a judgement on whether any areas of concern have been identified and whether further monitoring or action is required. In order to do that, we have included a traffic light framework of green, amber, and red to allow investors to analyse each of the Funds they may invest in to determine whether the Funds have delivered sufficient value against each of the seven criteria. The traffic light system should be interpreted as follows:

-  Green: No area of concern identified against the criteria
-  Amber: Identified an area that requires further monitoring
-  Red: Identified an area of concern requiring action

As part of the traffic light framework and fund by fund analysis, two of the criteria were analysed at AFM level (Economies of Scale, Quality of Service) whereas five of the criteria were analysed at fund/ share class level. This is because criteria, such as Economies of Scale and Quality of Service, are applicable to all of our funds in equal measure and, therefore, it is more appropriate to conduct such analysis using a top down approach. In respect to the performance section, both a qualitative and quantitative assessment are taken into consideration when assigning a red, amber or green rating with the qualitative element focussing on whether or not the Fund has achieved its investment objective.

Each fund page will include the investment objective of the Fund, commentary for each criteria (alongside a green, amber or red rating), alongside a final overall summary, which should guide investors our determination of value for each fund. The criteria commentaries will provide an outline of why a fund has achieved a particular rating and what next steps we propose, if any.

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## Barclays UK Alpha Fund

**Investment Objective:** The Fund seeks to provide capital growth over the long term (a period of at least 5 years).

Criteria	Summary	Rating
Performance	<p>The Fund has met its investment objective by providing capital growth and income over the last 5 years. Furthermore, it has adhered to its investment policy. The Fund has outperformed the reference index (FTSE All Share) over one year, performed in line over three years and underperformed over 5 years. However, the Fund has only been in its current form since May 2021.</p> <p>It was difficult for many UK Equity funds to outperform the FTSE All Share Index in 2022. Geopolitical issues, and fears over the strength of the UK economy saw strong performance from a very small subset of the market, such as oil, mining, and defence companies. At the same time, medium and smaller company share prices were very weak.</p> <p>The Fund remains overweight medium and smaller sized companies, and so should be expected to benefit should investor confidence return to that part of the market.</p> <p>Given market conditions, and taking all factors of the assessment methodology into account, the Fund has succeeded in providing value to investors.</p>	
Economies of Scale	<p>Investors will benefit from a reduction in OCF when the AUM of the Fund rises, since the proportion of the OCF's fixed costs, relative to the amount invested, will reduce.</p> <p>Both the AMC and Registration Fee are paid as a percentage of a Fund's AUM and therefore these costs rise and fall with the Fund's AUM, meaning economies of scale cannot be achieved. As the total AUM of the Funds across the fund range is not sufficiently large enough, it is not possible for us to implement a variable fee structure to achieve additional savings for investors.</p>	
Quality of Service	<p>Overall, we believe that the Funds deliver value across the four sections that contribute to the quality of service of the Funds: Investment Management, Product and Distribution, Oversight, Governance and Risk Management, and Key Third Party Service Providers.</p> <p>Investors benefit from a variety of different services conducted by BAML and BISL, such as the investment process of the Funds, and additional services provided by third parties. We determined, through quantitative data and a subjective review of those services, that the Funds deliver a good level of value to investors.</p>	
General Fund Costs	<p>We have a stringent framework in place to monitor and manage the costs of the Funds, with any concerns escalated to the BAML Board. We uphold discipline in how we manage these, particularly in how we allocate cost, where the business will pay for certain costs that should not be borne by the investor. We are satisfied that the costs to the Funds are reasonable and the charges for each of the Funds are justified in the context of the overall value delivered to investors.</p> <p>An extensive review of the various revenue and cost streams related to the Funds has been undertaken. We have determined, and are comfortable that, the Funds are making reasonable profits at levels that are not considered excessive.</p>	

Introduction	Executive Summary and Key Findings	Economies of Scale	Quality of Service	General Fund Costs	Comparable Market Rates	Comparable Services	Classes of Units	Performance	<b>Fund by Fund Analysis</b>	BAML Board of Directors
Comparable Services	<p>Overall, we believe that the Fund delivers value when compared to the similar internally managed fund, GlobalAccess UK Opportunities Fund, when taking into consideration the fees paid by investors and the associated service they receive through the Funds. Whilst there are instances where GlobalAccess UK Opportunities Fund charges a lower OCF due to the lower registration fee charged, this is justified by the fact that the Fund operates a small nominee book, whereas Barclays UK Alpha Fund operates a much larger direct investor book.</p> <p>In addition, when comparing the investor servicing to that of the Barclays digital platform, Smart Investor, we believe investors in our Direct/ BIA book are receiving value.</p>									
Comparable Market Rates	<p>We are comfortable with the product level of fees for the services investors are getting, considering the Fund size.</p> <p>In comparison to the average cost of the multi-manager funds, Barclays UK Alpha R share class is 0.14% cheaper, whereas the M share class is 0.18% more expensive. Given the limited number of identified multi-manager peers, we are comfortable that the Fund is providing value.</p> <p>There were no identified multi-manager peer groups for the A and B share classes to provide a comparison.</p> <p>When assessing value compared to the average of the single manager funds, the Fund is more expensive, on average, by 0.05%.</p> <p>In the market, the average difference in OCF between funds with a multi-manager investment approach to funds that deploy a single-manager strategy is 0.21%.</p> <p>We are comfortable with the increment above the single manager peer group given the additional level of investment service and oversight that is available to investors through holding a multi-manager product.</p>									
Classes of Units	<p>There are four Classes of Units for Barclays UK Alpha Fund. The R class of unit is available through intermediating platforms and nominees. The A and B Classes of Units have been historically available to direct investors and the M class of unit is available across various Barclays Wealth portfolio propositions.</p> <p>We are comfortable with the 0.35% difference in AMC between both the A and B and R Class of Unit. In addition, we are comfortable with the 0.20% difference in AMC between the R Class of Unit and the M Class of Unit.</p>									
Summary	<p>We have looked across the various criteria of the Fund, whether that is through the savings investors can achieve through economies of scale, or the quality of service we provide, in order to make an assessment on the value delivered to our investors. We believe that the Fund continues to offer good value and given the extensive action we have taken over the past several years (set out in the "Introduction to the Assessment of Value" section), we believe no action is required at this time and we are confident that these changes will continue to have a positive impact on the value of the Fund going forward.</p>									

## Barclays UK Equity Income Fund

**Investment Objective:** The Fund seeks to provide capital growth and income over the long term (any 5 year period). The Fund also seeks to achieve an income in line with, or in excess of, the income of the FTSE All-Share Index (Total Return) over the long term (any 5 year period).

Criteria	Summary	Rating
Performance	<p>The Fund has met its investment objective by providing capital growth and income over the last 5 years.</p> <p>The Fund has outperformed its reference index (FTSE AllShare TR) over three years, but underperformed over one and five years.</p> <p>It has performed broadly in line with its peer group (Morningstar UK Equity Income) over all time periods when taking into account capital growth, but generated a higher dividend yield than the majority of peers.</p> <p>Given market conditions, and taking all factors of the assessment methodology into account, the Fund has succeeded in providing value to investors.</p>	
Economies of Scale	<p>Investors will benefit from a reduction in OCF when the AUM of the Fund rises, since the proportion of the OCF's fixed costs, relative to the amount invested, will reduce.</p> <p>Both the AMC and Registration Fee are paid as a percentage of a Fund's AUM and therefore these costs rise and fall with the Fund's AUM, meaning economies of scale cannot be achieved. As the total AUM of the Funds across the fund range is not sufficiently large enough, it is not possible for us to implement a variable fee structure to achieve additional savings for investors.</p>	
Quality of Service	<p>Overall, we believe that the Funds deliver value across the four sections that contribute to the quality of service of the Funds: Investment Management, Product and Distribution, Oversight, Governance and Risk Management, and Key Third Part Service Providers.</p> <p>Investors benefit from a variety of different services conducted by BAML and BISL, such as the investment process of the Funds, and additional services provided by third parties. We determined that through quantitative data and a subjective review of those services that the Funds deliver a good level of value to investors.</p>	
General Fund Costs	<p>We have a stringent framework in place to monitor and manage the costs of the Funds, with any concerns escalated to the BAML Board. We uphold discipline in how we manage these, particularly in how we allocate cost, where the business will pay for certain costs that should not be borne by the investor. We are satisfied that the costs to the Funds are reasonable and the charges for each of the Funds are justified in the context of the overall value delivered to investors.</p> <p>An extensive review of the various revenue and cost streams related to the Funds has been undertaken. We have determined, and are comfortable that, the Funds are making reasonable profits at levels that are not considered excessive.</p>	

Introduction	Executive Summary and Key Findings	Economies of Scale	Quality of Service	General Fund Costs	Comparable Market Rates	Comparable Services	Classes of Units	Performance	<b>Fund by Fund Analysis</b>	BAML Board of Directors
Comparable Services	<p>In May 2021, we took the opportunity to increase economies of scale through the mergers of our Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2) umbrellas, enabling us to pass on savings to our investors.</p> <p>This has resulted in there being no comparable services between the previously comparable UK domiciled umbrellas, Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2), and hence no comparable service for Barclays UK Equity Income Fund.</p> <p>When comparing the investor servicing to that of the Barclays digital platform, Smart Investor, we believe investors in our Direct/ BIA book are receiving value.</p>									
Comparable Market Rates	<p>We are comfortable with the product level of fees for the services investors are getting, considering the Fund size.</p> <p>In comparison to the average cost of the multi-manager funds, Barclays UK Equity Income R share class is 0.06% more expensive, whilst the M share class is 0.09% cheaper.</p> <p>There was no identified multi-manager peer group for the A share classes to provide a comparison.</p> <p>When assessing value compared to the average of the single manager funds, the Fund is more expensive, on average, by 0.18%.</p> <p>In the market, the average difference in OCF between funds with a multi-manager investment approach to funds that deploy a single-manager strategy is 0.21%.</p> <p>We are comfortable with the increment above the single manager peer group given the additional level of investment service and oversight that is available to investors through holding a multi-manager product.</p>									
Classes of Units	<p>There are three Classes of Units for Barclays UK Equity Income Fund. The R class of unit is available through intermediating platforms and nominees. The A class of unit has been historically available to direct investors and the M class of unit is available across various Barclays Wealth portfolio propositions.</p> <p>We are comfortable with the 0.35% difference in AMC between the A and R Class of Unit. In addition, we are comfortable with the 0.20% difference in AMC between the R Class of Unit and the M Class of Unit.</p>									
Summary	<p>We have looked across the various criteria of the Fund, whether that is through the savings investors can achieve through economies of scale, or the quality of service we provide, in order to make an assessment on the value delivered to our investors. We believe that the Fund continues to offer good value and given the extensive action we have taken over the past several years (set out in the "Introduction to the Assessment of Value" section), we believe no action is required at this time and we are confident that these changes will continue to have a positive impact on the value of the Fund going forward.</p>									

## Barclays UK Small and Mid Cap Fund

**Investment Objective:** The Fund seeks to provide capital growth over the long term (a period of at least 5 years).

Criteria	Summary	Rating
Performance	<p>Over the last 5 years, the Fund has struggled to meet its investment objective of providing capital growth, however, it has achieved capital growth since inception.</p> <p>The Fund has underperformed its index and peer group over 1, 3 and 5 years, primarily driven by poor performance over the last 18-24 months. The contribution to underperformance was driven primarily by one of the sub-investment managers. Their mandate was overly exposed to highly valued growth shares going into 2022, and suffered as these shares, operating in sectors like e-commerce, saw their ratings and share prices fall sharply as inflation and geopolitical fears surfaced. Action has been taken by the sub-investment manager to address these issues and, as such, there is no plan to adjust the portfolio management at this time.</p> <p>Given the very challenging market conditions, and taking all factors of the assessment methodology into account, the Fund has struggled in providing value to investors. The Fund will be closely monitored and action will be taken where required.</p>	
Economies of Scale	<p>Investors will benefit from a reduction in OCF when the AUM of the Fund rises, since the proportion of the OCF's fixed costs, relative to the amount invested, will reduce.</p> <p>Both the AMC and Registration Fee are paid as a percentage of a Fund's AUM and therefore these costs rise and fall with the Fund's AUM, meaning economies of scale cannot be achieved. As the total AUM of the Funds across the fund range is not sufficiently large enough, it is not possible for us to implement a variable fee structure to achieve additional savings for investors.</p>	
Quality of Service	<p>Overall, we believe that the Funds deliver value across the four sections that contribute to the quality of service of the Funds: Investment Management, Product and Distribution, Oversight, Governance and Risk Management, and Key Third Part Service Providers.</p> <p>Investors benefit from a variety of different services conducted by BAML and BISL, such as the investment process of the Funds, and additional services provided by third parties. We determined that through quantitative data and a subjective review of those services that the Funds deliver a good level of value to investors.</p>	
General Fund Costs	<p>We have a stringent framework in place to monitor and manage the costs of the Funds, with any concerns escalated to the BAML Board. We uphold discipline in how we manage these, particularly in how we allocate cost, where the business will pay for certain costs that should not be borne by the investor. We are satisfied that the costs to the Funds are reasonable and the charges for each of the Funds are justified in the context of the overall value delivered to investors.</p> <p>An extensive review of the various revenue and cost streams related to the Funds has been undertaken. We have determined, and are comfortable that, the Funds are making reasonable profits at levels that are not considered excessive.</p>	

Introduction	Executive Summary and Key Findings	Economies of Scale	Quality of Service	General Fund Costs	Comparable Market Rates	Comparable Services	Classes of Units	Performance	<b>Fund by Fund Analysis</b>	BAML Board of Directors
Comparable Services	<p>In May 2021, we took the opportunity to increase economies of scale through the mergers of our Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2) umbrellas, enabling us to pass on savings to our investors.</p> <p>This has resulted in there being no comparable services between the previously comparable UK domiciled umbrellas, Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2), and hence no comparable service for Barclays UK Small and Mid Cap Fund.</p> <p>When comparing the investor servicing to that of the Barclays digital platform, Smart Investor, we believe investors in our Direct/ BIA book are receiving value.</p>									
Comparable Market Rates	<p>We are comfortable with the product level of fees for the services investors are getting, considering the Fund size.</p> <p>In comparison to the average cost of the multi-manager funds, Barclays UK Small and Mid Cap Fund A and R share classes are 0.15% and 0.05% cheaper, respectively. The OCF of the M share class is 0.06% more than its multi-manager peers.</p> <p>When assessing value compared to the average of the single manager funds, the Fund is, on average, more expensive by 0.30%.</p> <p>In the market, the average difference in OCF between funds with a multi-manager investment approach to funds that deploy a single-manager strategy is 0.21%.</p> <p>We are comfortable with the increment above the single manager peer group given the additional level of investment service and oversight that is available to investors through holding a multi-manager product.</p>									
Classes of Units	<p>There are three Classes of Units for Barclays UK Alpha Fund. The R class of unit is available through intermediating platforms and nominees. The A class of unit has been historically available to direct investors and the M class of unit is available across various Barclays Wealth portfolio propositions.</p> <p>We are comfortable with the 0.20% difference in AMC between the A and R Class of Unit. In addition, we are comfortable with the 0.20% difference in AMC between the R Class of Unit and the M Class of Unit.</p>									
Summary	<p>We have looked across the various criteria of the Fund, whether that is through the savings investors can achieve through economies of scale, or the quality of service we provide, in order to make an assessment on the value delivered to our investors. We believe that the Fund continues to offer good value and given the extensive action we have taken over the past several years (set out in the "Introduction to the Assessment of Value" section), we believe no action is required at this time and we are confident that these changes will continue to have a positive impact on the value of the Fund going forward.</p>									

## Barclays Sterling Corporate Bond Fund

**Investment Objective:** The Fund seeks to provide capital growth over the long term (a period of at least 5 years).

Criteria	Summary	Rating
Performance	<p>The Fund has provided income over the last 5 years which forms part of its investment objective. However, capital returns over the last 5 years have been negative. With that being said, the Fund has performed marginally better than its reference index (Markit iBoxx Sterling Non Gilts Index) over most time periods.</p> <p>It was also broadly in line with its peer group (Morningstar GBP Corporate Bond) over most time periods.</p> <p>The Fund has provided value for money given market conditions and we expect it to continue doing so.</p>	
Economies of Scale	<p>Investors will benefit from a reduction in OCF when the AUM of the Fund rises, since the proportion of the OCF's fixed costs, relative to the amount invested, will reduce.</p> <p>Both the AMC and Registration Fee are paid as a percentage of a Fund's AUM and therefore these costs rise and fall with the Fund's AUM, meaning economies of scale cannot be achieved. As the total AUM of the Funds across the fund range is not sufficiently large enough, it is not possible for us to implement a variable fee structure to achieve additional savings for investors.</p>	
Quality of Service	<p>Overall, we believe that the Funds deliver value across the four sections that contribute to the quality of service of the Funds: Investment Management, Product and Distribution, Oversight, Governance and Risk Management, and Key Third Party Service Providers.</p> <p>Investors benefit from a variety of different services conducted by BAML and BISL, such as the investment process of the Funds, and additional services provided by third parties. We determined that through quantitative data and a subjective review of those services that the Funds deliver a good level of value to investors.</p>	
General Fund Costs	<p>We have a stringent framework in place to monitor and manage the costs of the Funds, with any concerns escalated to the BAML Board. We uphold discipline in how we manage these, particularly in how we allocate cost, where the business will pay for certain costs that should not be borne by the investor. We are satisfied that the costs to the Funds are reasonable and the charges for each of the Funds are justified in the context of the overall value delivered to investors.</p> <p>An extensive review of the various revenue and cost streams related to the Funds has been undertaken. We have determined, and are comfortable that, the Funds are making reasonable profits at levels that are not considered excessive.</p>	

Introduction	Executive Summary and Key Findings	Economies of Scale	Quality of Service	General Fund Costs	Comparable Market Rates	Comparable Services	Classes of Units	Performance	<b>Fund by Fund Analysis</b>	BAML Board of Directors
Comparable Services	<p>In May 2021, we took the opportunity to increase economies of scale through the mergers of our Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2) umbrellas, enabling us to pass on savings to our investors.</p> <p>This has resulted in there being no comparable services between the previously comparable UK domiciled umbrellas, Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2), and hence no comparable service for Barclays Sterling Corporate Bond Fund.</p> <p>When comparing the investor servicing to that of the Barclays digital platform, Smart Investor, we believe investors in our Direct/ BIA book are receiving value.</p>									
Comparable Market Rates	<p>We are comfortable with the product level of fees for the services investors are getting, considering the Fund size.</p> <p>In comparison to the average cost of the multi-manager funds, Barclays Sterling Corporate Bond Fund A and M share classes are 0.09% and 0.06% cheaper, whilst the OCF of the R share class is in line with the average cost of the multi-manager funds.</p> <p>When assessing value compared to the average of the single manager funds, the Fund is, on average, more expensive by 0.17%.</p> <p>In the market, the average difference in OCF between funds with a multi-manager investment approach to funds that deploy a single-manager strategy is 0.21%.</p> <p>We are comfortable with the increment above the single manager peer group given the additional level of investment service and oversight that is available to investors through holding a multi-manager product.</p>									
Classes of Units	<p>There are three Classes of Units for Barclays UK Alpha Fund. The R class of unit is available through intermediating platforms and nominees. The A class of unit has been historically available to direct investors and the M class of unit is available across various Barclays Wealth portfolio propositions.</p> <p>We are comfortable with the 0.25% difference in AMC between the A and R Class of Unit. In addition, we are comfortable with the 0.25% difference in AMC between the R Class of Unit and the M Class of Unit.</p>									
Summary	<p>We have looked across the various criteria of the Fund, whether that is through the savings investors can achieve through economies of scale, or the quality of service we provide, in order to make an assessment on the value delivered to our investors. We believe that the Fund continues to offer good value and given the extensive action we have taken over the past several years (set out in the "Introduction to the Assessment of Value" section), we believe no action is required at this time and we are confident that these changes will continue to have a positive impact on the value of the Fund going forward.</p>									

## Barclays Global Core Fund

**Investment Objective:** The Fund seeks to provide capital growth over the long term (a period of at least 5 years).

Criteria	Summary	Rating
Performance	<p>The Fund has met its investment objective by providing capital growth over the last 5 years.</p> <p>The Fund has outperformed its reference index (MSCI World) over one year, underperformed over three years, and is only marginally behind the index over five years.</p> <p>The Fund has, however, demonstrated good performance compared to its peer group (Morningstar Global Large-Cap Growth Equity), outperforming over all time periods.</p> <p>Given market conditions, and taking all factors of the assessment methodology into account, the Fund has provided value to investors.</p>	
Economies of Scale	<p>Investors will benefit from a reduction in OCF when the AUM of the Fund rises, since the proportion of the OCF's fixed costs, relative to the amount invested, will reduce.</p> <p>Both the AMC and Registration Fee are paid as a percentage of a Fund's AUM and therefore these costs rise and fall with the Fund's AUM, meaning economies of scale cannot be achieved. As the total AUM of the Funds across the fund range is not sufficiently large enough, it is not possible for us to implement a variable fee structure to achieve additional savings for investors.</p>	
Quality of Service	<p>Overall, we believe that the Funds deliver value across the four sections that contribute to the quality of service of the Funds: Investment Management, Product and Distribution, Oversight, Governance and Risk Management, and Key Third Part Service Providers.</p> <p>Investors benefit from a variety of different services conducted by BAML and BISL, such as the investment process of the Funds, and additional services provided by third parties. We determined that through quantitative data and a subjective review of those services that the Funds deliver a good level of value to investors.</p>	
General Fund Costs	<p>We have a stringent framework in place to monitor and manage the costs of the Funds, with any concerns escalated to the BAML Board. We uphold discipline in how we manage these, particularly in how we allocate cost, where the business will pay for certain costs that should not be borne by the investor. We are satisfied that the costs to the Funds are reasonable and the charges for each of the Funds are justified in the context of the overall value delivered to investors.</p> <p>An extensive review of the various revenue and cost streams related to the Funds has been undertaken. We have determined, and are comfortable that, the Funds are making reasonable profits at levels that are not considered excessive.</p>	

Comparable Services

In May 2021, we took the opportunity to increase economies of scale through the mergers of our Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2) umbrellas, enabling us to pass on savings to our investors.

This has resulted in there being no comparable services between the previously comparable UK domiciled umbrellas, Barclays Multi-Manager Fund (UK) and Barclays Multi-Manager Fund (UK Series 2), and hence no comparable service for Barclays Global Core Fund.

When comparing the investor servicing to that of the Barclays digital platform, Smart Investor, we believe investors in our Direct/ BIA book are receiving value.



Comparable Market Rates

In comparison to the average cost of the multi-manager funds, Barclays Global Core A and M share classes are more expensive by 0.07% and 0.07%, respectively. The smaller size of the Fund, in comparison to its peer group, can inflate the Fund's costs, and we are comfortable that the Fund is providing value. However, the Fund currently has a single manager mandate and, given the larger costs compared to its multi-manager peers, we will continue to monitor these fees.

The OCF of the R share class is in line with the average cost of the multi-manager funds.

When assessing value compared to the average of the single manager funds, the Fund is more expensive by, on average, 0.16%.

In the market, the average difference in OCF between funds with a multi-manager investment approach to funds that deploy a single-manager strategy is 0.21%.

We are comfortable with the increment above the single manager peer group given the additional level of investment service and oversight that is available to investors through holding a multi-manager product.



Classes of Units

There are three Classes of Units for Barclays UK Alpha Fund. The R class of unit is available through intermediating platforms and nominees. The A class of unit has been historically available to direct investors and the M class of unit is available across various Barclays Wealth portfolio propositions.

We are comfortable with the 0.35% difference in AMC between the A and R Class of Unit. In addition, we are comfortable with the 0.20% difference in AMC between the R Class of Unit and the M Class of Unit.



Summary

We have looked across the various criteria of the Fund, whether that is through the savings investors can achieve through economies of scale, or the quality of service we provide, in order to make an assessment on the value delivered to our investors. We believe that the Fund continues to offer good value and given the extensive action we have taken over the past several years (set out in the "Introduction to the Assessment of Value" section), we believe no action is required at this time and we are confident that these changes will continue to have a positive impact on the value of the Fund going forward.

# BAML Board of Directors



## Damian Neylin

Damian is the Chair of the Board. He is a chartered accountant and was an Audit Partner on major financial services clients for 21 years of his 35 year career at PwC Ireland. He led, at different times, the financial services and asset management businesses. Damian also served as Chair of the Board of Partners and chaired/participated in a number of external Funds & financial services bodies in Ireland.



## David Cavaye

David is a Non-Executive on the Board. He is a chartered accountant with an executive career spanning over 25 years' in the Investments industry, managing both institutional and private client model strategies. Most latterly this was as the Chief Investment Officer at C Hoare & Co. David has held a number of leadership roles throughout his career including management committee memberships.



## Nicola Eggers

Nicola is an executive director and CEO, with over 25 years' experience across the Wealth and Investment Management industry at Barclays. During her career, she has led, hired, and developed senior client advisers, investment and product professionals, driving improvements for clients through product, proposition, people, sales processes, and technology enhancements.



## James Mack\*

James is an executive director and CFO. He is a chartered accountant and is an experienced CFO with a strong track record of performance across various financial organisations and Banking, Treasury, Capital Markets, Management and Mergers & Acquisitions sectors. Before joining Barclays, James was CFO at Aldermore Bank leading the business through transition to public ownership.



## Mark Newbery

Mark is an executive director and CFO. Mark has been the Financial Director for Consumer Banking and Payments since September 2022. Having joined Barclays 17 years ago from Citigroup Global Markets, he has had vast experience in various roles spanning CFO for Wealth and Investment Management, Head of Business development for the US Wealth Business, Controller for Barclays UK, and later Group Head of Strategy and M&A.

\*Please note that James Mack stepped down as executive director and CFO, effective 1st May 2023, and his place taken by Mark Newbery.



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