

# Growthbuilder – February 2010 Edition

## What is it?

- The Growthbuilder is a six-year investment offering investors a 7% locked in return for each year that the level of the FTSE 100 is at or above its starting level on any of the Plan's six anniversaries. This means your investors could receive a potential maximum return of 42%. If on any of the Plan anniversaries (the annual observation dates), the level of the FTSE 100 is lower than when the plan started, no return will be locked in for that year. However, this does not affect the possibility to lock in returns for subsequent years should the Index subsequently rise
- Any accrued return is paid on maturity when capital is also returned

## What are the benefits?

- The Plan aims to mitigate the problem of market timing, offering six opportunities to lock in gains should the FTSE 100 Index be either at or above its starting level on any annual observation date
- Growthbuilder could offer a potential alternative to conventional fixed rate bonds. However, investors need to understand the differences between where the return is guaranteed (the fixed rate bond) and where the return carries investment risk (Growthbuilder)
- The Plan offers your investors the chance to ring-fence growth on an interim basis, even if markets perform moderately
- The capital repayment at the end of the term is not dependent upon FTSE 100 performance
- Potential returns from Growthbuilder are expected to be treated as capital gains; previous unused losses can be carried forward and used to offset any liability on gains from the Plan over the annual exemption level
- Tax exempt efficiency in an ISA/pension arrangement, however as taxed as capital gains, allows your investors to use their ISA allowances elsewhere

## Who is it suitable for?

- Growthbuilder is designed for those investors who have a more moderate view in terms of future FTSE performance
- These investors are prepared to forego returns over the maximum 42% return in exchange for locking in potential returns on a 'earn as you go' basis but are also prepared to take the risk of getting no return at all
- The Plan offers investors an alternative to full equity exposure
- Growthbuilder may also appeal to investors where provider/issuer transparency is prerequisite – Barclays Bank PLC is the issuer and investors will be subject to its counterparty risk
- Investors in Growththbuilder will accept that risk is attached to each potential lock-in amount

## What are the risks?

- The increase in the FTSE 100 level between the start and the maturity may exceed the accumulated locked in coupons. The investor would have been better investing in the companies included in the Index
- If the FTSE 100 Index rises by more than 7% on any anniversary date, investors will not receive any growth over the 7% locked in return
- Any return investors could receive will be in multiples of 7%, including zero. Each 7% is dependent upon the level of the Index on each respective anniversary being equal to or above the starting level of the Index. The maximum return is 42%, the minimum return is zero
- The stated benefits will only be delivered if the investment is held for the full term. If the investor were to cash in their investment early, they may receive back less than the amount they originally invested
- Final returns – including repayment of capital – are conditional upon Barclays Bank PLC fulfilling its financial obligations
- Tax rates may be subject to change and could impact on any subsequent resultant net return
- Inflation might reduce the value of the return and capital received at maturity

## Investment return scenarios

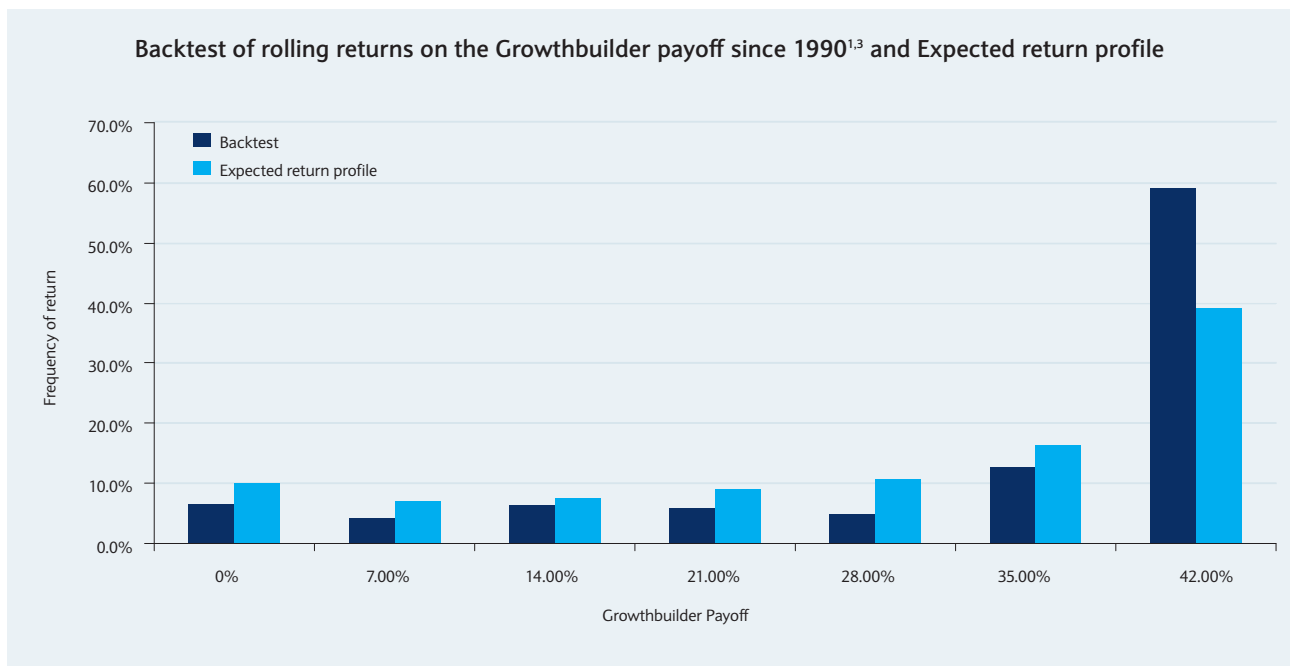
The table below demonstrates the potential returns your clients could receive at maturity, based on several market performance scenarios.

Scenario	Starting level of the FTSE 100	FTSE 100 level at end of Year 1	FTSE 100 level at end of Year 2	FTSE 100 level at end of Year 3	FTSE 100 level at end of Year 4	FTSE 100 level at end of Year 5	FTSE 100 level at end of Year 6	Final Growthbuilder return
1	5400	5700	6000	6200	6000	5800	5500	42%
2		5700	6000	6200	6000	5700	5300	35%
3		5700	6000	6200	5700	5300	5000	28%
4		4800	5000	5200	5500	6000	6500	21%
5		4800	5000	5200	4700	5800	6500	14%
6		5700	5300	4800	4500	4200	5000	7%
7		5300	4800	4500	4200	5000	5200	0%

NB: The shaded areas represent the occasions where the 7% return would be locked in

## Statistics

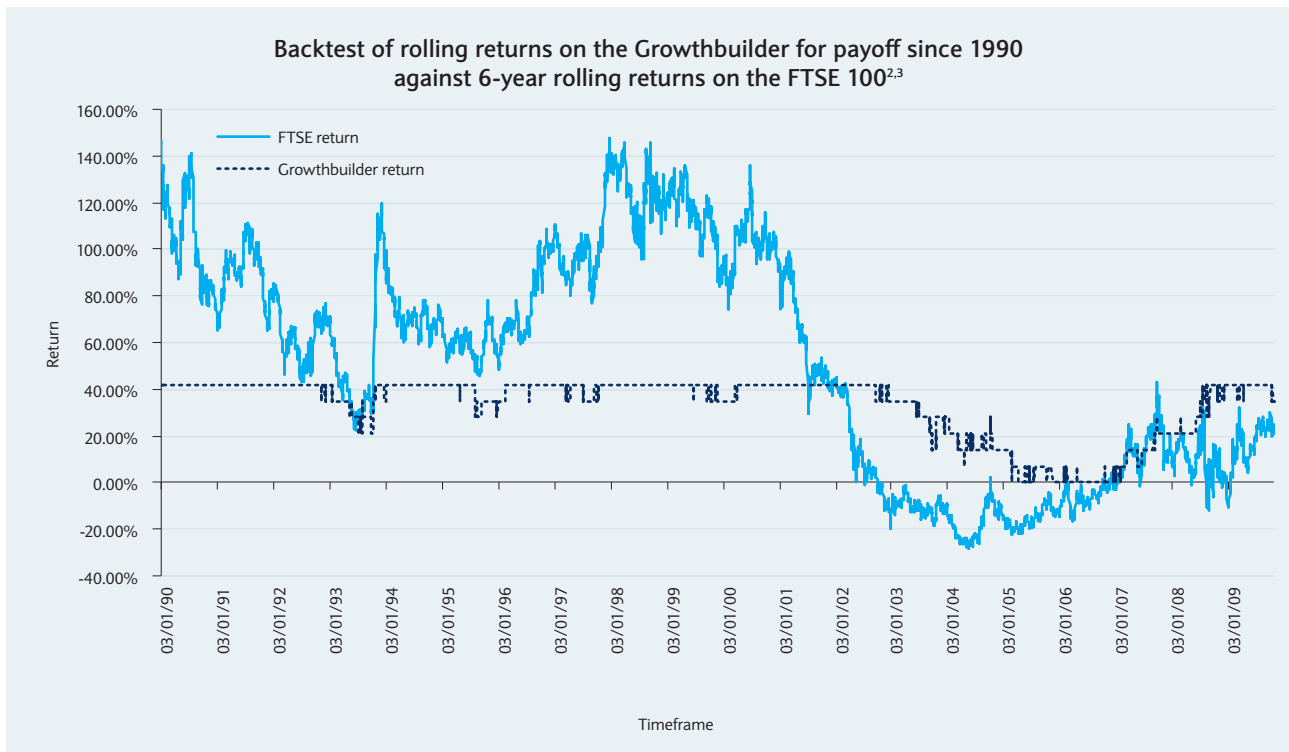
The following graph represents the simulated probability of return based on past and possible future performance.



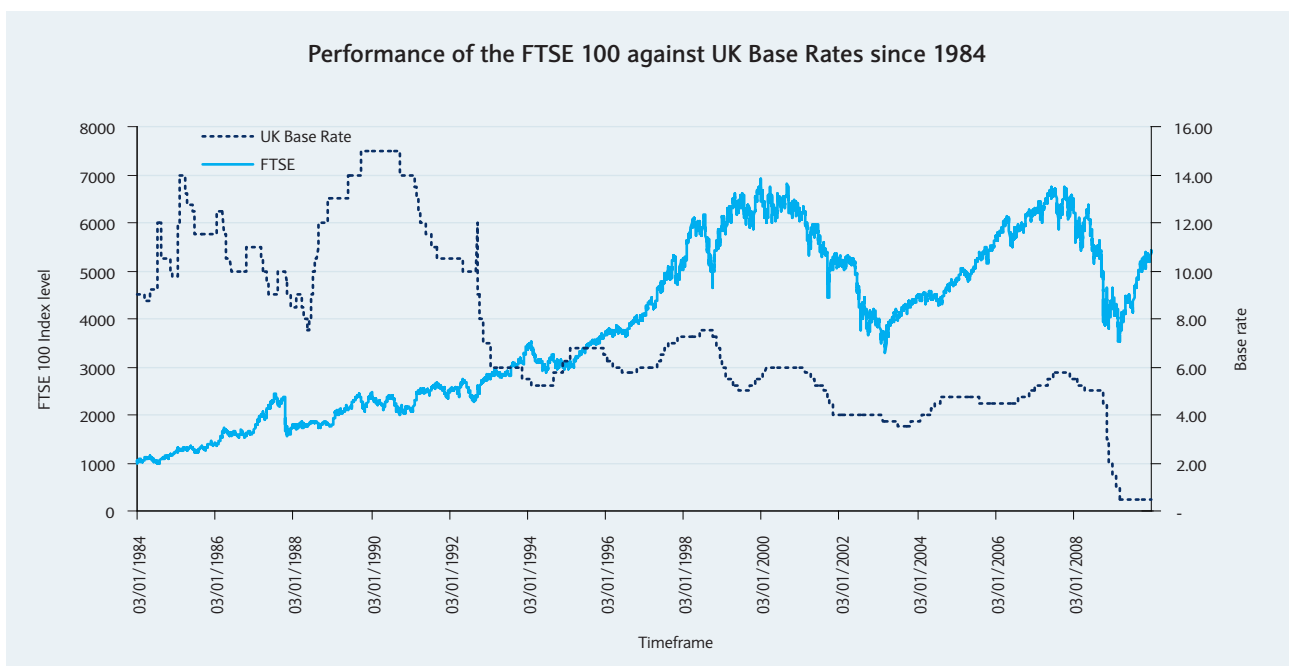
Source: Backtest Barclays Capital; Expected return profile Future Value Consultants

## Indicative performance

The following graph compares the backtested returns of the Growthbuilder on a 6-year rolling basis against actual performance of the FTSE 100 Index over a corresponding 20-year period.



Source: Barclays Capital



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## Product facts

Type	Simple 1118		Maximum investment return	42% (6.02%)
ISIN	XS0475801964			
Term	6 years		Averaging	No
Investment return	7% return locked in for every annual observation where the level of the FTSE 100 Index is at or above the level of the FTSE 100 on the start date of the investment. Maximum of 42% return		Commission	3.00%
Capital protection	Capital is paid back at the end of the term of the investment		Expected tax treatment	CGT
			Amount to fully use CGT exemption (ignoring inflation)	£24,048
Index	FTSE 100			
Minimum Investment	£3,600 per wrapper			
Credit Rating	AA-(Source: S&P)			
Credit Default Swap	84.4 (31/12/09) 135.5 (30/06/09)		Wrappers	<ul style="list-style-type: none"> <li>• Direct</li> <li>• ISA</li> </ul>
Key dates	New investments	ISA transfers only	Investor types	<ul style="list-style-type: none"> <li>• Personal</li> <li>• SSAS</li> <li>• SIPP</li> <li>• Trusts</li> <li>• Charity</li> <li>• Companies</li> </ul>
Sales Close Date	05/04/2010	22/03/2010		
Index Start Date	19/04/2010			
Maturity Date	19/04/2016			

## Growthbuilder?

	GROWTHBUILDER	COMMENT
Underlying investment	Corporate debt in the form of a loan note	
Issuer	Barclays Bank PLC	Depositors rank ahead of Noteholders in terms of creditors
Investment return	7% return locked in for every annual observation where the level of the FTSE 100 Index is at or above the level of the FTSE 100 on the start date of the investment. Maximum of 42% return	
Expected tax return	Capital Gains Tax	No certainty that the current tax differential will be maintained
Tax deducted from the return at source?	No	Higher rate taxpayers to pay tax at marginal rate on any deposit
ISA investment?	Yes, but only via a Stocks & Shares ISA	
ISA transfer?	Yes	Transfers from Cash ISA to Stocks & Shares ISA are permissible but not vice versa
FSCS coverage on the Underlying investment	No	FSCS may cover other aspects relating to an investment eg mis-description or misappropriation of clients' money
Can be included in an Offshore Life Bond wrapper	Subject to provider approval	
Accessible	Yes, but subject to potential loss	

## Contacts

[ifa@barclaysinvestors.com](mailto:ifa@barclaysinvestors.com)

Administration and application status enquiries: 0800 234 6021

Literature orders: 0800 234 6022

Technical product queries: 0800 234 6023

1 Data range: 01/01/1984 – 24/12/2009 (rolling basis).

2 Please note that the results of the backtest should be treated with caution for two reasons:

1. It is not a guide to future performance.

2. It assumes that the same product terms had been offered throughout the backtesting period. In reality product terms would vary according to market volatility and interest rates.

3 Index past performance is based on capital return only, no allowance is made for investment of dividends from companies that comprise the Index.

**Important Notes:** This document is only a summary, complete details can be found within the product brochure which is available on request.

The stated benefits will only be delivered if the investment is held for the full term. If the investor were to cash in early, they would be unlikely to receive back the amount they originally invested. If the issuer of the investment defaults then investors will not get the stated benefits.

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FSA number: 183887. Registered Office: 1 Churchill Place, LONDON E14 5HP. Correspondence address: PO Box 9283, Brentwood, Essex CM14 9AQ.

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