

OFI REVENUE WEIGHTED GLOBAL ESG INDEX METHODOLOGY

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1 INTRODUCTION

MSCI Indexes are constructed and maintained in accordance with the MSCI Global Investable Market Indexes (GIMI) Methodology and calculated as per the MSCI Index Calculation Methodology. This methodology book provides a description of the rules and guidelines followed by MSCI for the construction and maintenance of the OFI Revenue Weighted Global ESG Index, which aims to reflect the performance of an OppenheimerFunds' strategy.

The OFI Revenue Weighted Global ESG Index (herein, the "Index") is designed to represent the performance of companies that have historically demonstrated relatively higher Industry Adjusted ESG Scores within the MSCI ACWI universe.

2 INDEX CONSTRUCTION METHODOLOGY

2.1 DEFINING THE ELIGIBLE UNIVERSE

The applicable universe includes all the existing constituents of MSCI ACWI Index (herein, the “Parent Index”). This approach aims to provide an opportunity set with sufficient liquidity and capacity.

Companies whose trailing 12-month sales are either missing or zero are excluded from the Index. Please refer to Appendix I for the definition of security trailing 12-month sales.

2.2 SECURITY SELECTION

Securities in the eligible universe are ranked in descending order by Industry Adjusted ESG Score and the top 50% of securities (by number) within the eligible universe are included. If there are multiple securities with the same Industry Adjusted ESG Score, the security with the higher trailing 12-month sales is ranked higher.

For more details on MSCI ESG Ratings, please refer to <https://www.msci.com/esg-ratings>

2.3 SECURITY WEIGHTING SCHEME

The securities included during the previous step (2.2) are assigned weights in proportion to trailing 12-month sales (in USD). Since China A Stock Connect listings are included in the Parent Index with a partial inclusion factor, their revenue is also adjusted by applying the same inclusion factor to their aggregate revenue.

Additionally, issuer weights are capped at 5%. At construction and at each rebalancing, if the weight of any issuer in the Index is greater than 5%, its weight will be capped at 5%. For the capped issuers, securities are weighted in proportion to their trailing 12-month sales. The weight of the remaining securities will be increased in proportion to their weight prior to such capping. For more details on MSCI Capped Index Methodology, please refer to <https://www.msci.com/index-methodology>

3 MAINTAINING THE INDEX

3.1 QUARTERLY INDEX REVIEWS

The Index is rebalanced on a quarterly basis, usually as of the close of the last business day of February, May, August and November to coincide with the Quarterly Index Reviews of the Parent Index. The pro forma Index is generally announced nine business days before the Index Review effective date.

In general, MSCI uses MSCI ESG Research data as of the end of the month preceding the Index Reviews. For some securities, such data may not be published by MSCI ESG Research by the end of the month preceding the Index Review. For such securities, MSCI will use ESG data published after the end of month, when available.

3.1.1 SECURITY SELECTION BUFFER

To reduce index turnover and enhance index stability, buffer rules are applied as follows:

A buffer of 20% is applied during the on-going index reviews. This is applied on the basis of the number of securities in the pro forma Parent Index.

For example, if the OFI Revenue Weighted Global ESG Index includes 500 securities at an Index Review, buffers are applied between ranks 401 and 600. The securities in the Parent Index with an Industry Adjusted ESG Score rank at or below 400 will be added to the Index on a priority basis. The existing constituents that have an Industry Adjusted ESG Score rank between 401 and 600 are then successively added until the number of securities in the Index reaches 500. If the number of securities is below 500 after this step, the remaining securities eligible for selection with the highest Industry Adjusted ESG Score are added until the number of securities in the Index reaches 500.

3.2 ONGOING EVENT RELATED CHANGES

The general treatment of corporate events in the OFI Revenue Weighted Global ESG Index aims to minimize turnover outside of Index Reviews. The methodology aims to appropriately represent an investor’s participation in an event based on relevant deal terms and pre-event weighting of the index constituents that are involved. Further, changes in index market capitalization that occur as a result of corporate event implementation will be offset by a corresponding change in the Variable Weighting Factor (VWF) of the constituent.

Additionally, if the frequency of Index Reviews in the Parent Index is greater than the frequency of Index Reviews in the OFI Revenue Weighted Global ESG Index, the changes made to the Parent Index during intermediate Index Reviews will be neutralized in the OFI Revenue Weighted Global ESG Index.

The following section briefly describes the treatment of common corporate events within the OFI Revenue Weighted Global ESG Index.

No new securities will be added (except where noted below) to the Index between Index Reviews. Parent Index deletions will be reflected simultaneously.

EVENT TYPE	EVENT DETAILS
New additions to the Parent Index	A new security added to the parent index (such as IPO and other early inclusions) will not be added to the index.
Spin-Offs	All securities created as a result of the spin-off of an existing Index constituent will be added to the Index at the time of event implementation. Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.
Merger/Acquisition	For Mergers and Acquisitions, the acquirer’s post event weight will account for the proportionate amount of shares involved in deal consideration, while cash proceeds will be invested across the Index. If an existing Index constituent is acquired by a non-Index constituent, the existing constituent will be deleted from the Index and the acquiring non-constituent will not be added to the Index.
Changes in Security Characteristics	A security will continue to be an Index constituent if there are changes in characteristics (country, sector, size segment, etc.) Reevaluation for continued inclusion in the Index will occur at the subsequent Index Review.

Further detail and illustration regarding specific treatment of corporate events relevant to this Index can be found in the MSCI Corporate Events Methodology book under the sections

detailing the treatment of events in Capped Weighted and Non-Market Capitalization Weighted indexes.

The MSCI Corporate Events methodology book is available at:
<https://www.msci.com/index-methodology>

APPENDIX I: DEFINITION OF SECURITY TRAILING 12-MONTH SALES

For more details on the MSCI definition of issuer sales, please refer to the MSCI Fundamental Data Methodology at <https://www.msci.com/index-methodology>

For companies from the Financials sector, where MSCI does not calculate sales as per MSCI Fundamental Data Methodology, the total operating revenue of the company will be used as a proxy for issuer sales. Total operating revenue largely includes interest and fees on loans, interest on bank deposits, income from trading accounts, foreign exchange income, investment securities gains/losses and commissions & fees.

Issuer sales per share is calculated from issuer sales using issuer number of shares taking into consideration all equity share classes from the issuer. Security sales are then computed using security number of shares and issuer sales per share. MSCI uses security sales as of the end of the month preceding the Index Reviews for the rebalancing of the OFI Revenue Weighted Global ESG Index.

$$Security\ Sales = Security\ Number\ of\ Shares \times \frac{Issuer\ Sales}{Issuer\ Number\ of\ Shares}$$

The following sections have been modified since Sep 2016:

Section 2.1: Defining the Eligible Universe

- Securities with undefined Sharpe Ratio would be excluded from the Eligible Universe

Section 2.3: Security Weighting Scheme

- Clarification about the security weight capping process

APPENDIX I: Definition of Security Trailing 12-Month Sales

- Appendix added to explain the Security Trailing 12-month Sales and fallback for sales of securities belonging to Financials sector

APPENDIX II: Calculation of Sharpe Ratio

- Updated definition of Sharpe Ratio to use security total returns

The following sections have been modified since May 2017:

Section 2: Index Construction Methodology

- Sharpe Ratio based screening was removed

Section 3: Maintaining the Index

- Section 3.1 was expanded to include information about ESG Data
- Appendix III in the previous version of the methodology book describing the Corporate Events treatment has been deleted. The details on the Corporate Events treatment are now included in Section 3.2.

Appendix I: Definition of Security Trailing 12-month Sales

- Appendix I is updated to clarify the reference date for security sales

APPENDIX II: Calculation of Sharpe Ratio

- Appendix on Sharpe Ratio deleted with the removal of Sharpe Ratio screening

The following sections have been modified since August 2017:

Section 2.3: Security Weighting Scheme

- Clarification about the treatment of China A Stock Connect listings in Index.

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