

# OFI GLOBAL INSTITUTIONAL, INC.

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## FORM ADV PART 2A BROCHURE

March 28, 2014

This Form ADV Part 2A Brochure (“Brochure”) provides information about the qualifications and business practices of OFI Global Institutional, Inc. If you have any questions about the contents of this Brochure, please contact us at (212) 323-0200. Additional information about OFI Global Institutional, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. OFI Global Institutional, Inc. is registered with the SEC as an investment adviser. Registration as an investment adviser does not imply any level of skill or training.*

## **Item 2 – Material Changes**

The following is a summary of the material changes made to this Brochure since the last annual update on May 1, 2013:

- Overall, changes have been made to the formatting of the Brochure.
- Item 4 – updated to include Adviser’s assets under management as of December 31, 2013.
- Item 5 – updated to add investment strategies and risks.
- Item 10 - revised to include updated financial industry activities and affiliations.

Pursuant to new SEC rules, we will ensure that you receive an updated Brochure or a summary of any material changes to the Brochure within 120 days of the end of our fiscal year. We may further provide to you, without charge, disclosure information regarding material changes to our business during the fiscal year as necessary.

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#### **Item 4 – Advisory Business**

OFI Global Institutional, Inc. (the “Adviser”)<sup>1</sup> is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) (Reg. No. 801-60027) and a commodity pool operator (“CPO”) and commodity trading adviser (“CTA”) registered with the U.S. Commodity Futures Trading Commission (“CFTC”) and the National Futures Association (“NFA”) (NFA Reg. No. 0344394). The Adviser is a wholly-owned subsidiary of OppenheimerFunds, Inc. (“OFI”), which, in turn, is a wholly-owned subsidiary of Oppenheimer Acquisition Corp. (“OAC”). Massachusetts Mutual Life Insurance Company (“MassMutual”), through its subsidiary, is the indirect primary shareholder of OAC. MassMutual is a mutual life insurance company that, together with its subsidiaries, is a global, growth-oriented, diversified financial services organization providing life insurance and other financial products and services.

The Adviser provides investment advisory services to various types of clients, including trusts, pension plans, insurance company separate accounts, foundations, corporations, ERISA qualified retirement plans, governmental plans, foreign entities (including governmental entities, corporations, investment companies and pension plans), registered investment companies registered with the SEC as open-end management investment company under the Investment Company Act of 1940 Act (“Investment Company Act”) (“Mutual Funds”), investment companies excepted from the definition of investment company by Section 3(c)(7) of the Investment Company Act (such vehicles, “Private Funds”), and bank sponsored collective investment trusts excepted from the definition of investment company by Section 3(c)(11) of the Investment Company Act (“Trust Funds”) that are maintained by OFI Global Trust Company, a wholly-owned subsidiary of the Adviser.

Generally, the Adviser seeks to manage accounts within the same investment strategy in a uniform manner. However, the Adviser may agree to tailor its advisory services in order to comply with certain client requirements, such as compliance with special investment restrictions or the use of a specially designed securities or alternatives universe.

As of December 31, 2013, the Adviser managed approximately \$6,622,179,311 in client assets.

#### **Item 5 – Fees and Compensation**

Generally, the Adviser charges a fee for its investment advisory services based on a percentage of the client’s assets under management. Fees will be billed quarterly based on the average of the assets held in the account as of the last business day of each month during the quarter, and the market value of the account will be determined by the Adviser. Fees shall be payable in arrears for each quarter at the applicable annual rates. The fee shall be pro-rated and increased or decreased as appropriate to reflect contributions and withdrawals to the account during the quarter and the time such changed amounts were under management.

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<sup>1</sup> On April 19, 2013, the Adviser changed its name from OFI Institutional Asset Management, Inc. to OFI Global Institutional, Inc.

The Adviser's fee schedule and minimum investment amounts with respect to some of the investment strategies currently offered by Adviser are listed below. Minimum investment amounts may be negotiable in certain circumstances. Please contact the Adviser for information regarding the fee schedules and minimum investment amounts for the Adviser's other strategies.

**Domestic Equity Strategies**

<b>Strategy</b>	<b>Fee</b>	<b>Minimum Account Size</b>
Equity Income	0.55% on the first \$25,000,000 0.50% on the next \$25,000,000 0.45% on remainder	\$25,000,000
Dividend Growth	0.60% on the first \$25,000,000 0.50% on the next \$25,000,000 0.45% on remainder	\$25,000,000
Large Cap Core	0.45% on the first \$50,000,000 0.40% on the next \$50,000,000 0.35% on remainder	\$25,000,000
Mid Cap Growth	0.70% on the first \$25,000,000 0.65% on the next \$25,000,000 0.60% on remainder	\$25,000,000
Small Cap Core	0.70% on the first \$25,000,000 0.65% on the next \$25,000,000 0.60% on remainder	\$25,000,000

**Global/International Equity Strategies**

<b>Strategy</b>	<b>Fee</b>	<b>Minimum Account Size</b>
Emerging Markets Equity	0.85% on the first \$50,000,000 0.80% on the next \$50,000,000 0.70% on remainder	\$50,000,000
Global Multi Cap Growth	0.70% on the first \$50,000,000 0.60% on the next \$50,000,000 0.50% on remainder	\$50,000,000
International Small Cap	0.80% on the first \$50,000,000 0.75% on the next \$50,000,000 0.70% on remainder	\$25,000,000

International Growth	0.70% on the first \$50,000,000 0.60% on the next \$50,000,000 0.50% on remainder	\$50,000,000
Global Equity	0.70% on the first \$50,000,000 0.60% on the next \$50,000,000 0.50% on remainder	\$50,000,000
Global Value	0.70% on the first \$50,000,000 0.65% on the next \$50,000,000 0.60% on remainder	\$25,000,000

#### **Global Debt Strategies**

<b>Strategy</b>	<b>Fee</b>	<b>Minimum Account Size</b>
International Bond	0.50% on the first \$100,000,000 0.45% on the next \$100,000,000 0.40% on remainder	\$100,000,000
Multi Sector Income	0.50% on the first \$100,000,000 0.45% on the next \$100,000,000 0.40% on remainder	\$100,000,000
Senior Loan	0.50% on the first \$150,000,000 0.45% on remainder	\$100,000,000
Investment Grade Corporate Bond	0.30% on the first \$100,000,000 0.28% on the next \$100,000,000 0.25% on remainder	\$50,000,000

#### **Alternatives Strategies**

<b>Strategy</b>	<b>Fee</b>	<b>Minimum Account Size</b>
Cat Bond	1.00% on all assets	\$50,000,000

The Adviser's fees may be negotiable. The Adviser may negotiate a higher or lower fee arrangement on a case-by-case basis in the event that the Adviser is asked to take on responsibilities that differ from those normally involved in the management of an account. Special client requirements, such as compliance with special investment restrictions or the use of a specially designed securities or alternatives universe, may also result in different fee rates.

Clients with whom the Adviser works in developing new investment approaches may be charged a lower fee. Similarly, a limited number of initial clients with accounts implementing newer

investment strategies may be charged a lower rate with respect to such accounts. In certain instances, a single client with more than one account with the Adviser and/or its affiliates may have its assets aggregated for fee calculation purposes or be charged a lower rate with respect to the aggregate assets invested in all its accounts.

The Adviser serves as sub-adviser to a series of Trust Funds offered through OFI Global Trust Company, a New York chartered trust company that is a wholly-owned subsidiary of the Adviser. Generally, investments in these funds are restricted to ERISA qualified retirement plans and governmental plans. Standard advisory fees for such funds are generally the same as for a separate account managed in the same investment style.

Clients may incur additional fees or expenses in connection with the Adviser's advisory services, such as custodian fees or other fund expenses. In addition, clients will incur brokerage and other transaction costs. Please refer to Item 12 below for a discussion of the Adviser's brokerage practices.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

The Adviser may charge a performance fee for certain accounts. In such arrangements, the Adviser's fee normally involves two components. The first component is a base annual fee which is a percentage of the market value of the account or a specified flat dollar amount. The second component is normally a fee which is calculated as a percentage of the annual amount by which the account outperforms an agreed upon index or benchmark. The specific terms of the performance fee are developed in discussions with each client and will be charged in compliance with applicable law (including Rule 205-3 of the Advisers Act). The Adviser may manage accounts that are charged a performance-based fee and accounts that are charged an asset-based fee, which may create an incentive for the Adviser or its affiliates to favor the performance-based fee accounts to the disadvantage of other non-performance-based fee accounts. In addition, an account with a performance-based fee may create an incentive for the Adviser to invest in riskier investments in order to increase the performance of the account (and therefore its fee) than it otherwise would have. The Adviser has adopted policies, procedures and guidelines (as discussed in Item 11 and Item 12 of this Brochure) to address and minimize any potential conflicts of interest that may arise as a result of such arrangements.

### **Item 7 – Types of Clients**

Please refer to Item 4 for a description of the types of clients to whom the Adviser generally provides investment advice.

The Private Funds are offered to qualified purchasers and generally require a minimum initial investment of \$5,000,000, although certain Private Funds may require a higher minimum initial investment.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

#### **Methods of Analysis**

The Adviser utilizes various methods of analysis and investment strategies in managing client assets. Depending on the investment strategy, Adviser's methods of security analysis may include economic analysis, fundamental analysis, technical analysis and/or quantitative analysis. Investing in securities, alternatives and other instruments involve risk of loss that clients should be prepared to bear.

The Adviser and its affiliates subscribe to nearly every major financial newspaper and magazine. The Adviser and its affiliates also receive annual and other company reports, and have access to public filings with the SEC, corporate press releases and corporate rating services. In addition, depending on the investment strategy, they rely extensively on brokerage and research services described in Item 12 herein.

The Adviser's investment strategies are generally guided by the investment objective, investment policies and restrictions set forth in the prospectus and statement of additional information of each registered management investment company for which it acts as sub-adviser.

The Adviser's investment strategies may also be guided by (i) the investment objectives, policies, strategies, and restrictions set forth in an advisory or subadvisory agreement, any offering document or other governing document applicable to a client for which the Adviser serves as adviser or sub-adviser or otherwise provides advisory services, and (ii) applicable legal and regulatory requirements.

The Adviser may work with a client to develop additional investment approaches from time to time to tailor its advisory services to the individual needs of the client. In addition, clients may impose restrictions on investing in certain securities or other investments or certain types of securities or other investments.

### **Investment Strategies**

The Adviser currently offers diversified portfolio strategies, including strategies in the following asset classes: Global/International Equities, Domestic Equities, Debt Securities and Alternatives.

**Global/International Equities Asset Class includes the following strategies – *Global Equity/ Global Multi Cap Growth/ Global Value/ International Growth/ International Small Cap/ Emerging Markets Equity***

#### ***Global Equity strategy***

The Adviser's Global Equity investment team believes long-term outperformance can be achieved by investing in quality companies that possess strong and sustainable growth prospects driven by revenue growth. Structural growth themes such as MANTRA<sup>SM</sup> (Mass Affluence, New Technology, Restructuring and Aging) help drive long-term opportunities. The team also believes in using a contrarian approach to growth investing should help deliver outperformance.

The main risks of investing in the Global Equity strategy are: Risks of Investing in Stock, Risks of Growth Investing, Risks of Foreign Investing, Special Risks of Developing and



Emerging Markets, Risks of Mid-Sized Companies, and Risks of Investing in Special Situations.

***Global Multi Cap Growth strategy***

The Adviser's Global Multi Cap Growth investment team believes long-term outperformance can be achieved by investing in companies that possess strong and sustainable growth prospects and are selling at attractive valuations. The team seeks to exploit market opportunities through: 1) utilizing a theme-based approach focused on "Big Ideas;" 2) conducting rigorous fundamental research will uncover "great" companies; 3) investing in companies with unique competitive advantages and high barrier to entry; and 4) buying stocks with a contrarian approach.

The main risks of investing in the Global Multi Cap Growth strategy are: Risks of Investing in Stock, Risks of Debt Securities, Special Risks of Below-Investment-Grade Securities, Fixed-Income Market Risks, Risks of Growth Investing, Risks of Foreign Investing, Special Risks of Developing and Emerging Markets, Risks of Small Cap Companies, Risks of Mid-Sized Companies, Risks of Investing in Special Situations and Time-Zone Arbitrage.

***Global Value strategy***

The Adviser's Global Value investment team believes durable businesses with sustainable tailwinds and attractive returns can outperform over the long term. Entry points are critical; the team seeks to buy when there is a large gap between market price and what the company is worth to an informed buyer. The team also believes that company management significantly affects returns.

The main risks of investing in the Global Value strategy are: Risks of Investing in Stock, Risks of Foreign Investing, Special Risks of Developing and Emerging Markets, Risks of Value Investing, and Risks of Small Cap Companies, and Risks of Mid-Sized Companies.

***International Small Cap strategy***

The Adviser's International Small Cap investment team believes 1) dynamic industries undergoing significant changes can offer opportunities for growth; 2) identifying future leaders in the early stages of their growth can uncover prospects for excess returns; 3) companies with significant competitive advantages can grow throughout market cycles; and 4) structural growth themes such as MANTRA<sup>SM</sup> (Mass Affluence, New Technology, Restructuring and Aging) help drive long-term opportunities.

The main risks of investing in the International Small Cap strategy are: Risks of Investing in Stock, Risks of Small-Cap Companies, Risks of Growth Investing, Risks of Foreign Investing, Special Risks of Developing and Emerging Markets, Globalization Risks, Eurozone Investment Risks, Regional Focus Risk, and Industry/ Sector Focus Risk.

***International Growth strategy***

The Adviser's International Growth investment team believes structural growth themes such as MANTRA<sup>SM</sup> (Mass Affluence, New Technology, Restructuring and Aging) help drive

long-term opportunities. Companies with defensible market positions exposed to these trends may be positioned to outperform. The team also believes entry price is the key component of future returns.

The main risks of investing in the International Growth strategy are: Risks of Investing in Stock, Risks of Growth Investing, Risks of Foreign Investing, Special Risks of Developing and Emerging Markets, and Time-Zone Arbitrage.

#### ***Emerging Markets Equity strategy***

The Adviser's Emerging Markets Equity investment team believes structural growth themes such as "Big Ideas" can drive long-term performance. The team also believes entry price is the key component of future returns.

The main risks of investing in the Emerging Markets Equity strategy are: Risks of Investing in Stock, Risks of Foreign Investing, Special Risks of Developing and Emerging Markets, Risks of Small Cap Companies, Risks of Mid-Sized Companies, Globalization Risks, Regional Focus Risk, and Risks of Growth Investing.

**Domestic Equities Asset Class includes the following strategies - *Equity Income/ Small Cap Core/ Large Cap Core/ Dividend Growth/ Mid Cap Growth***

#### ***Equity Income strategy***

The Adviser's Equity Income investment team believes strong long-term investment returns can be achieved by utilizing fundamental research to uncover opportunities. Focusing on dividend paying stocks may provide an attractive opportunity for meaningful upside with potential for lower volatility. The team also believes a long-term approach to undervalued earnings power may present investment opportunities before they are recognized by the broader market.

The main risks of investing in the Equity Income strategy are the following: Risks of Investing in Stock, Risks of Other Equity Securities, Risks of Small Cap Companies, Risks of Mid-Sized Companies, Risks of Value Investing, Dividend Risks, Risks of Foreign Investing and Time Zone Arbitrage.

#### ***Small Cap Core and Large Cap Core strategies***

The Adviser's Small Cap Core and Large Cap Core investment teams believe that companies with sustainable competitive advantages and/or superior execution have the greatest opportunity for long-term value creation and combining fundamental and quantitative analysis can increase alpha generation.

The main risks of investing in the Large Cap Core strategy are the following: Risks of Investing in Stock and Risks of Small Cap Companies and Risks of Mid-Sized Companies.

The main risks of investing in the Small Cap Core strategy are the following: Risks of Investing in Stock, Risks of Small Cap Companies and Risks of Investing in Small Unseasoned Companies.

### ***Dividend Growth strategy***

The Adviser's Growth investment team believes that strong long-term, risk-adjusted returns come from investing in high-quality companies with sustainable growth rates that are attractively priced. The team focuses on stocks that not only pay a dividend, but potentially grow their dividend, can provide an attractive opportunity for a growing income stream, meaningful upside and the potential for lower volatility.

The main risks of investing in the Dividend Growth strategy are the following: Risks of Investing in Stock, Dividend Risk and Risks of Derivative Investments.

### ***Mid Cap Growth strategy***

The Adviser's Mid Cap Growth investment team believes that stock selection is the best way to exploit the inefficiencies in the mid-cap market. In addition the team believes strong long-term, risk-adjusted returns come from investing in high-quality, high-growth companies.

The main risks of investing in the Mid Cap Growth strategy are the following: Risks of Investing in Stock, Risks of Mid-Sized Companies, Price Arbitrage Risks, Risks of Growth Investing, Risks of Foreign Investing, Industry and Sector Focus Risks.

## **Debt Securities Asset Class includes the following strategies – *Senior Loans/ International Bond / Multi Sector Income/ Investment Grade Corporate Bond***

### ***Senior Loans strategy***

The Adviser's High Yield Corporate Debt investment team manages the Senior Loan strategy and believes that a credit-centric and "bottom-up" approach is the best discipline to identifying undervalued securities in the senior loan market. Attractively valued securities can be identified across the credit spectrum including those facing restructuring and/or default. The team also believes that focusing on product purity is paramount so investors may take advantage of attributes of senior loans offer.

The firm's Risk Management department independently monitors each investment team's investment risks at both the enterprise and portfolio level. The High Yield Corporate Debt team also embeds its own risk management controls and monitoring with regards to industry and company exposure limits.

The main risks of investing in the Senior Loan strategy are the following: Risks of Debt Securities, Fixed-Income Market Risks, Special Risks of Below-Investment-Grade Securities, Special Risks of Senior Loans, Risks of Borrowing and Leverage, Risks of Foreign Investing, Risks of Derivative Investments and Risks of Concentration in Financial Services.

### ***International Bond strategy***

The Adviser's International Bond investment team believes that in the international bond fixed income market: 1) active management of the currency, rates and credit profile of the portfolio may lead to diversification benefits, higher income and potential alpha; 2) analysis

of global macroeconomic factors is critical in setting the allocation between developed and emerging market debt sectors; and 3) bottom-up analysis on a country or a corporate level is critical to assess ability and willingness to pay.

The main risks of investing in the International Bond strategy are the following: Risks of Debt Securities, Fixed-Income Market Risks, Special Risks of Sovereign Debt, Special Risks of Below-Investment-Grade Securities, Risks of Foreign Investing, Foreign Currency Risks, Eurozone Investment Risks, Special Risks of Developing and Emerging Markets, Risks of Derivative Investments and Risks of Small Cap Companies and Risks of Mid-Sized Companies.

#### ***Multi Sector Income strategy***

The Adviser's Multi Sector Income investment team believes: 1) active allocations across global debt markets have the potential to generate higher income while lowering volatility; 2) accessing the broadest possible array of higher yielding debt sectors could result in better risk-adjusted returns than simply investing in any one sector alone; 3) constantly searching for new opportunities with low levels of correlation will further diversify the portfolio; 4) comprehensive top-down, macro-economic, analysis is key in managing global fixed income; and 5) thoughtful portfolio construction and regular monitoring are essential to assess secondary or unintended risks..

The main risks of investing in the Multi Sector Income strategy are the following: Risks of Debt Securities, Fixed-Income Market Risks, Special Risks of Below-Investment-Grade Securities, Special Risks of Sovereign Debt, Risks of Mortgage-Related Securities, Sector Allocation Risks, Risks of Foreign Investing, Foreign Currency Risks, Special Risks of Developing and Emerging Markets, Eurozone Investment Risks, Risks of Derivative Investments, Risks of Commodity-Linked Investments.

#### ***Investment Grade Corporate Bond strategy***

The Adviser's Investment Grade Corporate Bond investment team believes an active, value-oriented approach to fixed income management is key to generating competitive returns. Both fundamental and quantitative disciplines are critical elements of their process. The team also believes that assessing macro-economic themes while conducting careful security selection may lead to outperformance.

The main risks of investing in the Investment Grade Corporate Bond strategy are the following: Risks of Debt Securities, Fixed-Income Market Risks, Special Risks of Below-Investment-Grade Securities, Risks of Foreign Investing, Special Risks of Developing and Emerging Markets, and Risks of Derivative Investments.

### **Alternative Asset Class includes the following strategy – Cat Bond**

#### ***Cat Bond strategy***

The Adviser's Cat Bond investment team believes that inefficiencies in the Cat bond market arise from structural complexity, illiquidity and concentrated risks. Quantitative portfolio construction is essential to managing the complex risks of Cat bonds. Additionally, the team

believes that disciplined security-level analysis is necessary to identify attractive investment opportunities.

The main risks of investing in the Cat Bond strategy are the following: Trigger Event Risks, Trigger Event Determination Risks, Regulatory Risks, Limited Availability of Cat Bonds, Concentration Risk, Credit Risks of Cat Bonds, Risks of Below-Investment-Grade Securities and Risks of Foreign Investing.

## **Material Risks**

The principal risks associated with the investment strategies describe above are as follows:

*Risks of Investing in Stocks.* The prices of individual stocks generally do not all move in the same direction at the same time and a variety of factors can affect the price of a particular company's stock. These factors may include, but are not limited to: poor earnings reports, a loss of customers, litigation against the company, general unfavorable performance of the company's sector or industry, or changes in government regulations affecting the company or its industry.

*Risks of Other Equity Securities.* Most convertible securities are subject to the risks and price fluctuations of the underlying stock. They may be subject to the risk that the issuer will not be able to pay interest or dividends when due and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Some convertible preferred stocks have a conversion or call feature that allows the issuer to redeem the stock before the conversion date, which could diminish the potential for capital appreciation on the investment. The fixed dividend rate of preferred stocks may cause their prices to behave more like those of debt securities. If interest rates rise, the value of preferred stock having a fixed dividend rate tends to fall. Preferred stock generally ranks behind debt securities in claims for dividends and assets of the issuer in a liquidation or bankruptcy. The price of a warrant does not necessarily move parallel to the price of the underlying security and is generally more volatile than that of the underlying security. Rights are similar to warrants, but normally have a shorter duration. The market for rights or warrants may be very limited and it may be difficult to sell them promptly at an acceptable price. Rights and warrants have no voting rights, receive no dividends and have no rights with respect to the assets of the issuer.

*Risks of Value Investing.* Value investing entails the risk that if the market does not recognize that the client account's securities are undervalued, the prices of those securities might not appreciate as anticipated. A value approach could also result in fewer investments that increase rapidly during times of market gains and could cause the client's account to underperform other accounts that use a growth or non-value approach to investing. Value investing has gone in and out of favor during past market cycles and when value investing is out of favor or when markets are unstable, the securities of "value" companies may underperform the securities of "growth" companies.

*Risks of Growth Investing.* If a growth company's earnings or stock price fails to increase as anticipated, or if its business plans do not produce the expected results, its securities may decline sharply. Growth companies may be newer or smaller companies that may experience greater stock price fluctuations and risks of loss than larger, more established companies. Newer growth companies tend to retain a large part of their earnings for research, development or investments in capital assets. Therefore, they may not pay any dividends for some time. Growth investing

has gone in and out of favor during past market cycles and is likely to continue to do so. During periods when growth investing is out of favor or when markets are unstable, it may be more difficult to sell growth company securities at an acceptable price. Growth stocks may also be more volatile than other securities because of investor speculation.

*Dividend Risks.* There is no guarantee that the issuers of the stock will declare dividends in the future or that, if dividends are declared, they will remain at their current levels or increase over time. High-dividend stocks may not experience high earnings growth or capital appreciation. A portfolio's performance during a broad market advance could suffer because dividend paying stocks may not experience the same capital appreciation as non-dividend paying stocks.

*Risks of Small-Cap Companies.* Small-cap companies may be either established or newer companies, including "unseasoned" companies that have typically been in operation for less than three years. While smaller companies might offer greater opportunities for gain than larger companies, they also involve greater risk of loss. They may be more sensitive to changes in a company's earnings expectations and may experience more abrupt and erratic price movements. Smaller companies' securities often trade in lower volumes and it might be harder to be disposed of at an acceptable price. Small-cap companies may not have established markets for their products or services and may have fewer customer and product lines. They may have more limited access to financial resources and may not have the financial strength to sustain them through business downturns or adverse market conditions. Since small-cap companies typically reinvest a high proportion of its earnings in their business, they may lack liquidity in a declining market, particularly if they are newer companies. Small-cap companies may have unseasoned management or less depth in management skill than larger, more established companies. They may be more reliant on the efforts of particular members of their management team and management changes may pose a greater risk to the success of the business. It may take a substantial period of time before a gain is realized on an investment in a small-sized company, if at all.

*Risks of Investing in Small Unseasoned Companies.* Small unseasoned companies are companies that have been in operation for less than three years, including operations of any predecessors. In addition to other risks of smaller issuers, these securities may have a very limited trading market, making them harder to sell at an acceptable price. The price of these securities may be very volatile, especially in the short term.

*Price Arbitrage.* Because smaller company stocks may trade infrequently, investors may seek to trade those securities based on their knowledge or understanding of the value of those securities (this is sometimes referred to as "price arbitrage"). If such price arbitrage were successful, it might interfere with the efficient management of the Adviser's portfolio and the Adviser may be required to sell at disadvantageous times or prices to satisfy the liquidity requirements created by that activity. Successful price arbitrage might also dilute the value of securities held by others.

*Risks of Mid-Sized Companies.* Mid-sized companies generally involve greater risk of loss than larger companies. The stock prices of mid-sized companies may be more volatile and their securities may be less liquid and more difficult to sell than those of larger companies. They may have less established markets, fewer customers and product lines, less management depth and more limited access to financial resources. Mid-sized may not pay dividends for some time, if at all.

*Industry/Sector Focus Risks.* To the extent that the Adviser increases its emphasis on investments in a particular industry or sector, the value of investments in a client's account may fluctuate more in response to events affecting that industry or sector, such as changes in economic conditions, government regulations, availability of basic resources or supplies, or other events that affect that industry more than others.

*Risks of Debt Securities.* Debt securities may be subject to credit risk, interest rate risk, prepayment risk and extension risk. Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due. If an issuer fails to pay interest or repay principal, the Fund's income or share value might be reduced. Adverse news about an issuer or a downgrade in an issuer's credit rating, for any reason, can also reduce the market value of the issuer's securities. Interest rate risk is the risk that when prevailing interest rates fall, the values of already-issued debt securities generally rise; and when prevailing interest rates rise, the values of already-issued debt securities generally fall, and they may be worth less than the amount the Fund paid for them. When interest rates change, the values of longer-term debt securities usually change more than the values of shorter-term debt securities. When interest rates fall, debt securities may be repaid more quickly than expected and the Fund may be required to reinvest the proceeds at a lower interest rate. This is referred to as "prepayment risk." When interest rates rise, debt securities may be repaid more slowly than expected and the value of the Fund's holdings may fall sharply. Interest rate changes normally have different effects on variable or floating rate securities than they do on securities with fixed interest rates.

*Fixed-Income Market Risks.* Economic and other market developments can adversely affect fixed-income securities markets in the United States, Europe and elsewhere. At times, participants in debt securities markets may develop concerns about the ability of certain issuers of debt securities to make timely principal and interest payments, or they may develop concerns about the ability of financial institutions that make markets in certain debt securities to facilitate an orderly market. Those concerns can cause increased volatility in those debt securities or debt securities markets. Under some circumstances, as was the case during the latter half of 2008 and early 2009, those concerns could cause reduced liquidity in certain debt securities markets. A lack of liquidity or other adverse credit market conditions may hamper the Adviser's ability to sell the debt securities in which it invests or to find and purchase suitable debt instruments.

*Special Risks of Below-Investment-Grade Securities.* Below-investment-grade debt securities (also referred to as "junk" bonds), whether rated or unrated, may be subject to greater price fluctuations than investment-grade securities, increased credit risk and face a greater risk that the issuer might not be able to pay interest and principal when due, especially during times of weakening economic conditions or rising interest rates. The market for below-investment-grade securities may be less liquid and therefore these securities may be harder to value or sell, especially during times of market volatility or decline.

*Special risks of Sovereign Debt.* Sovereign debt instruments are subject to the risk that a governmental entity may delay or refuse, or otherwise be unable, to pay interest or repay principal on its sovereign debt. If a governmental entity defaults, it may ask for more time in which to pay or for further loans. There is no legal process for collecting sovereign debt that a

government does not pay nor are there bankruptcy proceedings through which all or part of such sovereign debt may be collected. A restructuring or default of sovereign debt may also cause additional impacts to the financial markets, such as downgrades to credit ratings, a flight to quality debt instruments, disruptions in common trading markets or unions, reduced liquidity, increased volatility, and heightened financial sector, foreign securities and currency risks, among others.

*Special Risks of Senior Loans.* Senior Loans are also subject to the risk that a court could subordinate a Senior Loan, which typically holds a senior position in the capital structure of a borrower, to presently existing or future indebtedness or take other action detrimental to the holders of Senior Loans. Senior Loans usually have mandatory and optional prepayment provisions. If a borrower prepays a Senior Loan, the fund will have to reinvest the proceeds in other Senior Loans or securities that may pay lower interest rates. Most, but not all, of the strategy's investments in Senior Loans must be collateralized, however, the strategy's other investments need not be collateralized. Senior Loans are subject to the risk that the value of the collateral, if any, securing a loan may decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate. In the event of a default, an investor may have difficulty collecting on any collateral and would not have the ability to collect on any collateral for an uncollateralized loan. In addition, any collateral may be found invalid or may be used to pay other outstanding obligations of the borrower. An investor's access to collateral, if any, may be limited by bankruptcy, other insolvency laws, or by the type of loan the fund has purchased. As a result, a collateralized Senior Loan may not be fully collateralized and can decline significantly in value. Loan investments are often issued in connection with highly leveraged transactions. Such transactions include leveraged buyout loans, leveraged recapitalization loans, and other types of acquisition financing. These obligations are subject to greater credit risks than other investments including a greater possibility that the borrower may default or enter bankruptcy.

Due to restrictions on transfers in loan agreements and the nature of the private syndication of Senior Loans including, for example, the lack of publicly-available information, some Senior Loans are not as easily purchased or sold as publicly-traded securities. Some Senior Loans are illiquid, which may make it difficult for the Adviser to value them or dispose of them at an acceptable price when it wants to. Direct investments in Senior Loans and, to a lesser degree, investments in participation interests in or assignments of Senior Loans may be limited. Investments in Senior Loans are expected to be less affected by changes in interest rates than fixed-rate securities.

*Risks of Mortgage-Related Securities.* Interests in pools of residential or commercial mortgages in the form of "pass-through" mortgage securities may be issued or guaranteed by the U.S. government, or its agencies and instrumentalities, or by private issuers. Mortgage-related securities issued by private issuers are not U.S. government securities, and are subject to greater credit risks than mortgage-related securities that are U.S. government securities. Private-issuer mortgage-backed securities are also subject to interest rate risk, and the market for private-issuer mortgage-backed securities may be volatile at times and may be less liquid than the markets for other types of securities.

*Sector Allocation Risk.* In allocating investments among various market sectors, the Adviser seeks to take advantage of the potential lack of performance correlation between those sectors.



There is the risk that the evaluations regarding the sectors' relative performance may be incorrect and those sectors may all perform in a similar manner under certain market conditions.

*Risks of Derivatives Investments.* Derivatives may involve significant risks. Some derivatives have the potential for unlimited loss, regardless of the size of the initial investment. Derivatives may be illiquid and may be more volatile than other types of investments. Derivative investments can increase portfolio turnover and transaction costs. Derivatives are subject to counter-party credit risk and may lose money if the issuer fails to pay the amounts due.

*Risks of Commodity-Linked Investments.* Commodity-linked investments are considered speculative and have substantial risks, including the risk of loss of a significant portion of their principal value. Prices of commodities and commodity-linked investments may fluctuate significantly over short periods due to a variety of factors, including for example agricultural, economic and regulatory developments. These risks may make commodity-linked investments more volatile than other types of investments.

*Risks of Borrowing and Leverage.* The Adviser may employ leverage in certain investment strategies. In addition, certain derivatives and other investments involve a degree of leverage. Generally, leverage may occur when, in return for the potential to realize higher gain, an investment exposes the investor to a risk of loss that exceeds the amount invested. The Adviser's use of an economically leveraged derivative may provide the potential for investment gain or loss that may be several times greater than the change in value of the underlying security, asset, interest rate, index or currency upon which such derivative is based, which may result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. If the Adviser uses derivatives for leverage, the value of an investor's portfolio will tend to be more volatile, resulting in larger gains or losses in response to the fluctuating prices of its investments.

*Risks of Foreign Investing.* Foreign issuers are usually not subject to the same accounting and disclosure requirements that U.S. companies are subject to, which may make it difficult for the Adviser to evaluate a foreign company's operations or financial condition. A change in the value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency and in the value of any income or distributions a client's account may receive on those securities. The value of foreign investments may be affected by exchange control regulations, foreign taxes, higher transaction and other costs, delays in the settlement of transactions, changes in economic or monetary policy in the United States or abroad, expropriation or nationalization of a company's assets, or other political and economic factors. These risks may be greater for investments in developing or emerging market countries.

*Risks of Developing and Emerging Markets.* The economies of developing or emerging market countries may be more dependent on relatively few industries that may be highly vulnerable to local and global changes. The governments of developing and emerging market countries may also be more unstable than the governments of more developed countries. These countries generally have less developed securities markets or exchanges, and less developed legal and accounting systems. Securities may be more difficult to sell at an acceptable price and may be more volatile than securities in countries with more mature markets. The value of developing or emerging market currencies may fluctuate more than the currencies of countries with more mature markets. Investments in developing or emerging market countries may be subject to

greater risks of government restrictions, including confiscatory taxation, expropriation or nationalization of a company's assets restrictions on foreign ownership of local companies and restrictions on withdrawing assets from the country. Investments in securities of issuers in developing or emerging market countries may be considered speculative.

*Regional Focus Risks.* The Adviser may increase the relative emphasis of its investments in a particular region of the world. Stocks of issuers in a region might be affected by changes in economic conditions or by changes in government regulations, availability of basic resources or supplies, or other events that affect that region more than others. If there's a greater emphasis on investments in a particular region, it may be subject to greater risks from adverse events that occur in that region than an investment in another region or that is more geographically diversified. Political, social or economic disruptions in the region may adversely affect the values of the Adviser's investments.

*Globalization Risks.* The growing inter-relationship of global economies and financial markets has increased the effect of conditions in one country or region on issuers of securities in a different country or region. In particular, the adoption or prolongation of protectionist trade policies by one or more countries, changes in economic or monetary policy in the United States or abroad, or a slowdown in the U.S. economy, could lead to a decrease in demand for products and reduced flows of capital and income to companies in other countries. Those events might particularly affect companies in emerging and developing markets.

*Time-Zone Arbitrage.* Investments in foreign markets may be exposed to "time-zone arbitrage" attempts by investors seeking to take advantage of differences in the values of foreign securities that might result from events that occur after the close of the foreign securities market on which a security is traded and before the Adviser prices its securities. If such time-zone arbitrage were successful, it might dilute the interests of other shareholders. The Adviser's use of "fair value pricing" to adjust certain market prices of foreign securities may help deter those activities.

*Eurozone Investment Risks.* Certain of the regions in which the Adviser invests, including the European Union (EU), currently experience significant financial difficulties. Following the recent global economic crisis, some of these countries have depended on, and may continue to be dependent on, the assistance from others such as the European Central Bank (ECB) or other governments or institutions, and failure to implement reforms as a condition of assistance could have significant adverse effect on the value of investments in those and other European countries. In addition, countries that have adopted the euro are subject to fiscal and monetary controls that could limit the ability to implement their own economic policies, and could voluntarily abandon, or be forced out of, the euro. Such events could impact the market values of Eurozone and various other securities and currencies, cause redenomination of certain securities into less valuable local currencies and create more volatile and illiquid markets.

*Risks of Investing in Special Situations.* The Adviser may seek to benefit from what are considered to be "special situations," such as mergers, reorganizations, restructurings or other unusual events, that are expected to affect a particular issuer. There is a risk that the anticipated change or event might not occur, which could cause the price of the security to fall, perhaps sharply. In that case, the investment might not produce the expected gains or might cause a loss. This is an aggressive investment technique that may be considered speculative.

*Risks of Concentration in Financial Services.* Financial services industries may be more susceptible to particular economic and regulatory events such as volatility in the financial markets and interest rates, changes in domestic and foreign monetary policy, and changes in industry regulations.

*Trigger Event Risk.* Cat bonds are fixed income securities for which the return of principal and payment of interest are contingent on the non-occurrence of a specified trigger event, such as an earthquake or hurricane. In most cases, the trigger event will not be deemed to have occurred unless the event happened in a particular geographic area and was of a certain magnitude (based on scientific readings) or caused a certain measurable amount of actual or modeled loss. If the trigger event occurs prior to a bond's maturity, that bond may lose all or a portion of its principal and additional interest. There can be no assurance that an event-linked bond will not experience either a partial or total loss of principal and/or additional interest. Certain event-linked bonds are multi-peril bonds in that one of a multiple set of trigger events could result in loss. A single trigger event may impact a multiple number of bonds.

*Trigger Event Determination Risk.* Cat bonds often provide for extensions of maturity that are mandatory, or optional at the discretion of the issuer, in order to process and audit loss claims in those cases where a trigger event has, or possibly has, occurred. The typical duration of mandatory and optional extensions of maturity for Cat bonds currently is between three to six months. In certain circumstances, the extension may exceed two years. To the extent there are events that involve losses (or other event measurements) that are at, or near, the threshold for a trigger event, there may be some delay in the return of principal and/or interest until it is determined whether a trigger event has occurred. To the extent there is a dispute concerning the definition of the trigger event relative to the specific manifestation of a trigger event, there may be losses or delays in the payment of principal and/or interest.

*Regulatory Risk.* Issuers of Cat bonds (and the sponsors of those issuers) may be subject to the laws and regulations of the jurisdictions in which they are domiciled and transact business. There can be no assurance that future changes in law or regulation in the applicable jurisdictions will not adversely affect the ability to issue or sponsor the issuance of Cat bonds or the availability of these instruments for investment. Such changes could depress the market value of these securities or result in adverse tax consequences.

*Limited Availability of Cat Bonds.* Investments in Cat bonds may be limited. The limited availability of Cat bonds may be due to a number of factors, including seasonal concentration of issuances, limited selection that meets the Adviser's investment objective and availability of Cat bonds in the secondary market.

*Concentration Risk.* Focusing on one type of investment, Cat bonds, rather than a broad spectrum of investments, makes the Adviser's portfolio particularly sensitive to market, economic and natural and non-natural events that may affect this investment type. The Adviser's investment in Cat bonds may be speculative and subject to greater price volatility than other types of investments.

*Credit Risk of Cat Bonds.* Debt securities are subject to credit risk. Credit risk is the risk that the issuer of a debt security might not make interest and principal payments on the security as they become due. There is a risk that the issuer of a Cat bond will fail to make interest payments, whether in whole or in

part. The sponsoring entity may default on its obligation to make payments to the issuer or the issuer's investment of principal may not perform as expected. Because most Cat bond issuers currently are structured to be bankruptcy remote vehicles, it is unlikely that the Adviser would lose its entire investment in a Cat bond if the applicable trigger event never occurs. However, there can be no assurance that issuers of Cat bonds that is issued in the future will be structured in a similar manner or that a court would uphold the intended bankruptcy remote characterization of the structure. If an issuer of a Cat bond that is issued in the future is structured in a different manner, it may be possible that the Adviser would lose its entire investment in a Cat bond even though the applicable trigger event never occurs.

## **Item 9 – Disciplinary Information**

The Adviser is not subject to any legal or disciplinary event that is material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

The Adviser and/or its management persons have relationships or arrangements with the related persons listed below that are material to the Adviser's advisory business or to its clients. Item 11 and Item 12 of this Brochure discuss the potential conflicts of interest that may arise as a result of such arrangements or relationships. Clients should carefully consider such potential conflicts of interest in determining whether to engage the Adviser.

The Adviser shares office space, personnel and other resources of its direct parent company, OppenheimerFunds, Inc. ("OFI"), at 225 Liberty Street, 11th Floor, New York, New York 10281-1008. OFI is an investment adviser registered with the SEC (Reg. No. 801-8253) and is a CPO and CTA registered with the CFTC and the NFA (NFA Reg. No. 0352954). OFI is the investment sub-adviser to a majority of the Oppenheimer's group of registered investment companies ("Oppenheimer Mutual Funds") and the Cayman Island domiciled subsidiaries of certain Oppenheimer Mutual Funds ("Cayman Island Subsidiaries"). Professionals that provide portfolio management, analysis, trading and other services for the Adviser may be employed by, or act as officers of, OFI or its other affiliates.

The Adviser and OFI are ultimately controlled by Massachusetts Mutual Life Insurance Company ("MassMutual"), a mutual life insurance company that, together with its subsidiaries, is a global, growth-oriented, diversified financial services organization providing life insurance and other financial products and services, including providing advisory services to pension plans and investment companies. MassMutual's subsidiary, MML Investment Advisers, LLC, has entered into subadvisory agreements with the Adviser whereby the Adviser provides investment advisory services to certain registered investment companies within MassMutual's group of investment companies.

MM Asset Management Holding LLC, a wholly-owned subsidiary of MassMutual Holding, LLC, which in turn is a wholly-owned subsidiary of MassMutual, has acquired substantially all of the voting stock of Oppenheimer Acquisition Corp. ("OAC") and through it acquired voting control of OFI, which is the parent of the Adviser. The common stock of OAC is owned by (i) certain officers and/or directors of OFI and (ii) MassMutual. No institution or person holds 5% or more of OAC's outstanding stock except MassMutual.

OFI Global Asset Management, Inc. (“OFI Global”), a wholly-owned subsidiary of OFI, is an investment adviser and a transfer agent registered with the SEC (Reg. No. 801-76771) and is a CPO and CTA registered with the CFTC and NFA (NFA Reg. No. 0352954). OFI Global is the investment adviser to a majority of the Oppenheimer Mutual Funds and Cayman Island Subsidiaries. OFI Global has entered into subadvisory agreements with OFI whereby OFI provides investment advisory services to those respective Oppenheimer Mutual Funds and Cayman Island Subsidiaries. OFI Global has also entered into sub-transfer agent agreements with SSI whereby SSI provides transfer agency services to those respective Oppenheimer Mutual Funds.

OppenheimerFunds Distributor, Inc. (“OFDI”), a wholly-owned subsidiary of OFI, is a broker-dealer registered with the Financial Industry Regulatory Authority (“FINRA”) and acts as the general distributor of shares of the Oppenheimer Mutual Funds. OFDI is also a municipal securities broker dealer registered with the Municipal Securities Regulatory Board (“MSRB”) and acts the distributor of Section 529 Plans managed by OFIPI..

OFI SteelPath, Inc., a wholly-owned subsidiary of OFI, is an investment adviser registered with the SEC (Reg. No. 801-77030) and provides advisory services to certain Oppenheimer Mutual Funds, private funds, trusts and separately managed accounts that invest in concentrated portfolios of energy infrastructure master limited partnerships.

Shareholder Services, Inc. (“SSI”) doing business as OppenheimerFunds Services, a wholly-owned subsidiary of OFI, is a transfer agent registered with the SEC and acts as the sub-transfer agent to the Oppenheimer Mutual Funds.

OFI Global Trust Company (“OFIGTC”), a wholly-owned subsidiary of Adviser and indirect subsidiary of OFI, is a trust company organized under the banking laws of the state of New York and sponsors the Trust Funds for which OFIGTC acts as investment manager and trustee. The Adviser act as sub-adviser to the Trust Funds.

OFI Private Investments Inc. (“OFIPI”), a wholly-owned subsidiary of OFI, is an investment adviser registered with the SEC (Reg. No. 801-57520) that serves as program manager to Section 529 Plans. OFI acts as sub-adviser to OFIPI for certain investment strategies that are offered in certain Section 529 Plans.

HarbourView Asset Management Corporation (“HarbourView”), a wholly-owned subsidiary of the Adviser, is an investment adviser registered with the SEC (Reg. No. 801-27136) that provides investment supervisory services on a discretionary basis to corporate or similar entities that are primarily structured finance vehicles.

The Adviser serves as the sole member of the general partner and/or managing member of, and provides advisory services to, certain Private Funds that are organized as limited partnerships and limited liability companies. Clients are not publicly solicited to invest in such Private Funds. A list of those limited partnerships and limited liability companies is disclosed in Section 7B of Schedule D of the Form ADV Part 1A of the Adviser and is also available upon request.

## Item 11 – Code of Ethics

The Adviser, OFI and its subsidiaries, as applicable (together, referred herein as “Oppenheimer”) have adopted a Code of Ethics (the “Code”) in compliance with Rule 17j-1 under the Investment Company Act and Rule 204A-1 under the Advisers Act. The Code establishes standards of conduct expected of all employees of Oppenheimer including compliance with federal securities laws (as that term is defined in Rule 204A-1). The Code addresses conflicts that arise from employees' personal trading and establishes procedures for the detection and prevention of activities by which employees having knowledge of the holdings, recommended investments and investment intentions of advisory clients may abuse their fiduciary duties, and also addresses the types of conflict of interest situations subject to Rule 17j-1 under the Investment Company Act and Rule 204A-1 under the Advisers Act. A copy of the Code will be provided to any client or prospective client upon request.

The Code is designed to establish procedures to detect and, where possible, prevent all employees from using knowledge about pending or currently considered securities transactions for clients to profit personally (directly or indirectly) as a result of such transactions, including by purchasing or selling such securities. Under the Code, all employees are prohibited from purchasing or selling any security in which the employee has or will acquire a beneficial interest if the employee knows that, at the same time, the security is being considered for purchase or sale by a client or is the subject of an outstanding purchase or sale order by an advisory client. Such prohibition continues until such information is made publicly available. All employees also are subject to Oppenheimer's Policy to Detect and Prevent Insider Trading. In general, all employees are prohibited from trading (either personally or on behalf of others) while in possession of material, non-public information. Employees are also prohibited from communicating material, non-public information to others in violation of federal or state law. Under the Code, employees must adhere to Oppenheimer's separate Gift Policy that sets forth specific guidelines and information regarding the receipt and provision of gifts or entertainment. In general, employees must limit any gifts or entertainment received from or given to any person or entity that does business with or on behalf of Oppenheimer or an advisory client of Oppenheimer.

The Code includes certain personal trading restrictions and reporting requirements that apply to “Access Persons.” Access Persons generally include officers and directors of Oppenheimer, as well as any person (i) who makes, participates in, or obtains information regarding the purchase or sale of securities by an advisory client in connection with his or her regular functions or duties, (ii) whose functions relate to the making of any recommendations with respect to such purchases or sales, (iii) who has access to timely information relating to investment management activities, research and/or client portfolio holdings, and (iv) who in the course of their employment regularly receive access to trading activity of advisory clients. Access Persons also include “investment persons” which generally encompasses: (i) each portfolio manager, (ii) each securities analyst or trader that provides information and advice to portfolio managers or who helps execute a portfolio manager's investment decisions, or (iii) any other person who, in connection with his or her duties, makes or participates in recommendations regarding a client's purchase or sale of securities.

A summary of the restrictions and reporting requirements for the personal investing activities of Access Persons is set forth below.

Generally, Access Persons are prohibited from purchasing a security in an initial public offering or in a private placement unless express prior approval from the person(s) duly appointed by Oppenheimer for administering the Code (“Code Administrator”) is received (and certain other conditions are satisfied). Investment persons must obtain prior approval of personal securities transactions that are not exempt from the prior approval requirements of the Code. The Code also imposes a “blackout” period, with certain exceptions, on investment persons that prohibits an investment person from purchasing or selling certain securities during a time period before or after the purchase or sale of the same security by an advisory client for whom he or she is an investment person. Investment persons also are prohibited, with certain exceptions, from purchasing and selling or selling and purchasing the same security within a 60 day period.

The prior approval requirements of the Code for an investment person apply to personal securities transactions (not exempt from the prior approval requirements of the Code) conducted in an investment person's personal securities account or a securities account for which the investment person has investment discretion. In addition, the Code requirements that are applicable to an investment person generally apply to the family members residing with such investment person.

The Code also prohibits employees of Oppenheimer from engaging in outside business activities unless each such outside business activity is pre-approved by the employee's department manager or supervisor and General Counsel of Oppenheimer, the Code Administrator or their designees.

The Code also includes certain procedures relating to reporting and recordkeeping of personal securities transactions by Access Persons, including disclosure of personal holdings (e.g., initial and annual statements of holdings), quarterly reporting of transactions and annual certification of compliance with the Code. All employees also must submit initial and periodic acknowledgements of receipt, compliance and understanding of the Code.

### **Potential Conflicts of Interest.**

The Adviser, its affiliates, and their officers, directors and employees, including those who may be involved in the management, sales, investment activities and business operations of the Adviser (collectively, “Affiliates”), may be engaged in businesses and have interests that include the provision of investment advisory services to the assets of registered and unregistered funds (both publicly and privately offered) in the United States and foreign jurisdictions, bank sponsored collective investment trusts, and separately managed accounts. These activities and interests include potential multiple advisory, transactional, financial and other interests in securities, instruments and companies that may be directly or indirectly purchased, invested in, or sold by the Adviser for client accounts managed by the Adviser and its Affiliates (“Client Accounts”). These activities and interests also include potential multiple advisory, transactional, financial and other interests with consultants and other third parties who may facilitate the procurement or advise in the opening of Client Accounts. These are considerations of which clients should be aware. Present and future activities of the Adviser or its Affiliates, in addition to those described in this section, may give rise to additional potential conflicts of interest.

The Adviser makes decisions for Client Accounts and any account of the Adviser or its Affiliates (“Affiliate Account”) in accordance with its obligations as investment manager to the Client Accounts and Affiliate Accounts. The Adviser may have potential conflicts in connection with

the allocation of investments or transaction decisions for Client Accounts, including situations in which the Adviser, its Affiliates or personnel of Affiliates (“Personnel”) may have interests in the investment being allocated and situations in which an Affiliate Account may receive certain of the investments being allocated. The Adviser seeks to manage Client Accounts and Affiliate Accounts according to each account’s investment objectives and applicable guidelines and applicable legal and regulatory requirements.

The Adviser and its Affiliates may receive greater fees or other compensation (including performance-based fees) from certain Client Accounts and Affiliate Accounts, which may create an incentive for the Adviser or its Affiliates to favor such accounts. In addition, the advice provided by Adviser to a Client Account or Affiliate Account may compete or conflict with the advice provided to another Client Account, or may involve a different timing or course of action taken than with respect to a Client Account. For example, a Client Account may be competing for investment opportunities with Affiliates and Affiliate Accounts and with other Client Accounts for certain limited investment opportunities. The Adviser or its Affiliates may acquire confidential or material, non-public information pertaining to an issuer or the issuer’s securities which may prevent or prohibit the Adviser from providing investment advice to Client Accounts and Affiliated Accounts with respect to such issuer or the issuer’s securities irrespective of an account’s investment objective or guidelines. Moreover, the Adviser and its Affiliates may have ownership interests in issuers or broker-dealers which may prevent the Adviser or its Affiliates from purchasing securities or other instruments from such issuers or broker-dealers.

The Adviser, Affiliates, Affiliate or other Client Accounts may buy or sell positions while a Client Account is undertaking the same or a differing strategy, which could disadvantage the Client Account. For example, a Client Account may buy a security and the Adviser, its Affiliates, Affiliate Accounts or other Client Accounts may establish a short position in that same security and subsequent short sales may result in impairment of the price of the security which is owned or held by the Client Account. Conversely, a Client Account may establish a short position in a security and the Adviser, Affiliates, Affiliated Accounts or other Client Accounts may buy that same security and the subsequent purchase(s) may result in an increase in the price of the underlying position in the short sale exposure of the Client Account. In addition, transactions in investments by one or more Client Accounts, Affiliate Accounts, the Adviser or Affiliates may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of a Client Account. This may occur when portfolio decisions regarding a Client Account are based on research and other information that is also used to support portfolio decisions for Affiliate Accounts, other Client Accounts, the Adviser or Affiliates which could impact the timing and manner in which the portfolio decisions for the Client Account and other Client Accounts are implemented. When the Adviser, Affiliates or an Affiliate Account implements an investment decision or strategy ahead of, or contemporaneously with, similar investment decisions or strategies for a Client Account, market impact, liquidity constraints, or other factors could result in the Client Account receiving less favorable trading results and the costs of implementing such investment decisions or strategies could be increased or the Client Account could otherwise be disadvantaged. The Adviser or Affiliates may, in certain cases, elect to implement internal policies and procedures designed to limit such consequences to the Client Accounts and Affiliate Accounts, which may cause a Client Account to be unable to engage in certain activities, including purchasing or disposing of securities, when it might otherwise be desirable for it to do so.



Conflicts may also arise because investment decisions regarding a Client Account may benefit Adviser, Affiliates or other Client Accounts. For example, the sale of a long position or establishment of a short position by a Client Account may impair the price of the same security sold short by (and therefore benefit) the Adviser, its Affiliates or other Client Account, and the purchase of a security or covering of a short position in a security by a Client Account may increase the price of the same security held by (and therefore benefit) the Adviser, its Affiliates, Affiliate Accounts or other Client Account.

The Adviser, its Affiliates, Affiliate Accounts and other Client Accounts may also pursue or enforce rights with respect to an issuer or security in which a Client Account has invested, and those activities may have an adverse effect on the Client Account. As a result, prices, availability, liquidity and terms of Client Account investments may be negatively impacted by the Adviser's, its Affiliates', Affiliate Accounts' or other Client Accounts' activities, and transactions for the Client Account may be impaired or effected at prices or on terms that may be less favorable than would otherwise have been the case.

The Adviser's management of Client Accounts may benefit the Adviser, its Affiliates or Affiliate Accounts. For example, the purchase, holding and sale of securities or other investments by a Client Account may enhance the profitability of the Adviser's, its Affiliates', Affiliate Accounts' or other Client Accounts' investments in and investment activities with respect to such securities, other investments or issuer. A Client Account may also be adversely affected by cash flows and market movements arising from purchase and sale transactions, as well as increases of capital in and withdrawals of capital from Affiliate Accounts and other Client Accounts.

Moreover, from time to time, the Adviser, Affiliate or an Affiliate Account may engage in principal securities transactions in which it purchases or sells securities from an account of Adviser or an Affiliate Account from or to an account of a client. The execution of each principal securities transaction is subject to the approval of each applicable client and regulatory requirements.

Due to the factors noted above, the investment and performance results of a Client Account may differ significantly from the results achieved by Affiliate Accounts and other Client Accounts that follow the same or a similar investment objective and/or strategy.

The Adviser and Affiliates may also have business relationships with, and purchase, distribute or sell services or products from or to, distributors, consultants, and other third parties that facilitate the procurement or recommend the use of the Adviser or its Affiliates to provide advisory or other services to Client Accounts, or who engage in transactions with or for Client Accounts. As a result, those persons and institutions may have conflicts associated with their promotion of or other dealings with the Adviser, its Affiliates, Client Accounts or Other Client Accounts that would create incentives for them to promote the Adviser, its Affiliates, Affiliate Accounts, Client Accounts and other Client Accounts over others or raise other conflicts.

## **Item 12 – Brokerage Practices**

### **Investment, Brokerage and Trading Allocation Policy.**

The Adviser and its investment advisory Affiliates have adopted an investment, brokerage and trading allocation policy (the “Policy”) that sets out standards that their portfolio managers, traders and other personnel involved in the purchase and sale of securities on behalf of clients must follow when:

- seeking best execution for client transactions;
- using client commissions in return for brokerage and research services that are provided by broker-dealers (i.e., entering into “soft dollar” arrangements);
- determining which Client Accounts will participate in an investment opportunity; and
- aggregating client orders and allocating securities among clients that participate in aggregated orders.

A committee composed of personnel with responsibilities in the operation of a particular investment or trading area oversees the implementation and monitoring of these guidelines for that area.

### **Best Execution.**

In evaluating the best execution of client transactions, the Adviser will consider the full range and quality of a broker’s services, taking into account all relevant factors. Although it is not possible to create a definitive list of factors to guide this determination, the Adviser may consider some or all of the following:

- price of security;
- commission rate or spreads;
- execution capability, including execution speed and reliability;
- trading expertise and knowledge of the other side of the trade;
- financial responsibility;
- responsiveness;
- reputation and integrity;
- capital commitment;
- value of research or brokerage services or products provided;
- access to underwritten and secondary market offerings;
- confidentiality;
- reliability in keeping records;
- fairness in resolving disputes;
- market depth and available liquidity;
- recent order flow;
- timing and size of an order; and
- current market conditions.

In selecting broker-dealers to execute client transactions, the Adviser will bear in mind that no factor is necessarily determinative and that seeking to obtain best execution for all client trades must take precedence over all other considerations. Generally, the Adviser’s portfolio traders allocate brokerage based upon recommendations from the Adviser’s portfolio managers.

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer. However, in certain circumstances, a client may designate a particular broker or dealer through which trades are to be effected or through which transactions may be introduced, typically under such terms as the client negotiates with the particular broker or dealer. Where a client has directed the use of a particular broker or dealer, the Adviser generally will not be in a position to negotiate commission rates or spreads freely or, depending on the circumstances, to select brokers or dealers based on the most favorable price execution for a transaction.

Additionally, transactions for a client that has directed that the Adviser use a particular broker or dealer may lose certain advantages. For example, clients who do not direct the Adviser to use a particular broker or dealer may benefit from commingling or "bunching" multiple orders into a single order for the purchase or sale of a particular security. In addition, "non-bunch" orders for directed brokerage clients may be executed after or following any "bunched" orders for non-directed client accounts. Moreover, there may be times when the trading activity in a security for a client that has directed the Adviser to use a particular broker or dealer occurs at a time after the Adviser has completed the execution of all other transactions in that security for all other accounts managed or traded by the Adviser and its affiliates. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for comparable bunched orders. Under these circumstances, the direction by a client to use a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if the Adviser were empowered to negotiate commission rates or spreads freely, or to freely select brokers or dealers.

#### **Use of Client Commissions (i.e., "Soft Dollar Arrangements").**

The Adviser uses client commissions (i.e., "soft dollars") to procure research and brokerage products and services from a number of broker-dealers. These research and brokerage products or services are used by the Adviser's investment teams, and are generally in the form of market, economic, or securities analysis, or products and services that assist in the execution of trades (e.g., execution and post-trade matching systems), and are used in conjunction with the day to day investment management process conducted by these teams.

Such "soft-dollar" arrangements generally may arise in various forms. In a third-party arrangement, the broker-dealer provides the Adviser with products, services or research produced by a third party. A broker-dealer may provide the Adviser with products, services or research that the broker-dealer itself, or an affiliate has produced (i.e., proprietary research). By participating in "soft dollar" arrangements, clients should be aware that (i) the Adviser (and/or its Affiliates) generally receives a benefit because it does not have to otherwise produce or pay for such research, products or services; (ii) as a result, the Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research, products or services,

rather than on the client's interest in receiving most favorable execution; and (iii) the research service provided by a particular broker may be useful to any or all of the advisory accounts of the Adviser and its Affiliates and such research services may not necessarily be used by the Adviser in connection with the accounts that paid commissions to the broker providing such services.

In addition to the Policy, the Adviser has adopted specific procedures to guide its use of client commissions when obtaining research or brokerage services for its clients. The Adviser may avail itself of the safe harbor set forth in Section 28(e) of the Exchange Act and may effect a securities transaction at a commission in excess of the commission that another broker-dealer would have charged if the following conditions are met:

- the Adviser must be supplied with "brokerage and research services" (as defined in Section 28(e) and interpreted by the SEC and its staff), not other products or services;
- the eligible products or services must provide lawful and appropriate assistance to the Adviser in the performance of its responsibilities (e.g., research must be used to assist the Adviser in its investment decision-making);
- the services must be "provided" by the broker-dealer;
- the Adviser must have "investment discretion" in placing the brokerage;
- the Adviser must make a good faith determination that the commissions paid are "reasonable" in relation to the services provided; and
- brokerage placed must be for "securities transactions."

The Adviser is not required to measure the reasonableness of commissions in terms of a particular transaction and it is not required to show that specific research products or services it receives benefit specific accounts. The Adviser measures the reasonableness of commissions in terms of its overall responsibilities over the accounts for which it exercises investment discretion.

Fixed income accounts and wrap-fee accounts of the Adviser and its Affiliates and investments by funds and accounts in futures, swaps and certain forex instruments ("Commodity Interests") do not generally generate client commissions that may be used by the Adviser to acquire eligible brokerage and research services.

In order to rely on the 28(e) safe harbor, a product or service must qualify as "brokerage" or "research." "Research" is restricted to "advice," "analyses," and "reports" that reflect the expression of reasoning or knowledge. Products or services generally do not qualify as "research" if they do not reflect the expression of reasoning or knowledge. Non-research products and services include those with inherently tangible or physical attributes (such as telephone lines or office furniture), and usually fall within two broad categories: items the Adviser uses in marketing its investment management services or items the Adviser uses in its day-to-day administrative activities. "Brokerage services" are those products and services that relate to the execution of the trade from the point at which the Adviser communicates with the broker-dealer for the purpose of transmitting an order for execution, through the point at which funds or securities are delivered or credited to the advised accounts.

The following is a general list of eligible research/brokerage products and services that the Adviser and/or its affiliates may receive:

- Traditional company/stock research reports
- Discussions with research analysts as to the advisability of investing in securities
- Meetings with corporate executives to obtain oral reports on a company's performance
- Seminars or conferences on eligible topics
- Software that provides analyses of securities portfolios
- Software and other products that depend on market information to generate market research, including research on optimal execution and trading strategies
- Market or economic data services (e.g., stock price quotation services)
- Investment portfolio performance publications (e.g., Lipper reports) when not used for marketing purposes
- Corporate governance research, analytics, and ratings services
- Consultant services which result in the delivery of advice, analyses, portfolio strategy or reports
- Financial newsletters and economic publications that are not targeted to a wide, public audience
- Trade magazines and technical journals concerning specific industries or product lines that are marketed to, and intended to serve the interests of a narrow audience
- Trade Analytics (including pre-trade and post-trade analytics)
- Reports and analyses on issuers, securities and the advisability of investing in securities that are transmitted through a proxy service
- Order or execution management systems if they otherwise qualify as "research" or "brokerage"
- Post-trade matching
- Exchange of messages among broker-dealers, custodians and institutions related to the trade
- Electronic communications of allocation instructions between institutions and broker-dealers
- Routing settlement instructions to custodian banks and broker-dealer clearing agents
- Communications services related to the execution, clearing and settlement of securities transactions
- Comparison services required by SEC or SRO Rules (e.g., use of electronic confirmation and affirmation of institutional trades)
- Connectivity service between OFI, broker-dealer and other relevant parties such as custodians (including dedicated lines between the broker-dealer and OFI's order management systems operated by a third party vendor, direct dial-up service between OFI and the broker-dealer's trading desk and message services used to transmit order to broker-dealers for execution)
- Trading software used to route orders to market centers
- Software used to transmit orders to direct market access systems
- Algorithmic trading software

The Adviser cannot be required to make cash payments to a broker-dealer or third party provider from its own resources (i.e., "hard dollars") for services that must be "provided" by the broker-

dealer, even if it did not satisfy the broker-dealer's expectation as to the amount of business it would receive from the Adviser's clients. If the Adviser does not meet a broker-dealer's expectations for commissions earned by such broker-dealer, it may elect (but not commit) to pay any part of the shortfall in hard dollars.

For products or services obtained using client commissions that serve functions that are related (research and brokerage) and not related (non-research or non-brokerage) to the investment decision-making or order execution process (generally referred to as "mixed-use" products and services), the Adviser makes a good faith, reasonable allocation of the cost of the product according to use. The percentage of the product or service (or specific component) that provides assistance to the Adviser in the investment decision-making process may be paid for with eligible client commissions. The percentage of the product or service (or specific component) that provides administrative or other assistance not related to the investment decision-making process must be paid for by the Adviser with its own funds.

### **Securities Trade Allocation and Aggregation.**

The overriding principle governing the Adviser's allocation of investment opportunities among clients and the order aggregation process with respect to securities is the fair and equitable treatment over time of all clients that participate in an aggregated order for securities, or that receive an allocation of securities or transaction proceeds.

When allocating investments, the Adviser first determines the clients for which a particular investment opportunity is appropriate, based on, among other things, a client's investment strategy and objectives, the clients' overall portfolio composition and the characteristics of the specific security. If an investment is appropriate for more than one client, the Adviser allocates the investment opportunity across those client accounts based on generally defined allocation methodologies developed by the applicable trading area.

Generally, the Adviser makes initial allocation decisions at the strategy-level, followed by an assessment of how to allocate investments between funds/accounts within the same strategy. Amongst funds and accounts within a particular strategy, the Adviser may allocate investments *pro rata* based on net assets. However, allocations may be modified to accommodate the different needs and objectives of each fund and account, taking into consideration factors such as current exposure to securities, issuers or markets (including any concentration and diversification requirements), cash flows and relative risk profiles. For certain fixed income securities, such as in the case of secondary offerings, initial allocations may not be determined until confirmation of acceptance of the offer and price is received from the dealer.

Once the Adviser determines that an investment opportunity is suitable for multiple accounts, the Adviser may aggregate or "bunch" trade orders for the same securities if it believes that aggregation is consistent with its duty of best execution and the terms of the applicable client's investment advisory agreement. Although not every client account will participate in every block trade, the Adviser seeks to treat all client accounts fairly and equitably over time. Certain portfolio managers of the Adviser make investment decisions for both Client Accounts and, in their capacity as a portfolio manager for an advisory Affiliate, Affiliate Accounts in accordance with the Adviser's obligations as investment manager to the Client Accounts and Affiliate Accounts. In those instances in which the same security is traded at or about the same time for a Client Account and an Affiliate Account, the Adviser and its Affiliates may place trades first for

transactions on behalf of the Oppenheimer Mutual Funds and non-directed institutional Client Accounts (including Affiliated Accounts) and then second for directed institutional Client Accounts and finally any wrap-fee program separate accounts sequenced by the wrap-fee program sponsor. If a trade for an account cannot be aggregated with a much larger aggregated order for reasons of client direction, it is appropriate for the non-aggregated order to follow the aggregated orders.

Each client that participates in an aggregated order for a security generally will participate at the average price to the extent practicable for transactions in the security or instrument on a given business day, with transaction costs shared pro rata based on each client's participation in the transactions. For certain odd lot transactions, clients may not receive the average price. Pending unexecuted trade orders may be stopped so that subsequent trade orders for the same security may be aggregated with the remaining unexecuted portion of an existing trade order for the security. Each Client Account and Affiliate Account that participated in a partially executed trade order that was stopped so that a subsequent trade order for the same security could be aggregated with the remaining uncompleted portion of an existing order will generally receive the average price of the completed portions of the partially executed trade order. Each Client Account and Affiliate Account that participates in a revised aggregated trade order for a security or instrument will participate at the average price for all transactions in the security subsequent to the formation of an aggregated trade order for the same security on a particular business day and the transaction costs related to such transactions will be shared pro rata based on each Client Account's and Affiliate Account's participation in the transactions.

If an aggregated order cannot be executed in its entirety, the order generally would be allocated among clients pro rata based on each client's participation in the transactions. However, under certain circumstances, it may be necessary to revise or adjust an allocation after the trade is executed, but before the final allocation. For example, it may be appropriate to depart from the original allocation (subsequent to the trade but before final allocation) if, among other things, the Adviser determines that the security is no longer suitable for a client, cash or liquidity concerns arise, or the allocation would result in a *de minimis* allocation.

The Adviser and its Affiliates have adopted an Initial Public Offering ("IPO") allocation policy (the "IPO Allocation Policy") for the administration of IPO allocation to Client Accounts and Affiliate Accounts traded by the Adviser's equity trading desk. This IPO allocation policy supplements the Policy. Portfolio managers are responsible for submitting initial indications of interest ("IOI") to the equity trading desk for each account that, in the portfolio managers' judgment and, consistent with the Policy, should participate in the IPO.

As a general policy, equity IPO opportunities should be allocated *pro rata* among similar accounts managed by a portfolio manager or portfolio management team, subject to certain permitted modifications described in Policy. In the event that the Adviser and its Affiliates do not receive their full requested allocation of the IPO securities, the equity trading desk will determine the allocation to be given to each account for which an IOI has been submitted by portfolio management in accordance with the IPO allocation formula provided in the IPO Allocation Policy. IPO allocations will be assigned up to, but not exceed, the IOI amount for that account.

Overall, the Adviser will endeavor to ensure that its allocation and aggregation procedures do not operate to systematically advantage or disadvantage clients over time.

### **Trade Errors**

Consistent with the Adviser's fiduciary duties, contractual obligations and applicable law, the Adviser has a responsibility to effect investment decisions correctly, promptly and in the interests of its clients and to verify that placed orders are correct and properly executed. Although the Adviser strives to assure proper execution of investment decisions, errors may occur in the trading process. Consequently, the Adviser has adopted a policy with respect to the identification, escalation and resolution of trade errors (the "Trade Error Policy"). The Trade Error Policy seeks to assure that appropriate care is taken in implementing investment decisions on behalf of client accounts, any potential trade errors are identified and reported promptly, and each identified error is corrected on a timely basis.

### **Item 13 – Review of Accounts**

The Adviser will review its investment advisory accounts (i) daily through the actions of portfolio managers and their associates, and (ii) in preparation for meetings with clients, which may be held periodically. The portfolio managers and (in some instances) an assistant portfolio manager or analyst will review each of their accounts on a continuous basis and will be responsible for selecting investments in accordance with each client's investment objectives, strategies, guidelines and restrictions. Each investment team will meet with a supervisory group periodically. Account trading is monitored on a daily basis by operations and compliance personnel. The number of accounts assigned to each reviewer in the operations and compliance departments depends on the nature and size of the accounts under management.

In addition to the reports periodically generated in conjunction with the reviews described above, each client will be given various reports required of registered investment advisers by the U.S. federal securities laws. The nature and frequency of reports provided to individually managed institutional account clients vary based on client needs and/or preferences. Typically, reports to clients are made monthly or quarterly and may include portfolio transactions, holdings, characteristics, strategies, performance attribution analysis and account performance versus portfolio benchmark(s).

In addition to the foregoing, each Mutual Fund's investment adviser, for which the Adviser acts as a subadviser, generally employs its own review processes with respect to the assets under its discretionary management. For a description of a Mutual Fund's review process, see that relevant investment adviser's Form ADV.

### **Item 14 – Client Referrals and Other Compensation**

Employees of the Adviser and certain of its Affiliates (typically those in sales and related positions) may be awarded compensation at the discretion of senior management of the Adviser or an Affiliate for successful efforts in bringing in new accounts. Senior management of the Adviser or an Affiliate determines the amount of the compensation, taking into account the particular efforts of the employee involved in bringing in the particular account. Any such



compensation paid to employees of the Adviser or an Affiliate, as applicable, does not result in higher fees to clients. Additionally, the Adviser and certain of its Affiliates have entered into agreements to pay third parties to solicit and/or refer prospective clients who may need or find value in the investment services provided by the Adviser or its Affiliates. These agreements may be with both affiliated and unaffiliated individuals or firms. Each agreement, to the extent required by the Advisers Act, will comply with Rule 206(4)-3 under the Advisers Act. In addition, all compensation for such solicitation and/or referrals will be paid in accordance with applicable law and does not result in higher fees to clients.

Employees of the Adviser and its Affiliates may participate in paid educational programs offered by consulting firms from which the Adviser and its Affiliates may indirectly seek client referrals. The consulting firms that sponsor these educational programs provide conferences and published research on current topics that are of interest to plan sponsors and investment management organizations. While there may be the appearance of a conflict of interest, the Adviser does not believe that it has received any preferential treatment as a result of its participation in these programs.

### **Item 15 – Custody**

The Adviser and/or its Affiliates may have custody over certain Client Accounts. Clients should receive statements at least quarterly from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. The Adviser urges its clients to carefully review such statements and compare such official custodial records to the account statements provided by the Adviser. The Adviser's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

The Adviser usually receives written authority from the client at the outset of an advisory relationship to determine (i) what securities are to be bought or sold, (ii) amount of securities to be bought or sold, (iii) the broker or dealer to be used, and (iv) the commissions to be paid. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and guidelines for the particular client account and in accordance with applicable law. Generally, the Adviser's authority to trade securities may also be limited by certain federal securities, commodity interests and tax laws that require diversification of investments and favor the holding of investments once made.

### **Item 17 – Voting Client Securities**

The Adviser and its Affiliates have adopted Portfolio Proxy Voting Policies and Procedures, which include Proxy Voting Guidelines, under which the Adviser votes proxies relating to securities held by clients ("portfolio proxies"), in compliance with Rule 206(4)-6 of the Advisers Act. Unless otherwise specifically provided in the agreement between the client and the Adviser, the Adviser will generally be responsible for evaluating and voting on all proposals. The following summary of the Proxy Voting Policies and Procedures is intended to provide clients

with a description of Adviser's proxy voting process. For purposes of this discussion, the term "clients" shall include the Mutual Funds, the Private Funds and Trust Company Funds advised or sub-advised by the Adviser (and/or its Affiliates) and the shareholders of such funds.

As an investment adviser that has been granted the authority to vote portfolio proxies, the Adviser generally undertakes to vote portfolio proxies with a view to enhancing the value of the company's stock held by clients. The Adviser has retained an independent, third party proxy voting agent to vote portfolio proxies in accordance with the Proxy Voting Guidelines and to maintain records of such portfolio proxy voting. The Portfolio Proxy Voting Policies and Procedures include provisions to address conflicts of interest that may arise between the client and the Adviser or the Adviser's Affiliates or business relationships. Such a conflict of interest may arise, for example, where the Adviser or an Affiliate of the Adviser manages or administers the assets of a pension plan or other investment account of the portfolio company soliciting the proxy or seeks to serve in that capacity. The Adviser and its Affiliates generally seek to avoid such material conflicts of interest by maintaining separate investment decision making processes to prevent the sharing of business objectives with respect to proposed or actual actions regarding portfolio proxy voting decisions. Additionally, the Adviser employs the following procedures, as long as the Adviser determines that the course of action is consistent with the best interests of its clients: (1) if the proposal that gives rise to the conflict is specifically addressed in the Proxy Voting Guidelines, the Adviser will vote the portfolio proxy in accordance with the Proxy Voting Guidelines, unless (i) the Proxy Voting Guidelines provide discretion to the Adviser on how to vote on the matter; or (ii) to the extent a portfolio manager has requested that Adviser vote in a manner inconsistent with the Proxy Voting Guidelines, it is determined that such a request is in the best interest of the clients and does not pose an actual material conflict of interest; (2) if such proposal is not specifically addressed in the Proxy Voting Guidelines or the Proxy Voting Guidelines provide discretion to the Adviser on how to vote, the Adviser will vote in accordance with the third-party proxy voting agent's general recommended guidelines on the proposal provided that the Adviser has reasonably determined that there is no conflict of interest on the part of the proxy voting agent or item (1) (ii), above, is not applicable; and (3) if neither of the previous two procedures provides an appropriate voting recommendation, the Adviser may retain an independent fiduciary to advise the Adviser on how to vote the proposal or may abstain from voting. The Proxy Voting Guidelines' provisions with respect to certain routine and non-routine proxy proposals are summarized below:

- The Adviser evaluates director nominees on a case-by-case basis, examining the following factors, among others: composition of the board and key board committees, experience and qualifications, attendance at board meetings, corporate governance provisions and takeover activity, long-term company performance and the nominee's investment in the company.
- The Adviser generally supports proposals requiring the position of chairman to be filled by an independent director unless there are compelling reasons to recommend against the proposal such as a counterbalancing governance structure.
- The Adviser generally supports proposals asking that a majority of directors be independent. The Adviser generally supports proposals asking that a board audit, compensation, and/or nominating committee be composed exclusively of independent directors.

- The Adviser generally supports shareholder proposals to reduce a super-majority vote requirement, and opposes management proposals to add a super-majority vote requirement.
- The Adviser generally supports proposals to allow shareholders the ability to call special meetings.
- The Adviser generally supports proposals to allow or make easier shareholder action by written consent.
- The Adviser generally votes against proposals to create a new class of stock with superior voting rights.
- The Adviser generally votes against proposals to classify a board.
- The Adviser generally supports proposals to eliminate cumulative voting.
- The Adviser generally votes against proposals to establish a new board committee.
- The Adviser generally opposes re-pricing of stock options without shareholder approval.
- The Adviser generally supports proposals to require majority voting for the election of directors.
- The Adviser generally supports proposals seeking additional disclosure of executive and director pay information.
- The Adviser generally supports proposals seeking disclosure regarding the company's, board's or committee's use of compensation consultants.
- The Adviser generally supports “pay-for-performance” and “pay-for-superior-performance standard” proposals that align a significant portion of total compensation of senior executives to company performance, and generally supports an annual frequency for advisory votes on executive compensation.
- The Adviser generally supports having shareholder votes on poison pills.
- The Adviser generally supports proposals calling for companies to adopt a policy of not providing tax gross-up payments.
- In the case of social, political and environmental responsibility issues, the Adviser will generally abstain where there could be a detrimental impact on share value or where the perceived value if the proposal was adopted is unclear or unsubstantiated. The Adviser generally supports proposals that would clearly have a discernible positive impact on short- or long-term share value, or that would have a presently indiscernible impact on short- or long-term share value but promotes general long-term interests of the company and its shareholders.

To receive a copy of the Adviser’s Proxy Voting Policies and Procedures and Client Voting Record, please contact the Adviser at 1-800-322-1854 or write us at: Attention: Compliance Officer, 225 Liberty Street, 11th Floor, New York, New York, 10281-1008.

**Item 18 – Financial Information**

Generally, the Adviser does not require or solicit prepayment of fees from its clients. The Adviser currently has no financial condition that is reasonably likely to impair its ability to meet its contractual and fiduciary commitments to clients. In addition, the Adviser has not been the subject of a bankruptcy proceeding at any time during the past ten years.

## Appendix A - Privacy Notice

### PRIVACY POLICY OF OFI GLOBAL INSTITUTIONAL, INC. (formerly OFI Institutional Asset Management, Inc.)

You are entitled to know how we protect your account information, and how we limit its disclosure.

**Information sources.** We obtain nonpublic information about our clients from the following sources:

- ◆ Contracts or other forms
- ◆ Verbal and written communications with client contacts
- ◆ Information provided by investment consultants

**Protection of information.** We do not disclose any non-public account information (such as names on a client list) about current or former clients to anyone, except with your consent and as permitted by law.

**Disclosure of information.** We provide information to third parties, such as brokers, custodian banks and proxy services, regarding your account in the ordinary course of doing business. In addition, as per instructions from you, we will provide information to your consultants or other interested parties as directed. We may also use details about you and your investments to help us, our financial service affiliates, or firms that jointly market their financial products and services with ours, to better serve your investment needs or suggest financial services or educational material that may be of interest to you. If this requires us to provide you with an opportunity to “opt in” or “opt out” of such information sharing with a firm not affiliated with us, you will receive notification on how to do so, before any such sharing takes place.

**Right of refusal.** We will not disclose your account information to unaffiliated third parties (except as permitted by law), unless we first obtain your permission to do so.

**Emails and encryption.** As a security measure, unless requested to do so by the client, we do not include account information in non-secure emails, and we advise you not to send such information to us in non-secure emails. Account information available on our website is encrypted and can only be accessed with a unique security password assigned to each account.

**Other security measures.** We maintain physical, electronic and procedural safeguards to protect your account information. Our employees have access to that information in the normal course of performing their duties so that they may provide service to you, for example, when responding to your account questions.

This notice describes the privacy policy of OFI Global Institutional, Inc. It applies to all current accounts and any that may be established in the future. This notice was last updated March 2014. You will be notified in the event that it is updated or changed. If you have any questions about these privacy policies, write to us at 225 Liberty Street, 11th Floor, New York, New York 10281-1008.