Bond Fund Commentary

Market Overview

Fixed income markets have responded to the notable shift in tone from the Federal Reserve (the Fed) and have aggressively priced in rate hikes beginning early in 2022. Interest rates across the yield curve have moved higher. Though economic growth may slow from the rapid pace experienced over the past 12-18 months, 2022 is expected to be another year of solid expansion. Inflation seems likely to dissipate over the medium term as particularly high readings roll off of the calendar. Accordingly, although increased central bank hawkishness and slowing growth may challenge fixed income assets in the short term, they could create a solid and supportive backdrop for fixed income as the year unfolds. We believe the continued economic expansion and high levels of liquidity should allow the credit markets to continue to perform very well.

Positioning the Bond Fund

Portfolio composition is subject to change.

The Fund is short of its benchmark duration. It is overweight to corporates, taxable munis, and non-agency securitized products. The Fund is also heavily underweight government sectors. Financial markets are expected to remain highly liquid and the economy is expected to continue its expansion. With that backdrop, investors should search for yield outside of government bonds.

Why Should Investors Consider Investing in This Fund?

The market has priced in a fairly aggressive rate path from the Fed. If these expectations are ultimately found to be too aggressive, there is room for rates to come down from current levels. This could lead to stronger than expected returns for fixed income.

CAVANAL HILL® Funds

Disclosures

An investor should consider a fund's investment objectives, risks and charges and expenses carefully before investing or sending money This and other important information about an investment company can be found in the fund's prospectus. To obtain a Cavanal Hill Funds prospectus or summary prospectus, please call 800-762-7085 or visit us at www.cavanalhillfunds.com. Please read it carefully before investing.

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Investment Risks

Fixed income securities are subject to interest rate risks. the principal value of a bond falls when interest rates rise and rise when interest rates fall. During periods of rising interest rates, the value of a bond investment is at greater risk than during periods of stable or falling rates. Bond funds will tend to experience smaller fluctuations in value than stock funds. However, investors in any bond fund should anticipate fluctuations in prices, especially for longer-term issues and in environments of changing interest rates.