World Energy Fund Commentary

Cavanal Hill Funds (Investor Shares) vs. Benchmark Returns

<table>
<thead>
<tr>
<th></th>
<th>as of March 31, 2019</th>
<th>1 Year</th>
<th>5 Year</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Energy Fund (2/3/14)</td>
<td>13.05%</td>
<td>-10.06%</td>
<td>-4.97%</td>
<td>-3.60%</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>13.65%</td>
<td>9.50%</td>
<td>10.91%</td>
<td>12.20%</td>
</tr>
<tr>
<td>MSCI World Energy Index</td>
<td>14.69%</td>
<td>2.64%</td>
<td>-2.24%</td>
<td>-0.33%</td>
</tr>
<tr>
<td>Lipper Global Natural Resources Funds Average (1/31/14)</td>
<td>12.99%</td>
<td>-5.90%</td>
<td>-4.79%</td>
<td>-3.34%</td>
</tr>
</tbody>
</table>

*Aggregate returns

The returns presented reflect fee waivers that have been in effect during the applicable periods. Without such waivers, the total returns would have been lower. Currently, contractual fee waivers are in effect from December 26, 2018 through December 31, 2019.

The Fund’s investor share class returned 13.05% during the quarter, compared with 13.65% and 14.69% for the Fund’s benchmarks, the S&P 500 Index1 and the MSCI World Energy Index1, respectively.

**What factors affected the energy markets during the quarter?**

The energy markets rebounded strongly from a brutal fourth-quarter sell-off in which the price of crude oil had fallen more than 44% from peak to trough. From the bottom on Christmas Eve to quarter end in March, the price of West Texas Intermediate (WTI) rallied 41% to close the first quarter at $60.14 while Brent crude closed the quarter at $68.39. For the quarter, WTI rose 32% while Brent gained 27% in price. (Source: Russell 2000® Energy Index1) Just as smaller firms had suffered the most from the fourth-quarter sell-off, they rebounded more than larger firms in the rally. Despite the heightened energy market short-term volatility, we continue to see an opportunity for patient investors.

The oil price rally was in part a natural result of a correction of the fourth-quarter supply-demand imbalance that had been exacerbated by some short-term manipulation of oversupply in early November by U.S. President Trump that resulted in lower crude oil/lower gasoline prices for consumers. Adding to support for prices, Organization of Petroleum Exporting Countries1 and Russia in early December 2018 agreed to cut supply effective January 2019 and Saudi Arabia has actually cut its output by more than was required under the agreement. Further, sanctions have caused a significant reduction in supply from Iran. Additionally, Venezuela remains in economic turmoil, which is causing its oil production to be cut roughly in half from 2017 to March 2019.

**What factors influenced the Fund’s relative performance?**

During the quarter, small-cap energy stocks outperformed large caps, with the Russell 2000® Energy Index1 returning 20.44% versus the 16.40% return for the Russell 1000® Energy Index1.

The Fund trailed the MSCI World Energy Index partly because of holdings in cash and fixed income that returned less than the rallying energy market. Some of our alternative energy holdings related to the electric vehicle supply chain and battery storage also trailed the broader energy market. Uncertainty regarding the future direction of a large U.S. electric vehicle manufacturer and fears of a Chinese auto sale decline led to muted electric vehicle-related stock.

(Continued on page 2)

† Each Lipper Mutual Funds average is an equally weighted average of the mutual funds within their respective investment objectives, adjusted for reinvestment of capital gain distributions and income dividends. Since inception performance is calculated from 1/31/2014.

**Definitions**

S&P 500 Index is regarded as a gauge of the U.S. equities market, this index includes 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. MSCI World Energy Index is designed to capture the large- and mid-cap segments across 23 Developed Markets (DM) countries. Developed Markets countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. All securities in the index are classified in the Energy sector as per the Global Industry Classification Standard (GICS®). Russell 3000®, 2000® and 1000® Energy Indexes are designed to represent the performance of companies within specific sectors of the Russell 3000, 2000 and 1000 Indexes. Methodology equally weights securities within each sector, mitigating security specific risk and offering balanced exposure to particular sectors. These indexes are unmanaged and do not reflect the fees and expenses associated with a mutual fund. An investor cannot invest directly in an index. Organization of Petroleum Exporting Countries (OPEC) is a permanent intergovernmental organization of 14 oil-exporting developing nations that coordinates and unifies the petroleum policies of its Member Countries.

† Lipper performance calculation as of January 31, 2014.

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. The investment return and principal value will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month end, call 800-762-7085 or visit us at www.cavanalhillfunds.com.
companies may be more vulnerable to adverse business or economic developments. International investing involves increased risk and volatility. Concentration in energy-related industry securities may present more risks than would be the case with funds that diversify investments in numerous industries and sectors of the economy. A downturn in the energy sectors would have a larger impact on the Fund than on a fund that does not concentrate in these industries. Energy sector securities can be significantly affected by events related to political developments, energy conservation, commodity prices, and tax and government regulations. The performance of securities in the Fund may, at times, lag the performance of companies in other sectors or the broader market as a whole. The Fund may engage in active and frequent trading.

performance. During the quarter, weakness in refining and chemical shares also hurt relative performance along with some weakness in oil field service stock holdings.**

The Fund has a 19% allocation to integrated oil and gas stocks versus 43% in the Russell 3000® Energy Index. We actually increased our position during the quarter, attracted by the significant dividend yields of many companies in this area. However, we continue to see attractive opportunities for investment in alternative energy as well as the stable returns from fixed income leading us to maintain an underweight to this group. We were also underweight oil & gas drilling and equipment stocks. We have limited exposure to pressure pumping and other services as we believe excess capacity could lead to pricing pressure. Relative to the Russell 3000® Index, we are underweight exploration and production stocks as we focus primarily on companies with low unit costs and firms where management has shown a willingness to be disciplined and return cash to shareholders.**

Though refiners performed poorly in the quarter, we are focused on refiners that we expect will benefit from the International Maritime Organization’s 2020, rules requiring marine ships to use lower-sulfur fuel, which should drive demand—and pricing—of marine diesel. Refiners remain well capitalized with strong cash flow yields and limited global supply coming to the market in 2019, making them attractive investment opportunities in our view.**

Other Fund positioning included an overweight (18% of assets) to alternative energy, largely focused on wind power and the electric vehicle supply chain. Although this position was a drag on performance, we are attracted by the secular trends for these markets and we believe this position provides an important element of diversification to the Fund. Finally, as uncertainty in the price of oil remains high, we continue to maintain a low-double digit position in fixed income instruments.**

What is your outlook for the energy sector?

With oil stocks having lagged the commodity, we anticipate a rebound in the coming quarters as investors climb the wall of worry over OPEC and domestic production increases. We believe the long-term underinvestment in oil over the past five years has likely created a sustainable period of several years for Brent crude oil in the $60-$85 price range. At that price level, we see energy stock prices as substantially undervalued.

With that in mind, overall, we favor international as well as domestic producers with access to Brent-related oil prices over WTI-based oil prices. Additionally, with IMO 2020 coming into investor focus, we continue to search for companies that benefit from this transition to low-sulfur fuels. Finally, we believe significant opportunities also exist in our alternative energy holdings as wind competes favorably with fossil fuels and as many national governments are attempting to reduce emissions by subsidizing and encouraging the growth of electric vehicle sales.**

** Portfolio composition is subject to change.