

THIRD QUARTER 2021

GOVERNMENT SECURITIES MONEY MARKET FUND | APCXX, APHXX, APSXX
U.S. TREASURY FUND | APGXX, APKXX, APNXX, APJXX

Money Market Fund Commentary

(Government Securities Money Market Fund & U.S. Treasury Fund)



Market Overview

The money market fund industry continued to deal with ultra-low interest rates. Fed Fund futures currently indicate almost no chance of a short-term interest rate increase in the next 6 months.

Globally, the money fund industry saw second-quarter assets rise by \$86 billion to \$8.565 trillion. In the 12 months ended June 30, worldwide money market fund assets grew 5% or \$404.9 billion.

The industry edged towards more acceptance of two new short-term interest rate indices, designed to be used when the Secured Overnight Financing Rate (SOFR) isn't appropriate: the Bloomberg Short Term Bank Yield Index (BSBY) and AMERIBOR 2.

On the regulatory front, the Securities and Exchange Commission (SEC) was still mulling over proposed industry reforms contained in a PriceWaterhouseCoopers report released after the events of March 2020. Importantly, prime money market funds seemed to be the target, not Government

or Treasury funds, and the structure of the commercial paper market was also the focus of scrutiny. No decisions are expected to be made before 2022.

Positioning the Money Market Funds

Portfolio composition is subject to change.

We do not anticipate higher rates in the near term. Accordingly, we are using overnight repurchase agreements (repo) for liquidity, SOFR floating rate notes for a slight yield pickup, and Treasury bills to lock in yields for a set period of time.

Why should investors consider investing in this Fund?

The money market fund industry has had an unparalleled record of safety and convenience over its 50-year history. According to Peter Crane of Money Fund Symposium, money market funds have paid about \$1 trillion in interest over the past 50 years, double that of banks. Although rates are certainly low at present, money market funds can be an appropriate holding place for assets needing liquidity.



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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The Fund is rated by Standard & Poor's and Moody's. The rating is historical and is based upon the Fund's credit quality, market exposure and management. It signifies that the Fund's safety is excellent and that it has superior capacity to maintain a \$1.00 net asset value per share. Ratings are subject to change and do not remove market risk. For more information on credit ratings including a description of the methodology upon which each rating is based, visit standardandpoors.com and moodys.com.

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Commentary provided is for the indicated period and is designed to provide a frame of reference. It does not constitute investment advice. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. The opinions expressed herein reflect the judgment of the authors at this date and are subject to change without notice and are not a complete analysis of any sector, industry or security. This document contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the Cavanal Hill Funds, the securities and credit markets and the economy in general. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. Management judgments relating to and discussion of the value and potential future value or performance of any security, group of securities, type of security or market segment involve judgments as to expected events and are inherently forward-looking statements. Management judgments relating to and discussion of the value and potential future value or performance of any security, group of securities, type of security, group of securities, type of security or market segment involve certain risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what is expressed, implied, or forecasted in such forward-looking statements. The potential realization of these forward-looking statements is subject to a number of limitations and risks, which are described in the Fund's prospectuses, and investors or potential investors, are cautioned to review the Funds' prospectuses and the description of such risks. Neither the Funds nor the Funds' investment adviser, Cavanal Hill, undertake any obligation to update, amend, or clarify forward-looking statement, whether as a result of new information, future events or otherwise.

Investment Risks

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