

## CAVANAL HILL FUNDS SEC MONEY MARKET FUND REFORM ANNOUNCEMENT



In July 2023, the United States Securities and Exchange Commission (the “SEC”) adopted new rules affecting money market funds. The new rules will become effective October 2023, with a tiered transition period for funds to begin complying with different rules. Cavanal Hill Funds (“CHF”) has spent a significant amount of time reviewing the reforms, a summary of which is provided below.

The new rules substantially increase the minimum liquidity requirements applicable to money market funds. Previously, money market funds were required to keep 10% of the fund’s assets in daily liquid assets and 30% in weekly liquid assets. After the new rules go into effect, the daily and weekly minimum liquidity requirement will increase to 25% and 50%, respectively. This substantial increase in minimum liquidity requirements will require CHF to alter its internal stress tests. However, at present, the Cavanal Hill Money Market Funds operate well above the new thresholds and will not be required to make significant adjustments in complying with the new minimum liquidity requirements.

The new rules also remove a money market fund’s ability to impose temporary gates to suspend redemptions. Further, the new rules also remove a regulatory tie permitting money market funds to impose certain liquidity fees if weekly liquid assets fall below

a certain threshold. These changes are designed to reduce the risk that investors make a run on money market funds during times of increased market stress.

The most significant change the new rules bring are rules permitting money market funds to handle negative interest rate environments either (i) by converting from a stable share price to a floating share price or (ii) by reducing the total number of outstanding shares, each of which are designed to maintain a stable Net Asset Value (“NAV”) per share. The forgoing changes are, as always, subject to the Board of Trustees making certain determinations and making certain disclosures to money market fund investors.

Finally, the new rules modify reporting requirements. The modified reporting requirements are designed to improve transparency with respect to the figures affected by the new rules (minimum liquidity requirements, etc.) and will permit the SEC to better monitor money market fund activity. The changes in the reporting requirements will be managed by Citi Fund Services, CHF’s sub-administrator.

Cavanal Hill Funds will keep you informed of any additional changes and will continue to manage the Funds to accomplish the individual Fund objectives described in the statutory prospectus, which can be found at [www.cavanalhillfunds.com](http://www.cavanalhillfunds.com).

If you require additional information, please contact Bill King at 918.382.5491 or at [bill.king@cavanalhill.com](mailto:bill.king@cavanalhill.com). You may find useful information in the press release issued by the SEC describing the money market fund reforms, which may be viewed here: <https://www.sec.gov/nes/press-release/2023-129>.

## 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](http://www.cavanalhillfunds.com). Please read it carefully before investing.**

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***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.***

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