

Mid Cap Diverse Leadership Fund Commentary

(Formerly Mid Cap Core Equity Fund)



Market Overview

Equity markets displayed increased volatility in Q3 with returns varying significantly by sub-segment and sector. Mega-cap stocks performed the best overall, followed by large caps, both of which produced positive returns. Mid-caps had slightly negative returns and small caps trailed even further behind.

Growth indices outperformed their value counterparts in the large- and mid-cap space but small-cap growth lagged small-cap value by a wide margin. The financials, technology, and real estate sectors were among the most consistent performers for the quarter. The cyclical versus defensive trade was less clear as a sudden rise in interest rates and oil prices at the end of September upset some of the more established themes. Higher-quality stocks tended to have better performance for the third quarter as a whole, but there was a fair amount of variation during the quarter.

Positioning the Mid Cap Diverse Leadership Fund

Portfolio composition is subject to change.

The Fund is still leaning on some of the cyclical themes (financials, industrials, and consumer discretionary) as well as technology. From a style perspective, we also

tend to hold more attractively valued names and those with higher quality and profitability metrics. In addition, the Fund continues to pursue companies we believe have lower environmental, social, and governance (ESG) risk and companies that have displayed more recognition for diverse leadership and strong governance principles.

Morningstar Star Rating



Overall Morningstar Rating™ out of 361 Mid Cap Blend funds (for the overall period, Institutional Shares)
Morningstar star ratings are based on risk adjusted total returns.

Why should investors consider investing in this Fund?

Overall, domestic equities still appear to be attractive, especially considering alternatives in fixed income and emerging or developed international stocks. Likewise, mid-cap stocks may provide the right balance of risk and return given where we are in the current business cycle. Along these lines, the Fund provides exposure to compelling, mid-cap stocks in a manner that is generally less risky than many of the other funds in the mid-cap blend peer group, which can hold more small caps and more speculative names. The ESG aspect of the Fund may also appeal to some investors who wish to reduce that risk and invest in companies that are working on issues of fairness with and between employees.

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

Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed income securities. The value of the Fund's investments may decline due to an increase in interest rates. In general, the longer a security's maturity, the greater the interest rate risk. The Fund's yield may decrease due to a decline in interest rates. International investing involves increased risk and volatility. Mid- and small-cap companies may be more vulnerable to adverse business or economic developments.

The Morningstar Rating for funds or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-ended funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a management product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 25% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star.

The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/50% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

Cavanal Hill Mid Cap Diverse Leadership Fund (formerly Cavanal Hill Mid Cap Core Equity Fund) was rated against the following numbers of mid-cap blend funds over the following time periods: 4 stars against 357 funds over the last three years.

Past performance is no guarantee of future results.

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