

Opportunistic Fund Commentary



Market Overview

The U.S. stock market experienced another strong quarter, with the S&P 500 Index up nearly 9% from April through June, bringing its six-month returns to 17%. However, market breadth remains thin, with a handful of mega-cap stocks — in the technology and communications sectors — contributing to the vast majority of the market's year-to-date performance. Contributing to the stock market's rally is the resilience of the U.S. labor market despite the Federal Reserve's (The Fed) drastic, sudden monetary tightening over the past five quarters. The ten-year U.S. Treasury yield increased more than 30 basis points (0.3%) during the quarter, to 3.8% as the bond market forecasts further Fed tightening due to persistent inflation.

Positioning the Opportunistic Fund

Portfolio composition is subject to change.

For the year-to-date, we have viewed fixed income more favorably than equities. As such, we materially increased our exposure to fixed income securities during the first half of 2023. We remain cautious on equities given overall valuations, the risk of deteriorating earnings, and the historically

small number of stocks generating the lion's share of market performance for the year to date. That being said, we are monitoring the stock market for near-term opportunities that we find attractive and we may pursue those.

Why should investors consider investing in this Fund?

The Fund has the ability to invest across asset classes and economic sectors as well as be flexible with market exposure. We believe these features are beneficial to clients seeking investment returns regardless of underlying financial, economic, or political environments.



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 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. This index is unmanaged and does not reflect the deduction of the expenses associated with a mutual fund, such as investment management and fund accounting fees. The Fund's performance reflects the deduction of fees for these services, but does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Investors cannot invest directly in an index.

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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. Investments in the Fund are subject to the risks related to direct investment in real estate, such as real estate risk, regulatory risks, concentration risk, and diversification risk. 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. High-yield bonds have a higher risk of default or other adverse credit events, but have the potential to pay higher earnings over investment-grade bonds. The higher risk of default, or the inability of the creditor to repay its debt, is the primary reason for the higher interest rates on high-yield bonds. International investing involves increased risk and volatility. Mid- and small-cap companies may be more vulnerable to adverse business or economic developments. Because an ETF charges its own fees and expenses, Fund shareholders will indirectly bear those costs. The use of leverage in an ETF can magnify any price movements, resulting in high volatility. An inverse ETF seeks to provide returns that are the opposite of the underlying referenced financial asset, index, or commodity's returns. Exposure to commodities may subject the Fund to greater volatility than investment in traditional securities.

Exchange Traded Funds (ETFs) are subject to the risks of the underlying securities (including market risks which could result in the loss of principal) that they are designed to track, although a lack of liquidity in an ETF could result in higher volatility than that of its underlying portfolio of securities. ETFs also have management fees that increase their costs versus owning the underlying securities directly. Derivative instruments like options involve risks different from or possibly greater than the risks associated with investing directly in securities. Investments in the Funds are subject to the risks related to direct investment in Real Estate Investment Trusts, such as real estate risk, regulatory risks, concentration risk, and diversification risk. By itself the Fund does not constitute a complete investment plan and should be considered a long-term investment for investors who can afford to weather changes in the value of their investments.