Equity Funds
June 30, 2019   Second Quarter 2019

Active Core Fund Commentary

Cavanal Hill Funds (Investor Shares) vs. Benchmark Returns

<table>
<thead>
<tr>
<th>as of June 30, 2019</th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Expense Ratio (gross/net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Core Fund (6/1/95)</td>
<td>2.93%</td>
<td>6.23%</td>
<td>5.35%</td>
<td>8.76%</td>
</tr>
<tr>
<td>Russell 1000® Index</td>
<td>4.25%</td>
<td>10.02%</td>
<td>10.45%</td>
<td>14.77%</td>
</tr>
<tr>
<td>Bloomberg Barclays U.S. Aggregate Bond Index</td>
<td>3.08%</td>
<td>7.87%</td>
<td>2.95%</td>
<td>3.90%</td>
</tr>
<tr>
<td>Lipper Mixed Asset Target Allocation Moderate Funds Average†</td>
<td>2.96%</td>
<td>5.61%</td>
<td>4.46%</td>
<td>8.06%</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 shares returned 2.93% in the second quarter. The Fund's equity benchmark, the Russell 1000® Index†, returned 4.25%, while its fixed-income benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index†, returned 3.08%.

How did financial markets perform overall?

Financial markets had largely positive but modest returns in the second quarter after more volatile ups and downs in the previous two quarters. Although concerns remained regarding slowing global growth, the uncertainty surrounding U.K.’s Brexit, and signs that the U.S. economy could be losing steam, the shift in U.S. Federal Reserve (the Fed) policy toward a more dovish stance helped to keep financial markets in the black for the quarter. Bonds had broadly positive total returns for the quarter as well. Internationally, developed market equities outperformed emerging market stocks and global bonds were on par with U.S. fixed income securities overall.

U.S. economic indicators were mixed, pointing to a likely slowdown in the pace of growth in upcoming quarters. U.S. first-quarter gross domestic product¹ grew at a surprisingly strong annualized pace of 3.1%. Growth is expected to ease to a 2% annual pace through year-end. The U.S. labor market remained strong with unemployment in the 3.6%-3.7% range. However, manufacturing gauges showed a slowing pace of expansion. Consumer and business confidence weakened while inflation remained modest. Softness in the U.S. housing market continued, with relatively low levels of existing home sales and housing starts. Concerns grew over the impact of the U.S.-China trade war, which seems to be having a more pronounced impact in China, where economic data has softened. Internationally, data continued to be weaker, with purchasing managers’ indices† (PMIs) indicating contraction in the eurozone and Japan.

(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.

¹ Definitions

Bloomberg Barclays U.S. Corporate High Yield Index measures the USD-denominated, high yield, fixed-rate corporate bond market. The U.S. Corporate High Yield Index is a component of the U.S. Universal and Global High Yield Indices. Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based index that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed, and foreign bonds traded in the U.S. Bloomberg Barclays Global Aggregate Bond Index is a measure of global investment-grade debt from 24 local currency markets, which include treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers. Gross Domestic Product (GDP) measures the market value of the goods and services produced by labor and property within the respective country/economic region. MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. MSCI EM Index is a float-adjusted market capitalization index that is designed to measure equity market performance in global emerging markets. Purchasing Managers’ Index (PMI) is an indicator of the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment. Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market capital and current index membership. The Russell 1000® represents approximately 92% of the U.S. market. Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. 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. 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.

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.

Page 1 of 3
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. 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. The Fund invests in foreign and emerging market securities, which involves certain risks such as currency volatility, political and social instability, and reduced market liquidity. Mid- and small-cap companies may be more vulnerable to adverse business or economic developments.

How did stocks fare overall?
Broadyly, markets had positive but modest gains with relatively little dispersion from market to market. The total return for the S&P 500 Index was 4.30%, while the MSCI EAFE Index, representing non-U.S. developed markets stocks, gained 3.97% and the MSCI Emerging Markets Index advanced a modest 0.74% in the quarter. Within the U.S. equity market, small-cap stocks lagged large caps: The Russell 2000® Index gained 2.10%, while the large-cap Russell 1000® Index returned 4.25%. Growth stocks outperformed value stocks, but only by a modest margin. Within the S&P 500, leading sectors included financials, materials, information technology, and consumer discretionary stocks. The weakest sectors were energy— which posted a quarterly loss—along with health care and real estate.

Was the environment favorable for bonds?
Fixed income securities also had a broadly positive quarter, as the Bloomberg Barclays U.S. Aggregate Bond Index returned 3.08%, just behind the 3.29% gain of the Bloomberg Barclays Global Aggregate Bond Index. The Bloomberg Barclays Global High Yield Fixed Income Index performed similarly, with returning 2.97%. Within the U.S., corporate bonds had a strong quarter, returning 4.48%. The yield curve inverted further during the quarter, indicating concerns over the sustainability of economic growth. The 10-year Treasury yield fell 40 basis points (0.40%) during the quarter, ending at 2.01%. The declines were larger on the short end as the market priced in multiple rate cuts. The 5-year bond declined 47 basis points (0.47%) and the 2-year bond fell 51 basis points (0.51%).

What were your key strategies during the quarter?
We continued to maintain a broadly diversified portfolio of equity and fixed-income securities. At the end of June, approximately 52.3% of the Fund was invested in stocks, 43.2% was invested in fixed-income securities, and 4.5% was in cash. For comparison, at the end of March the breakdown was 53.4% in stocks, 42.7% in fixed-income securities, and 1.9% in cash.** Within the Fund’s equity component, we favored broad style exposure, investing in large- and mid-cap stocks within the core, value, and growth styles. We continued to maintain a modest allocation to non-U.S. stocks.** Within the Fund’s fixed-income portfolio, we maintained a modestly short duration versus our benchmark along with a higher-quality bias. We also remained underweighted in the corporate sector, which detracted significantly from performance as corporate bond strength continued during the quarter, led by Baa-rated securities**: **

What is your outlook for the Fund?
Despite robust first-quarter U.S. gross domestic product growth, and a strong U.S. jobs market, other economic indicators, and the inverted yield curve, combined with slowing global growth, are flashing warning signs. All eyes are on the Fed now, with the market pricing in a nearly certain interest rate cut or two this year. We have arrived at the “good news is bad news” point, where stock investors respond to surprisingly strong economic data by selling shares because it lowers the chance that the Fed will cut rates.

(Continued on page 3)
Meanwhile, the fixed income market looks expensive, with narrowing credit spreads. With the 10-year Treasury more than 40 basis points (0.40%) below the federal funds rate, it seems that the Fed overdid its rate hikes in 2018. Tight monetary policy has historically been effective at reducing growth and inflation expectations. If that proves to be true again this cycle, then we believe it makes sense to maintain a bias toward high quality and highly liquid assets. As always, we advise using caution and taking a prudent, diversified approach to your investing.**

** Portfolio composition is subject to change.

‡ Credit-quality ratings are derived from the underlying securities of the portfolio, and are rated by Moody’s. If a rating from Moody’s is unavailable, S&P’s rating is used. If neither Moody’s nor S&P ratings are available, Fitch’s rating is used.