Strategic Enhanced Yield Fund Commentary

Market Overview

Third-quarter economic growth was notably slower than the rapid pace experienced during the first two quarters of 2021, and much lower than consensus forecasted at the beginning of the period. While growth slowed, inflation continued its trend higher during the quarter as commodity prices, led by energy, rose sharply. These two trends (slower growth and higher inflation) seemed to offset each other during the quarter as fixed income markets exhibited very little volatility. Interest rates aross the curve ended the quarter barely changed from their starting levels, and returns in many fixed income sectors were close to zero.

Positioning the Strategic Enhanced Yield Fund

Portfolio composition is subject to change.

With inflation at elevated levels and economic growth expected to rebound in the fourth quarter, we believe the most likely path for interest rates should be higher. Given our expectation of higher rates, we are maintaining a short duration position versus our benchmark.

Markets are currently quite liquid and seem likely to stay that way for the foreseeable future. In this type of environment, we believe it makes sense to take liquidity risk in portfolios. This is the reason we continue to hold a large underweight to government sectors versus the benchmark.

Corporate spreads remain tight and opportunities in the space have become more difficult to find. We continue to like the risk/return profile in the non-agency securitized markets.

In summary:

- Short duration
- Underweight government sectors
- Overweight non-agency ABS/MBS

Why should investors consider investing in this Fund?

The Fund seeks to maintain a higher-quality bias than many of its peers, and has plenty of room to move down in quality should opportunities arise. If we get some volatility in the markets, we believe this fund is positioned to do well.

With benchmarks so heavily weighted to lower-yielding government sectors, we continue to believe that actively managed fixed income is preferable to passive strategies.

CAVANAL HILL® Funds

THIRD QUARTER 2021

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

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. Bond funds will tend to experience smaller fluctuations in value than stock funds. However, investors in any bond fund should anticipate fluctuations in prices, especially for longer-term issues and in environments of changing interest rates.

Short-term investment-grade bonds offer less risk and generally a lower rate of return than longer-term higher yielding bonds. High-yield bonds,"commonly referred to as junk 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.