

Part 2A of Form ADV: Cavanal Hill Investment Management, Inc. Brochure

This brochure provides information about the qualifications and business practices of Cavanal Hill Investment Management, Inc. If you have questions about the contents of this brochure, please contact us at (800)958-2942 or www.cavanalhill.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cavanal Hill Investment Management, Inc. also is available on the SEC's website at www.adviserinfo.gov.

Item 1. Cover Page

This Brochure is effective as of March 25, 2014. Please read this Brochure carefully before investing.

Cavanal Hill Investment Management, Inc. is an investment adviser registered with the United States Securities and Exchange Commission (the SEC). SEC registration does not imply a certain level of skill or training. Cavanal Hill Investment Management, Inc. is a wholly-owned subsidiary of BOKF, NA, and is an affiliate of BOSC, Inc. (BOSC), and BOK Financial Corporation.

Cavanal Hill Investment Management, Inc. may be referred to as "Cavanal Hill," "us," "we," or "our" throughout this document. In this document we refer to current and prospective clients as "you," "client," or "your."

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Please visit our website at www.cavanalhill.com for more information about Cavanal Hill.

Item 2. Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV,” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 25, 2014, is an updated document, based on Cavanal Hill’s last Brochure dated March 29, 2013, prepared according to the SEC’s new requirements and rules.

This Item 2 discusses only specific material changes that have been made to the Brochure and provides clients with a summary of such changes.

Item 4. This section was updated; Cavanal Hill does not have any non-discretionary assets. In addition, the firm announced the appointment of a new Chief Compliance Officer (CCO).

Item 5. The fee schedule for the Enhanced Yield Tax Free Fixed Income strategy was updated.

Item 8. The Opportunistic strategy section was updated to include the assignment of a benchmark and the Durable Equity strategy benchmark assignment was modified.

Item 9. The prior disciplinary disclosure was removed because the event was longer than 10 years old.

Item 12. The information pertaining to the firm’s use of soft dollar arrangements was rewritten to provide clearer guidance to clients and prospective clients regarding the firm’s practices.

Other immaterial modifications were made throughout the Brochure for formatting, simplification, typographical, or clarification purposes. We will provide you with a new Brochure as necessary based on changes, new information or at your request, at any time, without charge.

Our Brochure may be requested by contacting us at (800)958-2942 or at info@cavanalhill.com.

Additional information about Cavanal Hill is available on the SEC’s web site www.adviserinfo.sec.gov. The SEC’s website also provides information about persons affiliated with Cavanal Hill who are registered as investment adviser representatives of Cavanal Hill.

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Item 4. Advisory Business

Cavanal Hill has offered professional investment management services since 1991. Cavanal Hill Investment Management, Inc. is an SEC registered investment adviser and a wholly-owned subsidiary of BOKF, NA, a wholly-owned subsidiary of BOK Financial Corporation, a financial holding company (BOKF). In March 2014, Cavanal Hill welcomed a new Chief Compliance Officer (CCO).

Cavanal Hill provides professional investment management services for a broad and diverse client base, offering equity, fixed-income, and cash management strategies that are structured to meet the needs of both taxable and tax-exempt investors. Cavanal Hill offers its strategies through separately managed accounts. It also serves as investment adviser to the Cavanal Hill Funds, an SEC registered investment company (collectively the Funds and each a Fund).

In association with the establishment of an account, the client and Cavanal Hill representative discuss the client's risk tolerance, financial condition, and investment restrictions, if any, and an appropriate investment strategy or strategies are selected. Cavanal Hill representatives will discuss these factors with clients annually. The client is responsible for providing us with thorough and accurate information. Changes in the client's circumstances may necessitate a change in the investment strategy selected. Clients may impose investment policy restrictions on investing in certain securities or types of securities or other portfolio mandates. Customized strategies are available upon request for an agreed upon fee.

As of December 31, 2013, Cavanal Hill managed \$5.8 billion[†] in regulatory assets under management on a discretionary basis

Item 5. Fees and Compensation

Cavanal Hill receives an investment management fee based on the client's assets under management with us. Cavanal Hill's fees are subject to negotiation. Customized strategies are available upon request and fees will be charged at such a rate as the parties agree to in writing, which may differ from the fees stated in this Item 5.

The following is Cavanal Hill's standard fee schedule:

Cash Management Strategies, including the:

- Taxable Cash Management Strategies
 - *U.S. Treasury*
 - *Cash Management*

[†] At \$5.620 billion, assets under management calculated according to the Global Investment Performance Standards (GIPS®) are lower than regulatory assets under management due to the carve out of certain "double counted" assets, which include Cavanal Hill money market funds.

- Tax Exempt Cash Management Strategies
 - *Tax Exempt Cash*

Portfolio Market Value	Basis Points of Market Value
\$0 to \$25,000,000	15 bps [‡]
next \$25,000,000	12 bps
next \$50,000,000	10 bps
amount over \$100,000,000	8 bps

Equity Strategies, including the:

- Fundamental Equity Strategies
 - *Large Cap Core Equity*
 - *Dividend Equity**
- Quantitative Equity Strategies
 - *Large Cap Core Quantitative Equity*
 - *Large Cap Growth Equity*
 - *Large Cap Value Equity*
 - *Mid Cap Core Quantitative Equity*
 - *Durable Equity***

Portfolio Market Value	Basis Points of Market Value	
	Large Cap	Mid Cap
\$0 to \$5,000,000	60 bps	70 bps
next \$5,000,000	55 bps	65 bps
next \$15,000,000	50 bps	60 bps
next \$25,000,000	45 bps	55 bps
next \$50,000,000	40 bps	50 bps
amount over \$100,000,000	35 bps	45 bps

*The Dividend Equity Strategy is priced according to the Mid Cap Fee Schedule above.

**The Durable Equity Strategy is priced according to Large Cap Fee Schedule above.

Alternative Strategies, including the:

- Opportunistic Strategy

Portfolio Market Value	Basis Points of Market Value
All	150 bps

[‡] “bps” stands for basis points. A basis point is a unit of measure equal to 1/100 of 1% or 0.01%. Therefore, 15 bps is equal to 0.15%.

Fixed Income Strategies, including the:

- Taxable Fixed Income Strategies
 - *Short-Term A or Better Fixed Income*
 - *Short-Intermediate A or Better Fixed Income*
 - *Core A or Better Fixed Income*
 - *Short-Term Government Fixed Income*
 - *Short-Intermediate Government Fixed Income*
- Tax Exempt Fixed Income Strategies
 - *Short-Term Tax Free A or Better Fixed Income*
 - *Intermediate Tax Free A or Better Fixed Income*
 - *Oklahoma Municipal*

Portfolio Market Value	Basis Points of Market Value
\$0 to \$10,000,000	35 bps
next \$15,000,000	30 bps
next \$25,000,000	25 bps
next \$50,000,000	20 bps
amount over \$100,000,000	15 bps

- Enhanced Yield Tax Free

Portfolio Market Value	Basis Points of Market Value
\$0 to \$10,000,000	50 bps
next \$15,000,000	45 bps
next \$25,000,000	40 bps
next \$50,000,000	35 bps
amount over \$100,000,000	30 bps

- High Yield Mortgage Fixed Income Strategy

Portfolio Market Value	Basis Points of Market Value
All	75 bps

- Strategic and Strategic Enhanced Fixed Income Strategies

Portfolio Market Value	Basis Points of Market Value
All	75 bps

How Fees Are Charged. The specific manner in which fees are charged by Cavanal Hill is established in each client's written agreement with us. Cavanal Hill may bill in advance or in arrears on a monthly or quarterly basis as agreed upon by the client and Cavanal Hill. Accounts initiated during a calendar quarter will be charged a prorated fee. Cavanal Hill reserves the right to impose a minimum advisory fee.

Clients may be invoiced directly, in which case the client should make a check payable to Cavanal Hill Investment Management, Inc. Alternatively, the client may authorize us to bill their custodian and have the custodian pay Cavanal Hill directly. The client may select between either payment methods, which will be established in each client's written agreement with Cavanal Hill. Cavanal Hill does not deduct its fees directly from amounts held in the account.

All fees paid to Cavanal Hill for investment advisory services are separate and distinct from the commissions, fees, and expenses charged by brokerage firms, custodians, and mutual funds, including the Cavanal Hill Funds. The client will be solely responsible for all commissions, markups, mutual fund fees, other transaction charges and any charge relating to the custody of securities in the account. Please refer to Item 11 for more information about our brokerage practices.

Termination. Cavanal Hill does not impose closing fees. Upon termination of any account, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable. A pro rata refund of prepaid fees will be made if the account is closed within a billing period.

Other Fees. Certain fees are not included in Cavanal Hill's investment management fee. Please carefully review the descriptions below of these non-covered fees.

Transaction Fees. The investment management fee does not cover commission charges, mark-up or mark-down charges resulting from securities transactions affected with or through broker-dealers on the client's behalf. Cavanal Hill purchases securities for client accounts that a client could purchase on their own through a broker or another agent not affiliated with Cavanal Hill. Cavanal Hill itself does not charge transaction commissions or markups.

Mutual Fund Fees. If your account is invested in a mutual fund, you will also pay a prorated share of the fund's advisory, administrative, and distribution and shareholder servicing fees (if any). BOKF, NA, or BOSC, may receive 12b-1 and/or shareholder servicing fees for the mutual funds held in your Account. A client might incur additional sales charges if assets were allocated to a load-based fund.

Cavanal Hill Fund Fees. Your Account may be invested in the Cavanal Hill Funds. Cavanal Hill money market funds are the default sweep vehicle for client accounts. Cavanal Hill, BOKF, NA and certain of its affiliates receive fees for providing services to these Funds.

Cavanal Hill's parent company, BOKF, NA, serves as the custodian to the Funds and earns fees for these services as set forth in each Fund's prospectus. A full description of the Cavanal Hill Funds and their fees and expenses are available in each Fund's prospectus. Cavanal Hill and the Funds have entered into contractual fee waiver agreements and may also voluntarily waive all or a portion of its fees with respect to any Fund.

BOSC, a Cavanal Hill affiliate, serves as the primary underwriter and distributor for the Cavanal Hill Funds and earns fees for these services as set forth in each Fund's prospectus. BOSC may use the fee for distribution assistance and to pay financial institutions and intermediaries for

distribution and shareholder services. BOSC may voluntarily waive all or a portion of its fees with respect to any Fund.

BOKF, NA and BOSC have also entered into agreements that entitle them to receive Shareholder Servicing Fees (SSF) and Distribution (12b-1) Fees from certain of the Funds as set forth in each Fund's prospectus. BOKF, NA and/or BOSC may periodically voluntarily waive all or a portion of its fees with respect to any Fund.

Cavanal Hill does not receive distribution fees from the sale of mutual funds, including the Cavanal Hill Funds. Cavanal Hill does not accept compensation for the sale of securities or other investment products. Cavanal Hill also does not earn any asset-based sales charges or service fees derived directly from the sale of mutual funds, including the Cavanal Hill Funds.

Where BOKF, NA serves as custodian for a client account, any 12b-1 and/or shareholder servicing fees for the mutual funds held in the account, except for shareholder servicing fees for the Cavanal Hill Funds, will be rebated or waived for Individual Retirement Accounts ("IRAs") or accounts subject to the Employee Retirement Income Security Act (ERISA).

Item 6. Performance-based Fees and Side-by-Side Management

Cavanal Hill does not offer Performance Based Fees.

Item 7. Types of clients

Cavanal Hill provides professional investment management services to a broad and diverse client base that includes trusts, foundations, endowments, hospitals, universities, retirement plans, banking institutions, governmental entities, and high net worth individuals. As previously indicated, Cavanal Hill also provides investment advice to the Cavanal Hill Funds.

The following account minimums apply to our strategies, which are more fully described in Item 5 and 8:

Account Minimums*:

Large Cap Core Equity	\$2,000,000
Dividend Equity	\$2,000,000
Opportunistic Strategy	\$1,000,000
Large Cap Core Quantitative	\$2,000,000
Large Cap Value Equity	\$2,000,000
Large Cap Growth Equity	\$2,000,000
Mid Cap Core Quantitative Equity	\$2,000,000
Durable Equity	\$150,000
Core A or Better Fixed Income	\$10,000,000
Short Term A or Better Fixed Income	\$10,000,000
Short Term Government Fixed Income	\$10,000,000

Short-Intermediate A or Better Fixed Income	\$10,000,000
Short-Intermediate Government Fixed Income	\$10,000,000
Strategic Fixed Income	\$1,000,000
Strategic Enhanced Fixed Income	\$1,000,000
High Yield Mortgage Fixed Income	\$1,000,000
Short Term Tax Free A or Better Fixed Income	\$10,000,000
Intermediate Tax Free A or Better Fixed Income	\$10,000,000
Oklahoma Municipal Fixed Income	\$10,000,000
Enhanced Yield Tax Free Fixed Income	\$2,000,000
Tax Exempt Cash	\$15,000,000
Cash Management	\$15,000,000
Treasury Money Market	\$15,000,000

*Caval Hill reserves the right to lower or waive account minimums.

Account minimums applicable to the Caval Hill Funds are disclosed in each Fund's prospectus.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

INVESTING IN SECURITIES INVOLVES THE RISK OF LOSS THAT CLIENTS SHOULD BE PREPARED TO BEAR AS DESCRIBED BELOW AND IN THE "INVESTMENT RISKS AND RISK OF LOSS" SECTION THAT FOLLOWS.

Investment Strategies & Methods of Analysis

Below is a description of each significant investment strategy offered by Caval Hill, including a discussion of the primary risks involved and the methods of analysis. In all strategies, Caval Hill may, from time to time, take temporary defensive positions that are inconsistent with the strategy's description in attempting to respond to adverse market, economic, political, or other conditions. In these and in other cases, the strategy may not achieve its investment objective and up to 100% of the assets may be invested in cash equivalents, cash, or money market funds, including the Caval Hill money market funds.

Fundamental analysis is a method of assessing the investment potential of each individual security based on factors that impact a company's financial results to derive a value for the security. In performing fundamental analysis, we consider the products or services a company provides, its competitive position, macro economic factors, quality of management, and other factors to create our view of the security's value. Then, by comparing the fundamental value of the security with the current market price of the security, we make our investment decision.

Quantitative analysis is a methodology where we analyze securities along a number of fundamental financial and price-driven metrics. Quantitative applications and tools are used to gather and analyze data and facilitate the formulation and testing of investment ideas. In addition, these applications aid in the day-to-day operational management of quantitative strategies.

Equity Strategies

Large Cap Core Equity Strategy

- **Objective.** To generate total return, net of all fees, in excess of the Russell® 1000 benchmark over rolling three-to five year periods.
- **Strategy Description.** The strategy invests at least 80% of its assets in a universe of equity securities of large U.S. companies having an average market capitalization in excess of \$7 billion at the time of purchase. The portfolio management team of the strategy seeks to identify companies that possess the following fundamental characteristics: strong, sustainable earnings and revenue growth prospects, industry leadership with a competitive advantage, high levels of profitability and earnings quality, strong management teams, understandable business models and limited exposure to cyclical earnings.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Russell® 1000 Index
- **Primary Risks.**
 - banking
 - issuer specific
 - limited number of holdings
 - management
 - market
 - regulatory
 - tax

Dividend Equity Strategy

- **Objective.** To seek current income in excess of the S&P 500's dividend yield, and capital appreciation.
- **Strategy Description.** The strategy invests at least 80% of its assets in a universe of equity securities traded on U.S. exchanges. The strategy invests in stocks of all market cap size (large cap, mid cap, and small cap) and may invest in American Depositary Receipts (ADRs). The management team seeks to invest in companies that exhibit above market dividend yields at attractive valuations. In addition, the portfolio management team of the strategy seeks to identify companies that possess the following fundamental characteristics: strong, sustainable earnings and revenue growth prospects, industry leadership with a competitive advantage, high levels of profitability and earnings quality, strong management teams, understandable business models and limited exposure to cyclical earnings. The portfolio management team also focuses on a company's ability to gain market share in the market place.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Russell® 3000 Value (S&P 500 Index through 2/29/2012)
- **Primary Risks.**
 - banking
 - credit,
 - foreign investment
 - income
 - issuer specific
 - limited number of holdings
 - management
 - market
 - regulatory
 - small company

Large Cap Core Quantitative Strategy

- **Objective.** To generate a total return, net of all fees, in excess of the Russell[®] 1000 benchmark over rolling three-to five-year periods.
- **Strategy Description.** To pursue its objective, the strategy employs quantitative investing techniques and invests in large cap U.S. equities utilizing value, momentum, and quality stock selection factors.
- **Method of Analysis.** Security selection based on quantitative analysis.
- **Benchmark.** Russell[®] 1000 Index
- **Primary Risks.**
 - banking
 - frequent trading
 - investment style
 - issuer specific
 - management
 - market
 - regulatory
 - tax

Durable Equity Strategy

- **Objective.** To provide exposure to a segment of the U.S. equity market that has historically exhibited less volatility, superior risk-adjusted returns and lower relative correlations than the broader equity market.
- **Strategy Description.** To pursue its objective, the strategy employs quantitative investing techniques and invests in large cap U.S. equities that we believe exhibit less price volatility, greater profitability, and less leverage.
- **Method of Analysis.** Security selection based on quantitative analysis.
- **Benchmark.** Blended 80% Russell[®] 1000 Defensive Index/20% Russell[®] Top 200 Index. (Russell[®] 1000 Defensive Index through 12/31/13)
- **Primary Risks.**
 - banking
 - investment style
 - issuer specific
 - management
 - market
 - regulatory
 - tax

Large Cap Growth Equity Strategy

- **Objective.** To generate a total return, net of all fees, in excess of the Russell[®] 1000 Growth benchmark over rolling three-to five-year periods.
- **Strategy Description.** To pursue its objective, this strategy employs quantitative investing techniques and invests in large cap U.S. equities utilizing value, momentum, and quality stock selection factors.
- **Method of Analysis.** Security selection based on quantitative analysis.
- **Benchmark.** Russell[®] 1000 Growth Index (S&P 500/Barra Growth index through Dec. 31, 2005)
- **Primary Risks.**
 - banking
 - frequent trading
 - investment style
 - issuer specific
 - management
 - market
 - regulatory
 - tax

Large Cap Value Equity Strategy

- **Objective.** To generate a total return, net of all fees, in excess of the Russell[®] 1000 Value benchmark over rolling three-to five-year periods.
- **Strategy Description.** To pursue its objective, this strategy employs quantitative investing techniques and invests in large cap U.S. equities utilizing value, momentum, and quality stock selection factors.
- **Method of Analysis.** Security selection based on quantitative analysis.
- **Benchmark.** Russell[®] 1000 Value Index
- **Primary Risks.**
 - banking
 - frequent trading
 - investment style
 - issuer specific
 - management
 - market
 - regulatory
 - tax

Mid Cap Core Quantitative Equity Strategy

- **Objective.** To generate a total return, net of all fees, in excess of the Russell[®] Mid Cap Index over rolling three-to five-year periods.
- **Strategy Description.** To pursue its objective, this strategy employs quantitative investing techniques and invests in mid cap U.S. equities that utilize value, momentum, and quality stock selection factors.
- **Method of Analysis.** Security selection based on quantitative analysis.
- **Benchmark.** Russell[®] Mid Cap Index
- **Primary Risks.**
 - banking
 - frequent trading
 - investment style
 - issuer specific
 - management
 - market
 - regulatory
 - small company
 - tax

Alternative Strategies

Opportunistic Strategy

- **Objective.** To generate positive investment returns with exposure primarily to domestic equity markets.
- **Strategy Description.** Cavanal Hill will use a variety of methods to attempt to meet this objective. These methods may include, but are not limited to, investing portfolio assets in equities, real estate investment trusts (REITs), master limited partnerships (MLPs), preferred stocks, exchange traded funds (ETFs), stock options, bonds, and money market funds. In managing this strategy, we will consider all asset classes and may invest in domestic as well as international securities that are listed on U.S. exchanges.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** HFRX Equity Hedge Index (No benchmark through 12/31/2012)
- **Primary Risks.**

- banking
- credit
- foreign investment
- frequent trading
- hedging
- interest rate
- limited number of holdings
- management
- market
- market timing
- mortgage market risk
- prepayment/call risk
- regulatory
- small company risk

Fixed Income Strategies

Core A or Better Fixed Income Strategy

- **Objective.** Primarily to seek income and secondarily to seek capital appreciation.
- **Strategy Description.** To pursue its objective, the strategy invests primarily in debt obligations such as bonds, notes and debentures, and bills issued by U.S. corporations or by the U.S. government, its agencies or instrumentalities, municipal securities, and derivatives including mortgage-related securities, asset-backed securities and collateralized mortgage obligations that are rated A or better at the time of purchase. The strategy also invests in money market instruments. The strategy will seek to increase the value of your investment through a combination of income and capital gains. Portfolios within the strategy will have a duration that is +/- 25% of the benchmark.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital U.S. Aggregate Bond Index
- **Primary Risks.**
 - banking
 - credit
 - derivative
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - prepayment/call
 - regulatory
 - valuation
 - zero coupon

Short-Term A or Better Fixed Income Strategy

- **Objective.** Primarily to seek income and secondarily to seek capital appreciation.
- **Strategy Description.** To pursue its objective, the strategy invests primarily in debt obligations such as bonds, notes and debentures, and bills issued by U.S. corporations or by the U.S. government, its agencies or instrumentalities, municipal securities, and derivatives including mortgage-related securities, asset-backed securities and collateralized mortgage obligations that are rated A or better at the time of purchase. The strategy also invests in money market instruments. The strategy will seek to increase the value of your investment through a combination of income and capital gains. Portfolios within the strategy will have a duration that is no more than 125% of the benchmark.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Merrill Lynch 1-4.99 Year Government/Corporate Index

- **Risks.**
 - banking
 - credit
 - derivative
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - prepayment/call
 - regulatory
 - valuation
 - zero coupon

Short-Intermediate A or Better Fixed Income Strategy

- **Objective.** Primarily to seek income and secondarily to seek capital appreciation.
- **Strategy Description.** To pursue its objective, the strategy invests, under normal market conditions, primarily in debt obligations such as bonds, notes and debentures, and bills issued by U.S. corporations or the U.S. government, its agencies, or instrumentalities, municipal securities, and derivatives including mortgage-related securities, asset-backed securities and collateralized mortgage obligations that are rated A or better at the time of purchase. The strategy also invests in money market instruments. The strategy will seek to increase the value of your investment through a combination of income and capital gains. Portfolios within the strategy will have a duration that is +/- 25% of the benchmark.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital U.S. Intermediate Aggregate Bond Index
- **Risks.**
 - banking
 - credit
 - derivative
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - prepayment/call
 - regulatory
 - valuation
 - zero coupon

Intermediate Tax Free A or Better Fixed Income Strategy

- **Objective.** To seek current income that is exempt from federal income taxes, by investing primarily in a diversified portfolio of municipal securities rated A or higher at the time of purchase.
- **Strategy Description.** To pursue its objective, the strategy invests at least 65% of its assets in municipal bonds and debentures that are rated within the three highest rating categories assigned by an NRSRO, or of comparable quality, at the time of purchase.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital Municipal Bond Index
- **Risks.**
 - banking
 - credit
 - credit enhancement
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management

- market
- prepayment/call
- regulatory
- tax

Short-Term Government Fixed Income Strategy

- **Objective.** To generate a total return, net of all fees, in excess of the Barclays Capital 1-5 year U.S. Government Bond Index.
- **Strategy Description.** To pursue its objective, this strategy invests in fixed income government and agency backed securities. Portfolios within the strategy will have a duration that is no more than 125% of the benchmark.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital 1-5 year U.S. Government Bond Index
- **Risks.**
 - banking
 - credit
 - credit enhancement
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - prepayment/call
 - regulatory
 - tax

Short-Intermediate Government Fixed Income Strategy

- **Objective.** To generate a total return, net of all fees, in excess of the Barclays Capital U.S. Intermediate Government Bond Index.
- **Strategy Description.** To pursue its objective, this strategy invests in fixed income government and agency backed securities. Portfolios within the strategy will have a duration that is +/- 25% of the benchmark.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital U.S. Intermediate Government Bond Index
- **Risks.**
 - banking
 - credit
 - credit enhancement
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - prepayment/call
 - regulatory
 - tax

Short-Term Tax Free A or Better Fixed Income Strategy

- **Objective.** To generate current income that is exempt from federal income taxes by investing primarily in a diversified portfolio of municipal securities rated A or higher at the time of purchase.
- **Strategy Description.** To pursue its objective, this strategy invests in municipal securities with an average maturity of 2 to 5 years and a ratings mandate of A or better at time of purchase. Portfolios within the strategy will have a duration that is +/- 25% of the benchmark.

- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital 3 Year Municipal Bond Index
- **Risks.**

<ul style="list-style-type: none"> - banking - credit - credit enhancement - interest rate - issuer specific - limited number of holdings 	<ul style="list-style-type: none"> - liquidity - management - market - prepayment/call - regulatory - tax
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Strategic Fixed Income Strategy

- **Objective.** To generate a total return, net of all fees, in excess of the Barclays Capital U.S. Aggregate Bond Index.
- **Strategy Description.** To pursue its objective, this strategy invests in fixed income securities that are rated A or better at the time of purchase, with a mandate to invest in less liquid securities in an effort to increase returns through market inefficiencies.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital U.S. Aggregate Bond Index
- **Risks.**

<ul style="list-style-type: none"> - banking - credit - credit enhancement - interest rate - issuer specific - limited number of holdings - liquidity 	<ul style="list-style-type: none"> - management - market - mortgage market - prepayment/call - regulatory - valuation - zero Coupon.
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Strategic Enhanced Fixed Income Strategy

- **Objective.** To generate a total return, net of all fees, in excess of the Barclays Capital U.S. Aggregate Bond Index.
- **Strategy Description.** To pursue its objective, this strategy invests in fixed income securities *across the credit spectrum* with a mandate to invest in less liquid securities in an effort to increase returns through market inefficiencies.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital U.S. Aggregate Bond Index
- **Risks.**

<ul style="list-style-type: none"> - banking - credit - credit enhancement - interest rate - issuer specific - limited number of holdings - liquidity 	<ul style="list-style-type: none"> - management - market - mortgage market - prepayment/call - regulatory - valuation - zero Coupon.
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High Yield Mortgage Fixed Income Strategy

- **Objective.** To generate absolute returns that may compensate investors for the lack of liquidity, structural impairment, and potentially high loan defaults in the distressed mortgage-backed security (MBS) market.
- **Strategy Description.** To pursue its objective, this strategy invests in speculative grade mortgage backed securities in an effort to increase returns through mortgage market inefficiencies.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital U.S. Aggregate Bond Index (Barclays Capital ABS Home Equity Index through 9/30/2009)
- **Risks.**
 - banking
 - credit
 - credit enhancement
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - prepayment/call
 - regulatory
 - valuation
 - zero coupon.

Oklahoma Municipal Fixed Income Strategy

- **Objective.** Primarily to seek current income that is exempt from federal and Oklahoma state income taxes by investing in a diversified portfolio of Oklahoma municipal securities rated A or higher at the time of purchase.
- **Strategy Description.** To pursue its objective, this strategy invests in high credit quality intermediate Oklahoma municipal securities that are exempt from federal income taxes, with an average maturity of up to 10 years.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital Oklahoma Municipal Bond Index
- **Risks.**
 - banking
 - credit
 - credit enhancement
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - prepayment/call
 - regulatory
 - tax
 - valuation

Enhanced Yield Tax Free

- **Objective.** Capture incremental yield that is exempt from federal income taxes.
- **Strategy Description.** To pursue its objective, this strategy invests in municipal securities in the 5 – 10 year maturity range and with an underlying credit rating in the BBB range at the time of purchase.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** Barclays Capital Intermediate Municipal Bond Index

- **Risks.**
 - Banking
 - Credit
 - Credit enhancement
 - Interest rate
 - Issuer specific
 - Limited number of holdings
 - Liquidity
 - Management
 - Market
 - Prepayment/call
 - Regulatory
 - Tax
 - Valuation

Cash Management Strategies

Tax Exempt Cash Strategy

- **Objective.** To maintain stability of principal, preserve capital and generate income that is exempt from federal and state income taxes.
- **Strategy Description.** To pursue its objective, this strategy invests in high credit quality, short term municipal securities that are exempt from federal income taxes, have remaining maturities of 397 days or less, and are deemed to have minimal credit risk.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** SIFMA Municipal Swap Index
- **Risks.**
 - banking
 - credit
 - credit enhancement
 - income
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - prepayment/call
 - regulatory
 - tax
 - valuation
 - zero coupon

Cash Management Strategy

- **Objective.** To seek current income with liquidity and stability of principal.
- **Strategy Description.** To pursue its objective, the strategy primarily invests in short term instruments including obligations issued by the U.S. government or its agencies or instrumentalities, commercial paper, medium term notes, certificates of deposit, time deposits, and repurchase agreements that have remaining maturities of 397 days or less, among others. These obligations may be variable or floating rate instruments or variable rate master demand notes.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** 90-day Treasury Bill
- **Risks.**
 - banking
 - credit
 - foreign investment
 - income
 - interest rate
 - issuer specific

- limited number of holdings
- liquidity
- management
- market
- mortgage market
- regulatory

Treasury Money Market

- **Objective.** To seek current income with liquidity and stability of principal.
- **Strategy Description.** To pursue its objective, the strategy invests primarily in short term U.S. Treasury obligations, including obligations guaranteed by the U.S. governments, as well as repurchase agreements that have remaining maturities of 397 days or less and are backed by U.S. Treasury obligations.
- **Method of Analysis.** Security selection based on fundamental analysis.
- **Benchmark.** 90-day Treasury Bill
- **Risks.**
 - banking
 - credit
 - foreign investment
 - income
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - regulatory

Investment Risks & Risk of Loss

Investing in securities involves the risk of loss, including the principal amount invested, and clients should be prepared to bear this loss. Below is a more complete discussion of the types of risks inherent in the securities and investment techniques listed above. Because of these risks, the value of the securities held in portfolios may fluctuate. Certain investments and strategies are more susceptible to these risks than others.

- **Banking Risk.** To the extent that the strategy invests in securities issued by U.S. banks, foreign banks and U.S. branches of foreign banks, the strategy's performance will be susceptible to the risks associated with the financial services sector. The financial services sector is highly dependent on the supply of short-term financing. The value of securities of issuers in the banking and financial services sector can be sensitive to changes in government regulation and interest rates and to economic downturns in the United States and abroad.
- **Credit Risk.** The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation. Credit risk is generally higher for non-investment grade securities. The price of a security can be adversely affected prior to actual default as its credit status deteriorates and the probability of default rises. Credit risk includes the risk that performance may be affected by political and economic factors at the state, regional or national level, including budgetary problems and declining tax bases. With respect to government sponsored entities such as FHLB, TVA, Fannie Mae, FFCB and Freddie Mac, although the issuer may be chartered or sponsored by Acts of Congress, their securities are neither insured nor guaranteed by the U.S. Treasury and therefore have more issuer default risk than any direct obligations of the U.S. Treasury. In the event that those government sponsored entities cannot meet their obligations, there can be no assurance that the U.S. government would provide support, and the strategy's performance

could be adversely affected. Direct obligations of the U.S. Treasury generally present minimal credit risks. However, repurchase agreements with respect to such obligations involve the risks of a default or insolvency of the other party to the agreement, including possible delays or restrictions on our ability to dispose of the underlying securities.

- **Credit Enhancement Risk.** Credit enhancement risk involves the possibility that a “credit enhancer,” such as a letter of credit, declines in quality and therefore leads to a decrease in the value of the strategy’s investments.
- **Derivative Risk.** The risk of investing in derivative instruments, including liquidity, interest rate, market, credit and management risks, mispricing or improper valuation. Changes in the value of derivative may not correlate perfectly with the underlying asset, rate or index, and you could lose more than the principal amount invested.
- **Foreign Investment Risk.** The risk associated with higher transaction costs, delayed settlements, currency controls and adverse economic and political developments. This also includes the risk that fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect an investment. Exchange rate volatility may affect the ability of an issuer to repay U.S. dollar denominated debt, thereby increasing credit risk. Foreign securities may also be affected by incomplete or inaccurate financial information on companies. There is a risk of loss attributable to social upheavals, unfavorable governmental or political actions, seizure of foreign deposits, changes in tax or trade statutes, and governmental collapse and war. These risks are more significant in emerging markets.
- **Frequent Trading Risk.** The risk associated with the frequent trading of securities, which may negatively impact performance, particularly through increased brokerage and other transaction costs and taxes.
- **Hedging Risk.** The risk associated with utilizing hedging strategies. Hedging instruments such as options and certain ETFs are typically intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit or result in losses. No assurance can be given that any particular hedging strategy will be successful and achieve its desired objective, or will make any profit, or will be able to avoid incurring losses. Certain hedging transactions may involve the use of leverage, which could result in losses exceeding the amount committed in the transaction.
- **Income Risk.** Income risk involves the possibility that the strategy’s yield will decrease due to a decline in interest rates.
- **Interest Rate Risk.** The risk that debt prices overall will decline over short or even long periods due to rising interest rates. A rise in rates typically causes a fall in bond values, while a fall in rates typically causes a rise in bond values. In general, bonds with longer maturities have more interest rate risk than shorter term bonds. In addition, certain securities such as mortgage-backed obligations are subject to optional and mandatory redemption and therefore subject to risk regarding the interest rates at which redemption proceeds may be reinvested.
- **Investment Style Risk.** The risk that returns from growth and/or value stocks will trail returns from the overall stock market.
- **Issuer Specific Risk.** The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, earnings and sales trends, investor perceptions, financial leverage and reduced demand for the issuer’s goods or services.

- **Leverage Risk.** The risk associated with securities or practices that multiply small index or market movements into large changes in value. Leverage is often associated with investments in derivatives, but also may be embedded directly in the characteristics of other securities.
- **Limited Number of Holdings Risk.** As a large percentage of a strategy's assets may be invested in a limited number of securities, each investment has a greater effect on a strategy's overall performance and any change in the value of those securities could significantly affect the value of your investment.
- **Liquidity Risk.** The risk that certain securities may be difficult or impossible to sell at the time and the price that would normally prevail in the market. The portfolio manager may have to lower the price, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on management or performance. This includes the risk of missing out on an investment opportunity because the assets necessary to take advantage of it are tied up in less advantageous investments.
- **Management Risk.** There is no guarantee that the investment techniques and risk analyses used by the portfolio managers will produce the desired results.
- **Market Risk.** The risk that the market value of a security may move up and down, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than the price originally paid for it, or less than it was worth at an earlier time. Market risk may affect a single issuer, industrial sector of the economy or the market as a whole. Finally, key information about a security or market may be inaccurate or unavailable. This is particularly relevant to investments in foreign securities.
- **Market Timing Risk.** The risk that market price movements will differ from those predicted. Market timing is the strategy of making buy or sell decisions of securities by attempting to predict future market price movements. If these predictions are wrong, the portfolio may sustain substantial losses.
- **Mortgage Market Risk.** The mortgage market in the United States has experienced difficulties that may adversely affect the performance and market value of certain mortgage-related investments. Losses on mortgage loans (especially subprime and second-lien mortgage loans) and increased investor yield requirements have led to reduced demand for mortgage loans and limited liquidity in the secondary market for some mortgage-related securities.
- **Prepayment/Call Risk.** The risk that the principal repayment of a security will occur at an unexpected time. Prepayment risk is the chance that the repayment of certain types of securities (e.g., asset-backed securities, mortgage-backed securities and collateralized mortgage obligations) will occur sooner than expected. Call risk is the possibility that during periods of falling interest rates, a bond issuer will "call," or repay, its high-yielding bond before the bond's maturity date. Changes in prepayment/call rates can result in greater price and yield volatility. Prepayments/calls generally accelerate when interest rates decline. When mortgage and other obligations are pre-paid, a strategy may have to reinvest in securities with a lower yield. In this event, you would experience a decline in income — and the potential for taxable capital gains. Further, with early prepayment, you may fail to recover any premium paid, resulting in an unexpected capital loss. Prepayment/call risk is generally low for securities with a short-term maturity, moderate for securities with an intermediate-term maturity, and high for securities with a long-term maturity.

- **Portfolio Turnover Risk.** The risk that portfolio securities may be sold without regard to the length of time they have been held. A higher portfolio turnover rate may involve paying higher brokerage commissions, taxes, and other transaction costs.
- **Regulatory Risk.** The risk that a change in laws or regulations will materially impact a security, business, sector or market. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment and/or change the competitive landscape. Regulatory risk also includes the risk associated with federal and state laws which may restrict the remedies that a lender has when a borrower defaults on loans. These laws include restrictions on foreclosures, redemption rights after foreclosure, federal and state bankruptcy and debtor relief laws, restrictions on “due on sale” clauses, and state usury laws.
- **Small Company Risk.** Small and micro cap companies may be more vulnerable to adverse business or economic developments than larger companies. They may also be less liquid and/or more volatile than securities of larger companies or the market averages in general. Small and micro cap companies may be adversely affected during periods when investors prefer to hold securities of large capitalization companies.
- **Tax Risk.** The risk that the issuer of securities will fail to comply with certain requirements of the Internal Revenue Code, which could cause adverse tax consequences. There is also a risk that the use of investment practices that seek to minimize tax consequences will lead to investment decisions that do not maximize the returns on an after-tax basis. Economic developments or unforeseeable investor redemptions may also reduce returns without any corresponding increase in tax efficiency.
- **Valuation Risk.** The risk associated with the assessment of appropriate pricing in a changing market where trading information may not be readily available.
- **Zero Coupon Risk.** The market prices of securities structured as zero coupon or pay-in-kind securities are generally affected to a greater extent by interest rate changes. These securities tend to be more volatile than securities that pay interest periodically.

Item 9. Disciplinary Information

Cavanal Hill has no legal or disciplinary events to report in this section.

Item 10. Other Financial Industry Activities and Affiliations

Cavanal Hill is not a registered broker-dealer; however, certain of our employees are also employees, management persons, executive officers, directors or registered representatives of BOKF, NA, BOSC, or both. Neither Cavanal Hill nor any of its employees are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or are an associated person of the foregoing entities.

To follow is a description of relationships or arrangements that are important to Cavanal Hill’s advisory business or to our clients that Cavanal Hill or its personnel have with any affiliate mentioned below.

- ***Broker-Dealer, Municipal Securities Dealer, or Government Securities Dealer.*** BOSC is an affiliate of BOKF, NA and Cavanal Hill Investment Management, Inc., and is a wholly-owned subsidiary of BOK Financial Corporation. BOSC is a registered broker-dealer and member FINRA/SIPC, an SEC registered investment adviser, and an SEC registered municipal adviser. SEC registration does not imply a certain level of skill or training. The principal business of BOSC is that of general securities broker-dealer, government securities sales and municipal securities underwriting. In some circumstances, Cavanal Hill may purchase securities from BOSC. Purchasing securities from or through an affiliated broker-dealer may present a conflict of interest in that the organization as a whole is enriched by the sale of the security to a client. Cavanal Hill has established policies and procedures that overcome this conflict of interest and adheres to the SEC's requirements on principal and affiliated trading.

- ***Investment Company or Other Pooled Investment Vehicle.*** As disclosed elsewhere in this Brochure, the Cavanal Hill Funds have arrangements in place with Cavanal Hill and its affiliates. Cavanal Hill serves as investment adviser and administrator. BOKF, NA serves as custodian. BOSC serves as the distributor and principal underwriter to each of the Cavanal Hill Funds. Customers purchasing shares of the Funds may include officers, directors, or employees of Cavanal Hill and its affiliates. For its provision of distribution and shareholder services, BOSC and BOKF, NA may receive 12b-1 and shareholder servicing fees from the Funds.

- ***Investment Adviser or Financial Planner.*** BOSC is also an investment adviser affiliate of Cavanal Hill. BOKF, NA is a national banking association affiliate that may also provide advisory and financial planning services to its clients. BOSC and BOKF, NA may receive compensation from Cavanal Hill where BOSC, BOKF, NA or one of its representatives introduces a client to Cavanal Hill resulting in a client relationship. Such a fee will be paid in accordance with Rule 206(4)-3 of the Act. Affiliate employees are required to disclose the status of their relationship with Cavanal Hill at the time of the solicitation or referral. For more information, see also the "Client Referrals and Other Compensation" section of this Brochure.

The Milestone Group, Inc. ("Milestone") is a registered investment adviser affiliate of BOSC, and is a wholly-owned subsidiary of BOK Financial Corporation.

- ***Banking or Thrift Institution.*** Cavanal Hill is a wholly-owned subsidiary of BOKF, NA, a wholly-owned subsidiary of BOK Financial Corporation, a financial holding company (BOKF). BOKF, NA does business as Bank of Oklahoma, Bank of Texas, Bank of Albuquerque, Bank of Arizona, Colorado State Bank and Trust, Bank of Kansas City, and Bank of Arkansas. Customers of BOKF, NA banks may also be customers of Cavanal Hill.

- ***Insurance Company or Agency.*** Some registered representatives of BOSC are also employees of BOSC Agency, Inc., a subsidiary of BOKF, NA and an affiliated insurance agency of BOSC.

- ***Sponsor or Syndicator of Limited Partnerships.*** BOKF Equity LLC (BOKF Equity) is an affiliate of Cavanal Hill. BOKF Equity is the general partner and manager of private equity limited partnerships. BOKF Equity is a general partner in the Private Equity Limited Partnership I (PELP I) and Private Equity Limited Partnership II (PELP II). Clients of BOKF, NA were solicited by BOKF Equity to invest in PELP I and PELP II. Clients of Cavanal Hill were not solicited to invest in PELP I or PELP II.

Recommendation of Other Advisers

Cavanal Hill does not recommend or select other investment advisers for its clients.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics & Personal Trading

Cavanal Hill has adopted a Code of Ethics (the Code) for all supervised persons describing its high standard of business conduct and its fiduciary duty to its clients. The Code includes provisions relating to a prohibition on insider trading, restrictions on the acceptance of gifts and the reporting of certain gifts, and personal securities trading procedures, among other things. All supervised persons at Cavanal Hill must acknowledge the terms of the Code annually. Cavanal Hill will provide a copy of its Code to clients and prospective clients upon request and free of charge.

Cavanal Hill anticipates that it will cause client accounts for which it has management authority to affect the purchase or sale of securities in which Cavanal Hill, its employees and affiliates, and clients, directly or indirectly, also have a position of interest. Cavanal Hill's employees are required to follow Cavanal Hill's Code of Ethics in conducting their personal securities transactions. Subject to satisfying this policy and applicable laws, officers, directors and employees of Cavanal Hill may trade for their own accounts in securities which are recommended to and/or purchased for Cavanal Hill's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of employees of Cavanal Hill will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions, while, at the same time allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt from the coverage of the Code's restrictions on transactions, based upon a determination that these would not materially interfere with the best interest of Cavanal Hill's clients.

In addition, the Code requires pre-clearance of certain transactions, and restricts trading in close proximity to client trading activity. Employee trading is monitored under the Code, in an effort to reasonably prevent conflicts of interest between Cavanal Hill and its clients.

Participating or Interest in Client Transactions

Block Trading

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Cavanal Hill's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs on a pro rata basis and securities will be allocated to the accounts at a total average price. Cavanal Hill retains records of the trade order and its allocation. Completed orders will be allocated as specified in the trade order. Partially filled orders will be allocated on a pro rata basis. See Item 12 for more information on Cavanal Hill's brokerage practices and trade aggregation.

Affiliated Trading

It is the policy of Cavanal Hill to not place agency or principal securities transactions through any affiliated brokerage company, without having obtained written consent from the customer in accordance with the requirements of Section 206(3) of the Act. In the event consent is obtained from the customer, Cavanal Hill will provide the customer with certain disclosures as required by law. Cavanal Hill will not place trades through an affiliated brokerage company on behalf of (a) clients subject to the Employee Retirement Income Security Act or (b) a mutual fund client.

Mutual Fund Accounts

The Cavanal Hill Funds are managed, and transactions are executed, side-by-side with client accounts. Fund and client accounts are afforded equal treatment in investment management, transaction, and allocation decisions. Client accounts may be invested in one or more of the Funds and certain Funds may be used as a sweep vehicle for assets awaiting investment. In such case, Cavanal Hill, and its affiliates, would earn the fees described in Item 5 *Other Fees* in addition to the fees charged to the client for managing a separately managed account. A description of these Funds and all other fees and expenses are available in each Fund's prospectus.

Item 12. Brokerage Practices

The following criteria may be considered for the qualification of brokers used to execute securities transactions:

- Knowledge of the markets, specific industries, and securities,
- Access to sources of supply or markets, including third or fourth markets,
- Ability to handle block trades,
- Acceptable record of good and timely delivery and payment on trades
- Acceptable recordkeeping; e.g., timely and accurate confirmations, and
- The quality of research material and services

Under no circumstances will officers and employees of Cavanal Hill who are selecting or retaining brokers to execute customers' transactions: (1) take into account the brokers' promotion or sale of shares issued by a registered investment company that is affiliated with Cavanal Hill or any other registered investment company, or (2) enter into any agreement (whether oral or written) or other understanding under which Cavanal Hill directs, or is expected to direct,

portfolio securities transactions to a broker or dealer in consideration for the promotion or sale of shares issued by the a registered investment company that is affiliated with us or any other registered investment company.

Research and Other Soft Dollar Benefits

Cavanal Hill may receive research or other benefits provided by a broker-dealer as a result of commissions generated from financial transaction executed by the broker-dealer for client accounts managed by the Firm. In selecting or recommending an equity broker-dealer, we will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to our clients and our firm. Receipt of these additional brokerage products and services are considered to have been paid for with "soft dollars." Because such services could be considered to provide a benefit to our firm, we have a conflict of interest in directing your brokerage business. We could receive benefits by selecting a particular broker-dealer to execute your transactions, and the transaction compensation charged by that broker-dealer might not be the lowest compensation we might otherwise be able to negotiate.

Products and services that we may receive from broker-dealers may consist of research data and analyses, financial publications, recommendations, or other information about particular companies and industries (through research reports and otherwise), and other products or services (e.g., software and data bases) that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. We use such products and services in our general investment decision making, not just for those accounts for which commissions may be considered to have been used to pay for the products or services.

Before placing orders with a particular broker-dealer, we determine that the commissions to be paid are reasonable in relation to the value of all the brokerage and research products and services provided by that broker-dealer. In some cases, the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts charged by another broker-dealer that did not provide research services or products.

We do not exclude a broker-dealer from receiving business simply because the broker-dealer does not provide our firm with soft dollar research products and services. However, we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

The products and services we receive from broker-dealers will generally be used in servicing all of our clients' accounts. Our use of these products and services will not be limited to the accounts that paid commissions to the broker-dealer for such products and services. In addition, we may not allocate soft dollar benefits to your accounts proportionately to the soft dollar credits the accounts generate. In some instances, some clients may recoup or recapture some or all of their soft dollar benefits by receiving eligible research or other products and services directly. You should be aware that the receipt of economic benefits by our firm may create a conflict of interest. We have instituted certain procedures governing soft dollar relationships including preparation of a brokerage allocation budget, mandated reporting of soft dollar irregularities,

annual evaluation of soft dollar relationships, and an annual review of this Brochure to ensure adequate disclosures of conflicts of interest regarding our soft dollar relationships.

Cavanal Hill may participate in commission sharing arrangements (CSAs) whereby the executing broker agrees that the soft dollar commissions accrued in a transaction will be redirected to one or more third parties brokers, per our direction, as payment for research services provided to Cavanal Hill. CSAs allow Cavanal Hill to direct a broker-dealer to aggregate client commissions that may have been generated from orders executed at that broker-dealer, and periodically direct the broker-dealer to pay for research that we have determined is valuable in making investment decisions with respect to client accounts.

Brokerage for Client Referrals

Brokerage commissions may never be used to attract or hold deposit balances or loans of brokerage firms with the banking department of any affiliate of Cavanal Hill. Brokerage commissions may never be used to compensate a third party for customer referrals unless customer-directed. Brokerage commissions may never be used to secure services for the benefit of any employee or any entity or division other than Cavanal Hill, except by certain clients as described in “Research and Other Soft Dollar Benefits” in this Item 12.

Directed Brokerage

Clients may direct Cavanal Hill to execute transactions through a specified broker-dealer. By directing brokerage to a specified broker-dealer Cavanal Hill may be unable to achieve best execution for the client’s transactions, which may cost clients more money and impact client returns. In a directed brokerage arrangement, the client may pay higher brokerage commissions because Cavanal Hill may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Trade Aggregation

Cavanal Hill may combine purchase or sale orders (blocking trades) for more than one account where blocking trades appears to be potentially advantageous for each participating account (e.g., for the purpose of reducing brokerage commissions or obtaining a more favorable transaction price). Cavanal Hill will aggregate transaction orders where it believes that the aggregation is consistent with its duty to seek best execution for customer trades and is consistent with the terms of the investment advisory agreement with each customer whose trades are being aggregated.

Item 13. Review of Accounts

Cavanal Hill conducts account reviews at least once every calendar year. The typical review consists of a performance review, as well as an administrative review of the account set-up. This evaluation may require necessary changes to the current portfolio and investment plan. Reviews that are more frequent may be triggered by changes in the client's goals or objectives, changes in market conditions, or other significant circumstances that warrant a broad review of the strategies employed to meet the goals and objectives, and the securities held in the accounts. Additionally, Cavanal Hill's Investment Policy Committee conducts an annual review of all accounts to which discretionary investment advisory services are provided to evaluate whether investment management complies with the account agreements and corresponding strategies, as well as to evaluate the sufficiency of the regular management account review process.

Routine account reviews are conducted by the following reviewers:

- The fundamental equity team reviews all the fundamental equity and alternative strategies, which includes, but is not limited to the following strategies
 - Large Cap Core Equity Strategy
 - Dividend Equity Strategy
 - Opportunistic Strategy
- The quantitative equity team reviews all the quantitative equity strategies, which includes, but is not limited to the following strategies.
 - Large Cap Core Quantitative Strategy
 - Large Cap Growth Equity Strategy
 - Durable Equity Strategy
 - Large Cap Value Equity Strategy
 - Mid Cap Core Quantitative Equity Strategy
- The cash fixed income strategies are reviewed by the Cash Management Portfolio Manager., which includes, but is not limited to the following strategies:
 - Cash Management Strategy
 - Treasury Money Market Strategy
- The fixed income team reviews all the taxable fixed income strategies, including, but not limited to, the following strategies:
 - Core A or Better Fixed Income Strategy
 - Short-Term A or Better Fixed Income Strategy
 - Short-Intermediate A or Better Fixed Income Strategy
 - Short-Term Government Fixed Income Strategy
 - Short-Intermediate Government Fixed Income Strategy
 - Strategic Fixed Income Strategy
 - Strategic Enhanced Fixed Income Strategy
 - High Yield Mortgage Fixed Income Strategy

- Certain customized equity strategies are reviewed by the Director of Investment Administration.
- The Senior Tax Free Fixed Income Portfolio Manager reviews the tax exempt fixed income strategies, including, but not limited to, the following strategies:
 - Intermediate Tax Free A or Better Fixed Income Strategy
 - Short-Term Tax Free A or Better Fixed Income Strategy
 - Oklahoma Municipal Fixed Income Strategy
 - Enhanced Yield Tax Free Fixed Income Strategy
 - Tax Exempt Cash Strategy

Investment Policy Committee

The Investment Policy Committee is a cross-functional committee that performs an annual review of all Cavanal Hill's discretionary accounts. The committee's members are as follows:

- President;
- Director of Investment Administration;
- Head Trader;
- Senior Equity Portfolio Manager; and,
- Senior Tax Free Fixed Income Portfolio Manager

This committee is responsible for conducting an annual review of all accounts to which discretionary investment advisory services are provided to evaluate whether investment management complies with the account agreement and corresponding strategy.

Client Reporting

Clients may receive a customized written report of their account upon request. Cavanal Hill clients must utilize a "qualified custodian" as that term is defined in the Act. At least quarterly, clients will receive a statement from their custodian, which may be an affiliate of Cavanal Hill. Such statements identify the amount of funds and of each security in the account at the end of the period and set forth all transactions in the account during that period.

Item 14. Client Referrals and Other Compensation

We may pay a cash referral fee where either an affiliated or unaffiliated solicitor introduces a client to us. Such a fee will be paid in accordance with Rule 206(4)-3 of the Act, and any state or other regulatory requirements. Receiving a referral fee may provide an incentive for the referrer to act in his or her own best interest to make a sale. In order to address this conflict of interest, unaffiliated solicitors are required provide all prospective clients with a separate written disclosure document which fully informs the client regarding the nature of the relationship between the solicitor and Cavanal Hill and any fees to be paid. Additionally, affiliated solicitors will disclose the status of their relationship with Cavanal Hill at the time of the solicitation or referral.

Cavanal Hill has cash solicitation or referral agreements in place with the affiliates noted below. These affiliates may provide a cash reward to their employees who refer or solicit clients to Cavanal Hill, in accordance with their own incentive programs. Typically, the affiliate receives referral fees that are a percentage of Cavanal Hill's revenue attributable to that account. In turn, the soliciting or referring affiliate representative will receive a percentage of the affiliate's fee. Additional sales incentives may include sales awards or other prizes.

Cavanal Hill's affiliates include:

- BOKF, NA which may do business as: Bank of Arkansas, Bank of Texas, Colorado State Bank & Trust, Bank of Kansas City, Bank of Arizona, and Bank of Albuquerque; and,
- BOSC, Inc.

Cavanal Hill is solely responsible for paying such solicitation and/or referral fees and the client will not incur any additional charges.

Affiliate Referral Fees

BOKF, NA and BOSC may pay referral fees for the referral of new and additional business. Cavanal Hill is ineligible for such referral fees; however, our employees may refer business to BOKF, NA and BOSC and are eligible to receive a cash fee for the referral.

Item 15. Custody

Cavanal Hill does not provide custody services directly; however, such services are provided by its affiliate bank, BOKF, NA, or another qualified custodian of the client's choosing. Cavanal Hill does not provide account statements. At least quarterly, clients should receive statements from the qualified custodian that holds and maintains their assets, as is more fully described in Item 13 *Client Reporting*. Cavanal Hill urges clients to carefully review such statements and compare such official custodial records to any account report that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16. Investment Discretion

Cavanal Hill receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought and sold. Both the client and Cavanal Hill agree to this in an Investment Management Agreement (IMA). In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account, as well as any investment policy restrictions imposed by the client. Cavanal Hill observes the investment policies, limitations, and restrictions of the clients that it advises when selecting securities and determining amounts. For registered investment companies, Cavanal Hill's authority to trade securities may also be limited by certain federal securities and tax laws, as well as governing documents, that require diversification of investments and favor the holding of investments once made. Client investment guidelines and

restrictions, and any changes to these guidelines and restrictions, must be promptly provided to Cavanal Hill in writing.

Item 17. Voting Client Securities

Unless otherwise agreed to by a client and Cavanal Hill, clients delegate sole discretion to vote client security proxies to Cavanal Hill at the outset of the advisory relationship. Both the client and Cavanal Hill agree to this in the IMA. Clients may direct Cavanal Hill's vote in a particular situation, if this provision is included in the IMA or a written amendment to that agreement.

It is the policy of Cavanal Hill that, absent compelling reasons why a proxy should not be voted, all proxies relating to client securities should be voted. Proxies are voted in the best interests of the client accounts. The determination of the interest of a client account in a proposal presented by proxy is the effect the proposal could have on the current or future value of the investment, if any.

Subject to the procedures or guidelines adopted by Cavanal Hill's Board of Directors or specific written direction from a client, proxy voting shall be the responsibility of the President and the Investment Policy Committee, both of whom may delegate such aspects of this responsibility as it may consider appropriate to designated officers or employees of Cavanal Hill. If it is appropriate to do so, Cavanal Hill may employ an outside service provider to advise in the voting of a proxy or execute proxy voting in accordance with our voting guidelines.

The Investment Policy Committee will determine the voting of proxies where material conflicts of interest exist.

Clients may obtain a copy of Cavanal Hill's complete proxy voting policies and procedures upon request. Clients may also obtain information from Cavanal Hill about how proxies were voted on behalf of the client's account.

Item 18. Financial Information

Cavanal Hill does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Cavanal Hill has never been the subject of a bankruptcy petition and has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Item 19. Requirements for State-Registered Advisers

Cavanal Hill is not a state-registered adviser. Cavanal Hill has no disclosures pursuant to this Item.