



**Firm Brochure
(Form ADV, Part 2A)**

Cavanal Hill Investment Management, Inc.

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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. is available on the SEC's website at www.adviserinfo.gov.

Note: While Cavanal Hill Investment Management, Inc. may refer to itself as a "registered investment adviser" or "RIA" client should be aware that registration itself does not imply any level of skill or training.

March 2015

Material Changes

Annual Update

The Material Changes section of this brochure is updated to report any material changes to the previous version of Form ADV, Part 2A (the Firm Brochure). The section below provides a summary of material changes since the last update.

Summary of Material Changes since the Last Update

The U. S. Securities and Exchange Commission requires that each Investment Adviser provide its new clients with a copy of its Form ADV, Part 2A. The rule requires completion of specific mandatory sections and those sections are to be organized in the order specified by the rule.

Investment advisers must update the information in their Form ADV, Part 2A, when a material change has occurred. Cavanal Hill Investment Management, Inc. (“Cavanal Hill” or “Firm”) is updating its Form ADV, Part 2A, dated March 2014, to report the following:

- The Firms’ assets under management have been updated as of 12/31/2014.

The revised Form ADV, Part 2A, for Cavanal Hill., is dated March 2015.

Full Brochure Available

Whenever you would like to receive a copy of our Form ADV, Part 2, please contact us by telephone at (800) 958-2942 or www.cavanalhill.com.

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Advisory Business

Description of Advisory Firm and Principal Owners

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). Cavanal Hill commenced operations in 1991.

Types of Advisory Services Offered

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).

Tailored Advisory Services

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 complete 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.

Amount of Clients' Assets Managed

Cavanal Hill provides investment advice on a discretionary basis. As of December 31, 2014, the Firm managed \$6,861,506,000.

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.

The following is Cavanal Hill's standard fee schedule:

Cash Management Strategies, including the:

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

Portfolio Market Value

\$0 to \$25,000,000
next \$25,000,000
next \$50,000,000
amount over \$100,000,000

Basis Points of Market Value

15 bps[†]
12 bps
10 bps
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

\$0 to \$5,000,000
next \$5,000,000
next \$15,000,000
next \$25,000,000
next \$50,000,000
amount over \$100,000,000

Basis Points of Market Value

Large Cap	Mid Cap
60 bps	70 bps
55 bps	65 bps
50 bps	60 bps
45 bps	55 bps
40 bps	50 bps
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
All

Basis Points of Market Value
150 bps

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

- **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 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 retain Cavanal Hill by entering into a written agreement for services. Fees are negotiable depending on the facts and circumstances of each client.

Fee Payment

Clients are normally invoiced on a quarterly basis. 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.

Other Fees: Mutual Funds, Exchange-Traded Funds, Custodian, Brokerage, Recordkeeping

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).

Performance-based Fees

Cavanal Hill does not offer Performance Based Fees.

Termination of Agreement

Cavanal Hill does not impose closing fees. Clients shall have the right to terminate their advisory agreement, without penalty, at any time within five business days after the effective date of the client contract. A client agreement for services may be canceled at any time, by either party, for any reason, upon receipt of written notice. Upon termination of any account, fees in arrears will be due and payable.

Types of clients

Description 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, and governmental entities. As previously indicated, Cavanal Hill also provides investment advice to the Cavanal Hill Funds. The Bank of Oklahoma is one of our clients. Cavanal Hill is the sub-advisor on several of the Bank of Oklahoma's customer accounts.

Account Minimums

The following account minimums* apply to our strategies:

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	\$2,000,000
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	\$2,000,000
Strategic Enhanced Fixed Income	\$2,000,000
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

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

**These strategies may also be available for lower account minimums through sub-advised accounts through the Bank of Oklahoma.

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

Methods of Analysis, Investment Strategies and Risk of Loss**Methods of Analysis**

Below is a description of each significant investment strategy offered by Cavanal Hill, including a discussion of the primary risks involved and the methods of analysis. In all strategies, Cavanal 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 Cavanal 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.

Investment 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 \$10 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.**

<ul style="list-style-type: none"> - banking - credit, - foreign investment - income - issuer specific 	<ul style="list-style-type: none"> - limited number of holdings - management - market - regulatory - small company
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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.**

<ul style="list-style-type: none"> - banking - frequent trading - investment style - issuer specific 	<ul style="list-style-type: none"> - management - market - regulatory - tax
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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.**

<ul style="list-style-type: none"> - banking - investment style - issuer specific - management 	<ul style="list-style-type: none"> - market - regulatory - tax
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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, and 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
 - 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 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
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - prepayment/call
 - regulatory
 - valuation

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 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
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - prepayment/call
 - regulatory
 - valuation

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 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
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - prepayment/call
 - regulatory
 - valuation

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	- liquidity
- credit	- management
- credit enhancement	- market
- interest rate	- prepayment/call
- issuer specific	- regulatory
- limited number of holdings	- 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	- liquidity
- credit	- management
- credit enhancement	- market
- interest rate	- prepayment/call
- issuer specific	- regulatory
- limited number of holdings	- 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	- interest rate
- credit	- issuer specific
- credit enhancement	- 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.**
 - banking
 - credit
 - credit enhancement
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - prepayment/call
 - regulatory
 - tax

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.**
 - Banking
 - credit
 - credit enhancement
 - interest rate
 - issuer specific
 - limited number of holdings
 - liquidity
 - management
 - market
 - mortgage market
 - prepayment/call
 - regulatory
 - valuation

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 in both investment grade and high-yield below-investment grade rated securities

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.**

- | | |
|------------------------------|-------------------|
| - banking | - management |
| - credit | - market |
| - credit enhancement | - mortgage market |
| - interest rate | - prepayment/call |
| - issuer specific | - regulatory |
| - limited number of holdings | - valuation |
| - liquidity | |

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 | - management |
| - credit | - market |
| - credit enhancement | - prepayment/call |
| - interest rate | - regulatory |
| - issuer specific | - tax |
| - limited number of holdings | - valuation |
| - liquidity | |

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 | - Limited number of holdings |
| - Credit | - Liquidity |
| - Credit enhancement | - Management |
| - Interest rate | - Market |
| - Issuer specific | - 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

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

Risk of Loss and Material Risks

All investments have certain risks. 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 referenced above. The value of the securities held in portfolios may fluctuate because of these risks. Cavanal Hill's investment strategies may be subject to the following principal investment risks:

- **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, and 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.

Disciplinary Information

Disciplinary History

Cavanal Hill, its employees and officers have not been involved in disciplinary events related to its clients or to past or present investment activities.

This section of Form ADV requires investment advisers (Cavanal Hill is an investment adviser) to report whether it or its employees and officers have been involved in disciplinary, legal or regulatory actions which include, among other things, charges, filings or convictions related to investment related rule violations.

Again, Cavanal Hill, its employees and officers do not have any disciplinary or legal events to report.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

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.

Following is a description of the relationships or arrangements that are important to Cavanal Hill's advisory business or to our clients that we or our personnel have with any affiliate below.

Affiliations

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 Investment Management 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. 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. MBM Advisors, Inc., The Milestone Group, Inc. and StepStone LP are registered investment adviser affiliates of BOSC, and are wholly-owned subsidiaries 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. The PELP I and PELP II are closed to new investors.

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

Code of Ethics

Cavanal Hill is committed to the highest stands of ethical conduct, business practices and legal compliance. Pursuant to requirements of Rule 204A-1 of the Investment Advisers Act of 1940, Cavanal Hill has established a written Code of Ethics to meet those requirements and it maintains and enforces that Code. The Code includes provisions relating to the prohibition on insider trading, restrictions on the acceptance and gifts and the reporting of certain gifts, and personal securities trading procedures, among other items. All supervised persons at Cavanal Hill must acknowledge the terms of the Code annually. A written copy of Cavanal Hill's Code of Ethics is available upon request by calling us at (800) 958-2942

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. The Chief Compliance Officer or designee will quarterly review all employee securities transactions which are required to be reviewed by the Investment Advisers Act of 1940.

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.

Affiliated Trading

It is the policy of the Firm to engage in agency transactions only where the Firm acts as agent on behalf of its customers. The Firm shall not engage in transactions where the Firm acts as principal for its own account; except when purchasing new issue fixed income security for sub-advised accounts. Principal transactions occur when the Firm or its brokerage affiliate has a proprietary interest in a securities transaction with an advisory client.

It is the policy of the Firm to not place agency or principal security trades through any brokerage company, which is an affiliate of the Firm, without having obtained written consent from the client approving the placement of trades through any such affiliated brokerage company in accordance with Section 206(3) of the Investment Advisers Act of 1940.

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 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.

Brokerage Practices

Recommending Brokerage Firms

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.

Best Execution

Fixed Income Best Execution: To the extent possible and in light of its limited access to reliable market pricing data for the types of fixed income securities in which it primarily invests on behalf of clients, the Firm will conduct pre-trade evaluation of data and execution decisions, and/or post-trade analysis of transactions. Securities may also be purchased from underwriters at prices that include underwriter fees.

Equity Best Execution: The determining factor of best execution is not the lowest commission per share but whether the transaction represents the best qualitative execution for the account. In accordance with Section 28(e) of the Securities Exchange Act of 1934 and the Firm's policy and procedure on soft dollars, eligible research may be received in the course of equity securities transactions.

Best Execution Monitoring: On a weekly basis the Trade Risk Oversight Committee reviews all transactions for best execution.

Benefits Received by Cavanal Hill

Cavanal Hill receives research or other benefits provided by a broker-dealer as a result of commissions generated from financial transactions 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." 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 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 participates 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

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 result in additional cost to the client and may 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.

Order 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.

When block trades are done the Firm shall adhere to the following objectives:

- The Firm shall accord individual investment advice and fair treatment for each advisory customer.
- Each customer will participate in an aggregated order at the average share price for all of the adviser’s transactions in that security in the blocked order, with transaction costs shared pro rata based on participation.
- Where the full amount of a block order is not executed, the partial amount actually executed should be allocated fairly among participating accounts. If an initial public offering (“IPO”) opportunity is suitable and desirable for more than one account, the IPO will be allocated on a pro-rata basis.
- If we are unable to fill a full order to execute a full order of a particular security, we will allocate the partial filled order based on two criteria. These two criteria are: a) the need to diversify a particular portfolio and b) allocating it evenly as possible among all client accounts for which the security would be appropriate.

Review of Accounts

Periodic Reviews

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.

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. For sub-advised accounts in which BOKF is the sub-advisor, Cavanal Hill relies on BOKF to conduct regular and periodic client account reviews.

Investment Policy Committee

The Investment Policy Committee is a cross-functional committee that performs an annual review of all accounts to evaluate whether the investment management complies with the account agreement and the corresponding strategy.

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

Risk Oversight Committees

The following risk committees have been created for mitigating risk to the firm:

- Trade Risk Oversight Committee
- Price Risk Committee
- Technology Risk Oversight Committee
- Investment Strategy Risk Oversight Committee

These committees periodically report to the Investment Policy Committee. The Investment Policy Committee in turn reports to the Board of Directors.

Regular Reports

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.

Client Referrals and Other Compensation**Referrals**

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 to 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 (Other Third Party Compensation)

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.

Custody

Account Statements from Custodian

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.

Investment Discretion

Discretionary Authority for Trading

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 by the client.

Voting Client Securities

Proxy Votes

Unless otherwise agreed to by the client and Cavanal Hill, clients delegate through the advisory agreement sole discretion to vote client security proxies to Cavanal Hill at the commencement of the advisory relationship. Additionally, clients may direct Cavanal Hill's vote in a particular proxy voting situation, if this provision is included in the Investment Management Agreement or a written amendment to the advisory 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. As a matter of policy and as a fiduciary to our clients proxies are voted in the best interest of the client accounts. The determination of the interest of a client account in a proposal presented by proxy is the effect of 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.

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

Cavanal Hill may vote proxies via physical, electronic or telephonic ballot. Clients may request a copy of Cavanal Hill's proxy voting policies and procedures upon written request. Clients may also obtain information about how proxies were voted on behalf of securities held in the client's account.

Financial Condition

Cavanal Hill has discretionary trading authority in your accounts we manage. As such, we are required to report any financial condition reasonably likely to impair our ability to meet our contractual obligations of clients. Cavanal Hill does not have any financial impairment that will preclude us meeting our contractual commitments to our clients.