Objective
Cavanal Hill’s Fixed Income Strategies are rooted in the belief that inefficiencies do exist in the marketplace and, through active management, we can provide value to our clients by taking advantage of these opportunities. We believe that excess return is good, but risk-adjusted excess return is even better. The pursuit of superior returns must be tempered with strong risk management processes.

Process
Cavanal Hill’s fixed income management process is fundamentally driven, disciplined, diversified, and value-oriented. Our process targets four distinct variables, which include duration management, yield curve positioning, sector allocation, and security selection. We seek to reduce volatility through allocation of risk across all of these variables.

Portfolio Construction
Portfolios are constructed with high-quality, U.S. dollar-denominated securities rated A3/A- or better at time of purchase. Primary consideration is given to numerous and diverse value-adding opportunities using duration management, yield curve positioning, sector allocation, and security selection. We can and do make major shifts in our sector allocations to take advantage of short-term market conditions. Duration is closely managed to no more than 125% of the benchmark. We believe this allows us to take advantage of opportunities while managing volatility. No single non-government security will be more than 5% of the portfolio value at the time of purchase.

Portfolio Statistics
Average Credit Quality
- Aa1
Duration
- 2.3 yrs
- 2.7 yrs
Current Yield
- 2.0%
- 2.3%
Number of Holdings
- 112
- 3827
Average Turnover
- 77.9%
- N/A
Sharpe Ratio
- 0.7
- N/A
10 Yr Annualized Standard Deviation
- 3.4%
- 1.8%
Alpha
- 1.5%
- N/A
Beta
- 0.3
- 1.0

Quality Distribution (as a percentage of Market Value)

Strategy
AAA/Aaa: 85.0%
AA/Aa: 6.3%
A: 3.0%
BBB/Baa: 2.9%
BB/Ba: 0.5%
B: 0.5%
Other: 1.5%
Unrated: 0.3%

BofA Merrill Lynch 1-5 Year US Corporate & Government Index
AAA/Aaa: 69.7%
AA/Aa: 6.1%
A: 11.8%
BBB/Baa: 11.6%
BB/Ba: 0.8%
B: 0.0%
Other: 0.0%
Unrated: 0.0%

Sector Diversification
Governments
- 47.7%
- 64.2%
Asset-Backed
- 8.4%
- 0.0%
Mortgage-Backed
- 34.9%
- 0.0%
Corporates
- 35.7%
- 3.5%
Municipals
- 0.1%
- 1.5%
Cash & Cash Equivalents
- 0.0%
- 4.0%
Portfolio Management

The Short-Term A or Better Fixed Income Strategy is managed by the Fixed Income Management Team of Cavanal Hill Investment Management, Inc. The Team is responsible for the development of the overall fixed income investment strategy for the Cavanal Hill fixed income strategies. While all members of the Team actively contribute their experience, expertise and unique insights to the investment process, the managers primarily responsible for the day-to-day management of the Short-Term A or Better Fixed Income Strategy are:

Michael P. Maurer, CFA®
Senior Vice President
Responsible for the execution of the Short-Term A or Better Fixed Income Strategy investment discipline, including individual security analysis and selection.

Russell Knox, CFA®
Vice President
Responsible for the execution of the Short-Term A or Better Fixed Income Strategy investment discipline, including individual security analysis and selection.

The Adviser

Cavanal Hill Investment Management, Inc. ("Cavanal Hill") 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"). SEC registration does not imply a certain level of skill or training. Cavanal Hill claims compliance with the Global Investment Performance Standards (GIPS).

To obtain a GIPS compliant presentation and/or a list of composite descriptions you may contact us at:
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Cavanal Hill Short-Term A or Better Fixed Income Composite (creation 3/31/2006, inception 1/1/2000)
Includes all portfolios invested in fixed income securities with an average maturity of 1 to 3 years and a ratings mandate of A or better at time of purchase. Accounts may take temporary defensive positions in response to adverse market, economic, political, or other conditions which would not be consistent with the stated average maturity range. Portfolios within the composite will have a duration that is 125% of the benchmark. The benchmark is the BofA Merrill Lynch 1-5 Year Government/Corporate Index.

* Periods less than one year are not annualized.
1The BofA Merrill Lynch 1-5 Year Government/Corporate Index includes investment-grade U.S. treasury, agency, and corporate bonds with maturities between one to five years. The index is unmanaged. Investors cannot invest directly in an index. The above index does not reflect the fees associated with a managed account.

SEC Disclosure

Gross performance results do not reflect the deduction of investment management fees other than trading costs. Gross performance data includes the reinvestment of interest, dividends, and other earnings. The value of investments may rise or fall. Past performance does not guarantee future results. Investments are subject to risks, including the possible loss of the principal amount invested. Client returns will be reduced by management fees and any other expenses incurred in the management of an account. Net performance results reflect the deduction of investment management fees and trading expenses, but do not reflect the effect of other fees which may be incurred, nor do they reflect compounding which may further reduce the returns shown. Cavanal Hill’s investment advisory fees are described in Part 2A of its Form ADV.

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