

Exposure to European Banks – June 29, 2011

As the debt crisis in Greece continues, some investors have asked about exposure to Greek debt in the Cavanal Hill money market funds. Cavanal Hill has three money market funds – the Cash Management Fund, the U.S. Treasury Fund and the Tax-Free Money Market Fund (collectively the “Funds”). None of the Funds have *direct* exposure to Greek debt.

The Funds may have *indirect* exposure to Greek debt via fund holdings in European banks. Indirect exposure can be measured in a variety of ways and is therefore difficult to quantify. Like other money market fund managers, Cavanal Hill invests in short-term debt with major European banks, including those in Germany, France, the Netherlands, Switzerland and Great Britain. Some or all of the banks Cavanal Hill invests with may have exposure to Greek debt. The Funds have no *direct* investments in ‘peripheral banks,’ such as those in Portugal, Ireland, Italy, Greece or Spain. Beyond these indirect exposures, all marketable securities are exposed, by varying degrees, to the economic impact of and market reaction to developments in Greece. These ‘ripple’ effects are hard to predict or anticipate.

The Greek debt challenges have been with us for more than a year, and Cavanal Hill has kept selection and maturities of European bank investments in line with Cavanal Hill’s credit standards. During the same period, Cavanal Hill has actively increased exposure to Canadian and Australian banks.

It is important to understand that the majority of the Cavanal Hill investments in European banks are in repurchase agreements, sometimes referred to as ‘repos.’ Cavanal Hill Fund repurchase agreements are collateralized by U.S. Treasury and U.S. government agency securities. In addition to repurchase agreements, the Funds may invest in instruments such as commercial paper, CDs (certificates of deposit), or letters of credit issued by European banks. As of June 28, 2011, the Funds included the following investments in European banks:

Cavanal Hill Money Market Funds – European Bank Holdings*

<u>FUND</u>	<u>REPURCHASE AGREEMENTS</u>	<u>OTHER INVESTMENTS</u>	<u>TOTAL</u>
Cash Management Fund	20.51% of assets	14.99% of assets	35.50% of assets
U.S. Treasury Fund	38.01% of assets	2.50% of assets	40.51% of assets
Tax-Free Money Market Fund	N/A	16.01% of assets	16.01% of assets

Cavanal Hill maintains a conservative investment philosophy centered on return of capital to our investors, and maintains significantly higher levels of liquidity and lower weighted average maturity (WAM) than what is required by the securities regulations.

Securities regulations require that the weighted average maturity for money market funds be less than 60 days, which means the weighted average of time required for all securities in the fund to mature must be 60 days or less. The Funds are well below this maximum, as shown below:

Cavanal Hill Money Market Funds – Weighted Average Maturity

<u>FUND</u>	<u>WAM as of June 28, 2011*</u>
Cavanal Hill Cash Management Fund	25 days
Cavanal Hill U.S. Treasury Management Fund	37 days
Cavanal Hill Tax-Free Money Market Fund	15 days

In addition, securities regulations generally require at least 10% of money market fund investments to be in liquid assets that mature in one day, and at least 30% of money market fund investments to be in liquid assets that mature within seven days.

Caval Hill Money Market Funds – Liquidity

<u>Liquidity as of June 28, 2011*</u>	<u>1 Day</u>	<u>7 Days</u>
Caval Hill Cash Management Fund	41.08% of assets	45.41% of assets
Caval Hill U.S. Treasury Management Fund	72.55% of assets	72.55% of assets
Caval Hill Tax-Free Money Market Fund	17.22% of assets	78.89% of assets

Jim Huntzinger, President of Caval Hill Funds, said that investments will continue to be monitored and adjusted as necessary. He noted that money market holdings are updated daily and posted to the funds' web site at www.cavalhillfunds.com.

If you have questions about Caval Hill Funds, contact:

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Disclosures

* Portfolio composition is subject to change.

An investment in the Caval Hill Funds is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other governmental agency, and is not a deposit or an obligation of, nor is it guaranteed by, BOKF, NA, its affiliates, or any bank or bank affiliate. Although money market mutual funds seek to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the Funds.

Investors should carefully consider the investment objectives, risks, charges, and expenses of a fund before investing. For a prospectus containing this and other important information for any Caval Hill product, call your financial representative, call the Caval Hill Funds at 1-800-762-7085 or go to www.cavalhillfunds.com.

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