Quarterly portfolio manager commentary

First American Money Market Funds

What market conditions had a direct impact on the bond market this quarter?

Yield curve levels soared on higher inflation data, a 25 basis point (bps) Federal Reserve (Fed) rate hike and an increase in market expectations for more aggressive Fed tightening. The war in Ukraine and general market volatility pushed credit spreads wider in the quarter. The combination of higher yields and wider spreads resulted in deeply negative performance for most fixed income indices.

Economic Activity – U.S. economic conditions weakened throughout the quarter, highlighted by slowing global growth and surging inflation pressures owing to rising commodity prices. U.S. Gross Domestic Product (GDP) slowed in the first quarter (Q1), with growth estimates in the 1.5% range following the fourth quarter's strong 6.9% pace which benefited from a large inventory build-up. The headline Consumer Price Index (CPI) rose to 7.9% in February, with CPI ex. food and energy rising 6.4% year-over-year (YoY). The Fed's preferred inflation index – the PCE Core Deflator Index – increased 5.4% YoY for February, the highest reading since 1983. Inflation levels are projected to peak over the next couple of months, but given persistent supply chain issues and wage and price pressures, we expect them to remain elevated into next year. Consumer spending continues to outstrip supply and production capacity, further aggravating inflation pressures. U.S. consumers remained resilient throughout the quarter despite higher inflation and reduced purchasing power. Employment conditions remain tight, with February U.S. Job Openings standing at 11.266 million open positions vs. March's Total Unemployed Workers in the Labor Force of 5.952 million. Further emphasizing strong labor demand, the U3 Unemployment rate fell to 3.6% in March and Average Hourly Earnings rose a healthy 5.6% YoY. Non-farm Payrolls (NFP) readings continued the strong pace of 2021, averaging 560,000 jobs per month during Q1. Despite broad-based labor market strength throughout the quarter, historically tight conditions are constraining economic growth and driving prices higher.

Monetary Policy – The Fed lifted rates 25 bps at the March 16th meeting and indicated through their Dot Plot expectations for an additional 150 bps of tightening in 2022. Surging inflation

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numbers have increased both market expectations and Fed rhetoric for a more aggressive pace to rate hikes, with 50 bps increases at the May 3rd and June 15th meetings becoming the market's base case. Further, the March 16th meeting minutes revealed plans to begin balance sheet reduction at a $95 billion ($60 billion in U.S. Treasuries and $35 billion in agency mortgage-backed securities) monthly pace, likely starting in May.

Fiscal Policy – After two years of unprecedented fiscal stimulus to counter the negative economic impact of COVID-19, government spending will likely be a drag on U.S. GDP in 2022. State and local governments are, for the most part, in excellent shape, flush with surging tax collections and still unspent federal pandemic relief funding. Given current inflation pressures and the difficulty in passing legislation during the 2022 election cycle, the probability of further fiscal stimulus measures is low.

Credit Markets – Spiraling inflation numbers, lift-off to Fed rate hikes with expectations for an accelerated pace going forward sent U.S. Treasury yields soaring in the quarter. As a result, fixed income performance was deeply negative in the quarter. Demand for new-issue debt remained strong, although market volatility has begun to expose some cracks in overall market liquidity, reflected mainly in wider bid-ask spreads. Money market fund, T-Bill and agency discount note yields have lifted off the zero barrier post-March 16th rate hike.

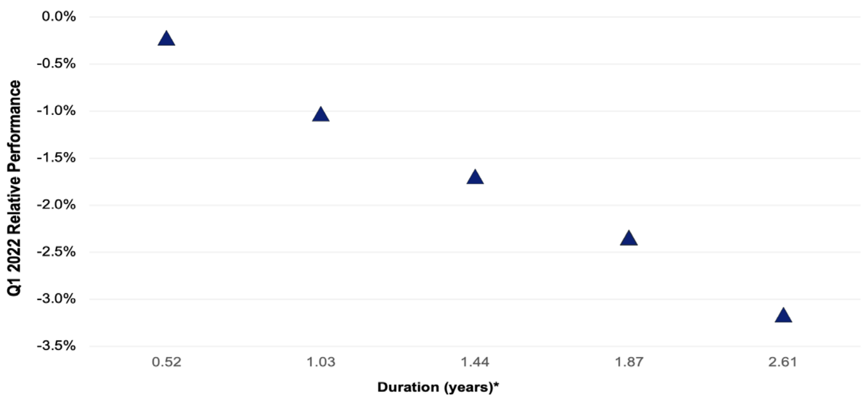
Yield Curve Shift

U.S. Treasury Curve	Yield Curve 12/31/2021	Yield Curve 3/31/2022	Change (bps)
3 Month	0.030%	0.482%	45.2
1 Year	0.376%	1.595%	121.9
2 Year	0.732%	2.335%	160.3
3 Year	0.957%	2.512%	155.5
5 Year	1.263%	2.460%	119.7
10 Year	1.510%	2.338%	82.8

Treasury yield curve levels surged as markets accelerated the pace and magnitude of Fed rate hikes with two- and three-year yields most impacted. The rise in 10-year yields was significant but less so than for shorter maturities, suggesting markets expect inflation levels to ease over the longer run.

The three-month to 10-year portion of the yield curve steepened a healthy 37.6 bps to 185.6 bps. At the same time, the two-year to 10-year portion of the yield curve flattened 77.4 bps, creating an essentially flat, to sometimes inverted, yield curve. The diversion between the two portions of the curve implies 1) significant Fed rate hikes are priced into two-year yields, and 2) recession risks, as reflected in the shape of the yield curve, are rising.

Duration Relative Performance



**Duration estimate is as of 3/31/2022*

Q1 2022 U.S. Treasury performance played out as expected, with longer duration strategies more adversely impacted by rising rates. The ICE BofA 1-5 Year U.S. Treasury Index's -3.162% Q1 return was the index's worst quarterly performance in more than 40 years.

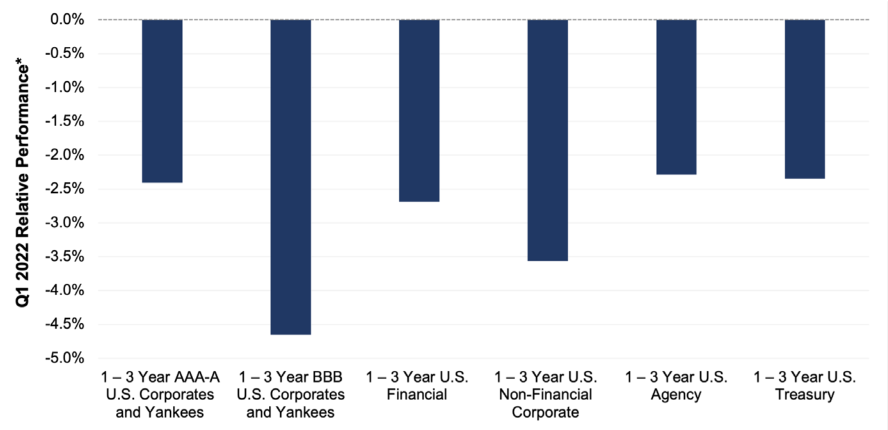
Credit Spread Changes

ICE BofA Index	OAS* (bps) 12/31/2021	OAS* (bps) 3/31/2022	Change (bps)
1-3 Year U.S. Agency Index	-3	2	5
1-3 Year AAA U.S. Corporate and Yankees	6	12	6
1-3 Year AA U.S. Corporate and Yankees	19	28	9
1-3 Year A U.S. Corporate and Yankees	37	56	19
1-3 Year BBB U.S. Corporate and Yankees	70	93	23
0-3 Year AAA U.S. Fixed-Rate ABS	36	71	35

Option-Adjusted Spread (OAS) measures the spread of a fixed-income instrument against the risk-free rate of return. U.S. Treasury securities generally represent the risk-free rate.

Corporate and asset-backed securities credit spreads widened in the quarter, with most of the damage done in the first two months of the year. AAA-A spreads stabilized in the second half of March. The steep decline in BBB corporate spreads in March was primarily related to removing Russian-related bonds from the index at quarter-end.

Credit Sector Relative Performance of ICE BofA Indexes



**AAA-A Corporate index underperformed the Treasury index by 6.3 bps in the quarter.*

AAA-A Corporate index underperformed the BBB Corporate index by 224.8 bps in the quarter.

U.S. Financials underperformed U.S. Non-Financials by 87.8 bps in the quarter.

Not surprisingly, Q1 investment performance was abysmal across all asset classes, given the jump in yields and wider credit spreads. Credit sectors underperformed comparable duration Treasuries, although the differential vs. AAA-A rated credits was relatively minor. BBB credit significantly underperformed their higher-rated counterparts, partially due to the presence of several Russian-related issuers in the BBB benchmarks. These issuers tend to be industrials rather than banks, which account for the majority of the performance dispersion between the non-financial and financial indexes.

What were the major factors influencing money market funds this quarter?

The first quarter of 2022 brought plenty to the table as domestic inflation continued to surge and Russia invaded Ukraine, roiling global markets. While COVID-19 appears to be fading (at least for the time being) in the U.S., China's zero COVID-19 policy is proving difficult to execute. The Fed is feeling the pressure of having lost the inflation narrative and the market has concluded that they are well behind in the inflation fight. The Fed raised the fed funds rate 25 bps at the March meeting and additional rate hikes are expected at each meeting for the remainder of the year. Balance sheet reduction is also expected to commence in the coming months. The money market industry is still flush with cash and the short-end curve is pricing in expected rate hikes. We expect continued upward pressure on rates for the remainder of the year as the Fed turns its focus to price stability.

First American Prime Obligations Funds

Credit spreads in the money market have widened, reflecting the volatility around Fed expectations and exhibiting the trading ranges and yields one should expect in the current rate and geopolitical environment. Considering the steepening front-end yield curve and maintaining a conservative cash flow approach, the fund was positioned with strong portfolio liquidity metrics influenced by fund shareholder makeup. Management continued to employ a heightened credit outlook maintaining positions presenting minimal credit risk to the fund's investors. Under the current market conditions, the main investment objective was to maintain liquidity and judiciously and opportunistically seek to enhance portfolio yield based on our economic, investor cash flow, credit and interest rate outlook. We believe the credit environment and relative fund yields make the sector an appropriate short-term option for investors.

First American Government and Treasury Funds

Treasury bill / note and Government-Sponsored Enterprise (GSE) supply remained tight as the Fed's expansive balance sheet has limited supply in all government-related products. Even with the Fed in a tightening cycle and the short-end curve significantly steeper historical quantitative easing suppressed yields and extension opportunities with breakeven yields often below economic equilibrium. However, management exploited economical term purchases when the market presented them and captured yield across the curve. When presented with appropriate value, we also purchased floating-rate investments that made economic sense and could benefit shareholders over the securities holding period. We anticipate that investment strategy will be more fluid in the coming quarters as markets determine the Fed's pace and course of tightening.

First American Retail Tax Free Obligations Fund

We have noted previously how industry-wide, tax-exempt money market fund assets under management are insufficient to absorb the current level of variable rate demand notes (VRDN) outstanding. In fact, the deficit is now approaching $25 billion. Throughout much of the past two years, other buyers provided ample support such as municipal bond funds. However, these funds experienced massive reversals in cash flows during the recent quarter. This has led to increased VRDN put activity, rising broker-dealer inventories and ultimately higher resets for the SIFMA index. A good part of the move up in VRDN yields preceded the first hike from the Fed in March. The outflows from bond funds also impacted rates on municipal notes and other short bond maturities as secondary bid-wanted activity soared. Expectations for more aggressive Fed tightening was an additional contributor to the upward pressure on municipal yields. The fund added several fixed-rate positions during the period. Most of these new investments mature in June 2022 or shorter, which will help to mitigate the interest rate risk of an uncertain Fed policy outlook.

What near-term considerations will affect fund management?

We anticipate yields will rise significantly in the coming quarters as the Fed ramps up its inflation-fighting campaign. We anticipate yields on non-government securities rising in step with expected and realized fed funds rate increases. Industry-wide, prime fund yields should increase steadily as managers invest maturing securities at higher rates. We will seek to capitalize on investment opportunities that make economic sense based on our market outlook and breakeven analysis. The institutional and retail prime obligations funds will remain reasonable short-term investment options for investors seeking higher yields on cash positions while assuming minimal credit risk.

Yields in the GSE and Treasury space will remain influenced by Fed policy and Treasury bill / note supply. With the Fed now hawkish, we expect the investment environment for government money market fund investors to improve significantly. As with the non-government debt, government yields should increase steadily in the coming quarters as the Fed begins quantitative tightening and aggressively raises rates. Any large supply changes in Treasury issuance may create some yield volatility on the front end as the forces of supply and demand seek optimization. Based on our market outlook breakeven analysis, management will seek to capitalize on investment opportunities that make economic sense. We will seek value in all asset classes and indexes, incorporating domestic and global economic market data.

For more information about the portfolio holdings, please visit
https://www.firstamericanfunds.com/index/FundPerformance/PortfolioHoldings.html

Sources

Bloomberg C1A0, CY11, CY21, CY31, G1P0, ICE Bond, JOLTTOTL, NFP TCH, PCE CYOY, US0003M, USUETOT and USURTOT Indices

Bloomberg, U.S. Economic Forecast

Bloomberg, U.S. Treasury Actives Curve

Definitions

Basis Point (bps) is one one-hundredths of a percentage point. This term is often used in describing changes in interest rates. For example, if a bond yield increases from 7.50% to 7.88%, it has moved up 38 basis points.

Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.

Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

Federal Reserve (Fed) is the United States central banking system. It is comprised of 12 regional central banks, known as the Federal Reserve Banks, which are owned by private banks. The Fed is governed by a seven-member Board of Governors, who regulates interest rates, availability of bank credit and sets other monetary policies such as legal reserve requirements for banks.

Government-Sponsored Enterprise (GSE) is a quasi-governmental entity established to enhance the flow of credit to specific sectors of the American economy. Created by acts of Congress, these agencies, through privately held, provide public financial services. GSEs help to facilitate borrowing for all sorts of individuals, from students to farmers to homeowners.

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

ICE BofA 0-1 Year U.S. Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government in its domestic market with maturities less than one year.

ICE BofA 0-2 Year U.S. Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government in its domestic market with maturities less than two years.

ICE BofA 0-3 Year AAA U.S. Fixed Rate Asset Backed Securities Index is a subset of ICE BofAML U.S. Fixed Rate Asset Backed Securities Index including all securities with a remaining term to final maturity less than three years and rated AAA.

ICE BofA 0-3 Year U.S. Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government in its domestic market with maturities less than three years.

ICE BofA 1-3 Year AAA-A U.S. Corporates & All Yankees Index is a subset of the BofA Merrill Lynch U.S. Corporate & Yankees Index including all securities with a remaining term to final maturity less than three years and rated AAA through A3, inclusive.

ICE BofA 1-3 Year AA U.S. Corporates & All Yankees Index is a subset of the BofA Merrill Lynch U.S. Corporate & Yankees Index including all securities with a remaining term to final maturity less than three years and rated AA1 through AA3, inclusive.

ICE BofA 1-3 Year BBB U.S. Corporates & All Yankees Index is a subset of the BofA Merrill Lynch US Corporate & Yankees Index including all securities with a remaining term to final maturity less than three years and rated BBB1 through BBB3, inclusive.

ICE BofA 1-3 Year Single-A U.S. Corporates & All Yankees Index is a subset of the BofA Merrill Lynch U.S. Corporate & Yankees Index including all securities with a remaining term to final maturity less than three years and rated A1 through A3, inclusive.

ICE BofA 1-3 Year U.S. Agency Index is a subset of ICE BofAML U.S. Agency Index including all securities with a remaining term to final maturity less than three years.

ICE BofA 1-3 Year U.S. Financial Index is a subset of ICE BofAML U.S. Corporate Index including all securities of Financial issuers with a remaining term to financial maturity less than three years.

ICE BofA 1-3 Year U.S. Non-Financial Corporate Index is a subset of ICE BofAML U.S. Non-Financial Index including all securities with a remaining term to final maturity less than three years.

ICE BofA 1-3 Year U.S. Treasury Index is a subset of the BofA Merrill Lynch U.S. Treasury Index including all securities with a remaining term to final maturity less than three years.

ICE BofA 1-5 Year U.S. Treasury Index is a subset of the BofA Merrill Lynch U.S. Treasury Index including all securities with a remaining term to final maturity less than five years.

Inflation is defined as a sustained increase in the general level of prices for goods and services. It is measured as an annual percentage increase. As inflation rises, every dollar you own buys a smaller percentage of a good or service.

Monetary Policy is the actions of a central bank, currency board or other regulatory committee that determine the size and rate of growth of the money supply, which in turn affects interest rates.

Non-farm payrolls (NFP) is the measure of the number of workers in the U.S. excluding farm workers and workers in a handful of other job classifications.

PCE Core Deflator Index is defined as personal consumption expenditures (PCE) prices excluding food and energy

prices. The index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends.
Treasury is negotiable debt obligation of the U.S. government, secured by its Full Faith and Credit and issued at various schedules and maturities. The income from Treasury securities is exempt from state and local, but not federal, taxes.
U3 Unemployment Rate is the commonly-referred to unemployment rate. It includes people out of work who have been actively seeking employment over the last four weeks.
Yield Curve is a line tracing relative yields on a type of bond over a spectrum of maturities ranging from three months to 30 years.

The information and views expressed are provided by the funds' portfolio manager(s) and are current only through the date on this report. They are not intended to provide specific advice or to be construed as an offering of securities or a recommendation to invest. One cannot invest directly in an index. This information is subject to change at any time based on upon market or other conditions and may not be relied on as a forecast of future events or a guarantee of future results. Fund holdings, sector and portfolio allocations are subject to change at any time and are not recommendations to buy or sell any security. **Past performance does not guarantee future results.**

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For U.S. Treasury, Treasury Obligations and Government Obligations – You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

For Retail Prime Obligations and Retail Tax-Free Obligations – You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

For Institutional Prime Obligations – You could lose money by investing in the Fund. Because the share price of the Fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Income from tax-exempt funds may be subject to state and local taxes and a portion of income may be subject to the federal and/or state alternative minimum tax for certain investors. Federal income tax rules will apply to any capital gains distribution.

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