Quarterly portfolio manager commentary

First American Money Market Funds

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

Market movements were influenced by rising inflation levels and expectations the Federal Reserve (Fed) will more aggressively remove monetary policy accommodation. These factors pushed yield curve levels higher, resulting in negative performance for most fixed income indexes.

Economic Activity – U.S. Gross Domestic Product (GDP) rebounded in the fourth quarter (Q4), with growth estimates in the 6.0% range after the third quarter's 2.3% pace. Consumer spending continues to outstrip supply and production capacity, aggravating inflation pressures. Employment conditions remain historically tight, with November U.S. Job Openings standing at 10.439 million open positions vs. December's Total Unemployed Workers in the Labor Force of 6.319 million. Further emphasizing strong labor demand, the U3 Unemployment rate fell to 3.9% in December and Average Hourly Earnings rose a healthy 4.7% in 2021. Recent Non-farm Payrolls (NFP) readings have diverged from other employment indicators, adding 199,000 jobs in December and 1.096 million in the quarter vs. Household Survey gains of 651,000 and 2.169 million, respectively. NFP are down 3.572 million jobs since February 2020, despite a full recovery of GDP to pre-COVID levels and low unemployment rates. The headline Consumer Price Index (CPI) was 7.0% for 2021, with CPI ex. food and energy rising 5.5% year-over-year (YoY). The Fed's preferred inflation index – the PCE Core Deflator Index – increased 4.7% YoY through November, the highest reading since 1989. Given the persistence of supply chain issues and wage and price pressures, the Fed has stopped describing inflation trends as transitory.

Monetary Policy – The Fed accelerated the wind down of asset purchases at the December 15th meeting, doubling the tapering pace to $30 billion per month and targeting March for completion. The minutes from the December 15th meeting suggested Fed officials believe the dual goals of average inflation of 2% and maximum employment have been achieved, clearing the way for a potential rate hike as early as the March 16th meeting. The current Fed Dot Plot predicts three rate hikes in 2022 followed by three

Have an investment goal? Let's talk.

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more in 2023. Fed funds futures predict a similar path for policy rates. Usage of the Federal Reserve New York's Reverse Repo Program reached a record high of $1.904 trillion at year-end and averaged $1.494 trillion during the quarter, a clear sign of excess liquidity in the financial system as Fed asset purchases are simply being recycled back onto the Fed's balance sheet. Given the excess cash in the system, policymakers have signaled balance sheet reduction – quantitative tightening – will occur at some point in 2022.

Fiscal Policy – President Biden's "Build Back Better" plan stalled in Congress, but the Administration was able to pass a $1.2 trillion infrastructure bill in November. While passing further COVID-related stimulus is unlikely, government spending is still expected to grow 1.4% in 2022 and continue contributing to GDP growth. Importantly for financial markets, the Federal debt ceiling limit was raised by $2.5 trillion in December, which is enough borrowing capacity to potentially fund U.S. Treasury borrowing into early 2023.

Credit Markets – Higher inflation numbers and growing expectations for Fed rate hikes pushed U.S. Treasury yields higher. Credit markets continued to experience strong primary and secondary market liquidity and high investor demand for yield. Very short deposit, money market fund and T-Bill yields remained near zero, where they are likely to remain until the first Fed rate hike.

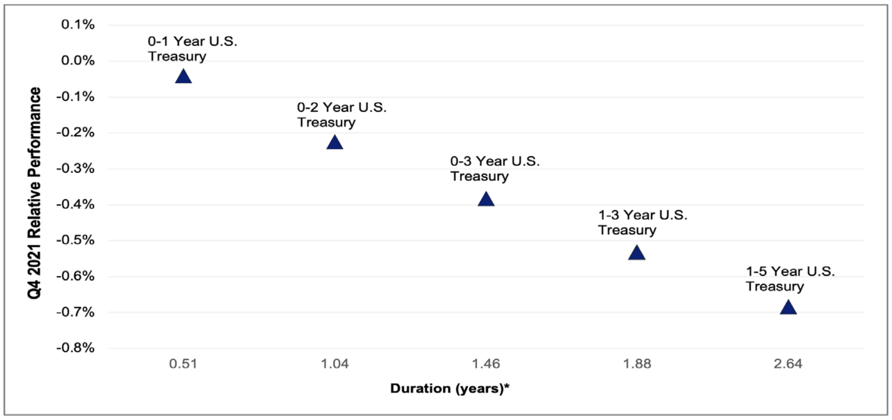
Yield Curve Shift

U.S. Treasury Curve	Yield Curve 09/30/2021	Yield Curve 12/31/2021	Change (bps)*
3 Month	0.033%	0.030%	-0.3
1 Year	0.068%	0.376%	30.8
2 Year	0.276%	0.732%	45.6
3 Year	0.508%	0.957%	44.9
5 Year	0.965%	1.263%	29.8
10 Year	1.487%	1.510%	2.3

Yield curve levels rose meaningfully in the quarter on surging inflation data and growing expectations for multiple Fed rate hikes in 2022. Given their maturity horizon, two- and three-year yields were most impacted by the increased probability of rate hikes. Ten-year yields, which are more influenced by inflation expectations than Fed policy, barely budged in the quarter, suggesting markets expect inflation levels to ease over the longer run.

The three-month to ten-year portion of the yield curve steepened a mere 2.6 basis points (bps) to 148 bps. Three-month yields should move higher as the T-Bill issuance rises in Q1 2022 and Fed rate hikes begin to get priced into the T-Bills rolling three-month horizon. We expect this portion of the curve to flatten as short yields jump on more frequent Fed rate hikes with longer rates rising to a lesser degree as inflation levels rollover later in 2022.

Duration Relative Performance



**Duration estimate is as of 12/31/2021*

Q4 2021 U.S. Treasury performance played out as expected, with longer duration strategies more adversely impacted by rising rates. Negative Treasury performance was exacerbated by the low coupon levels of the indexes, which offered minimal income protection against declining bond prices.

Credit Spread Changes

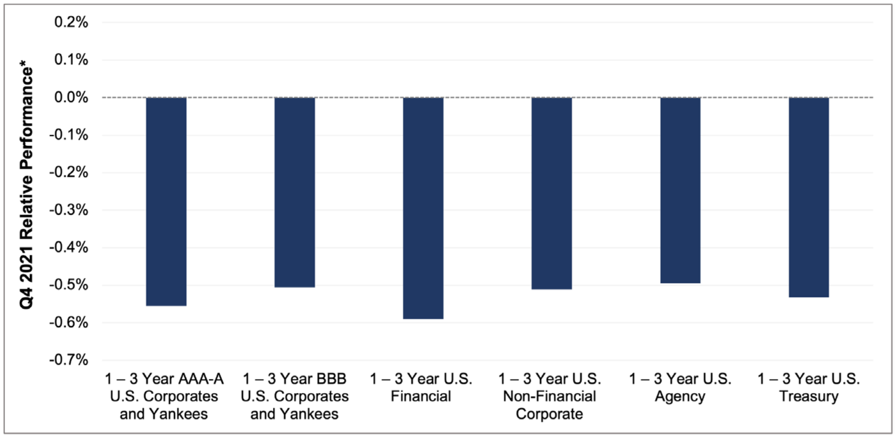
ICE BofA Index	OAS* (bps) 09/30/2021	OAS* (bps) 12/31/2021	Change (bps)
1-3 Year U.S. Agency Index	-1	-3	-2
1-3 Year AAA U.S. Corporate and Yankees	7	6	-1
1-3 Year AA U.S. Corporate and Yankees	15	19	4
1-3 Year A U.S. Corporate and Yankees	29	37	8
1-3 Year BBB U.S. Corporate and Yankees	56	70	14
0-3 Year AAA U.S. Fixed-Rate ABS	27	36	9

*OAS = Option-Adjusted Spread

Corporate and Asset-Backed Security (ABS) credit spreads widened in the quarter, driven by shrinking year-end dealer balance sheets, expectations for reduced central bank support, rising yield curve levels and concerns over surging COVID infection rates. Demand for credit remains strong, bolstered by the generally solid economic outlook and higher all-in corporate yields. Outperformance in the agency space versus U.S. Treasuries was probably impacted by concerns over the Federal debt ceiling in the quarter. Negative agency spreads are unsustainable and reduce the attractiveness of the sector.

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.

Credit Sector Relative Performance of ICE BofA Indexes



**AAA-A Corporate index underperformed the Treasury index by 2.3 bps in the quarter.*

AAA-A Corporate index underperformed the BBB Corporate index by 5.0 bps in the quarter.

U.S. Financials underperformed U.S. Non-Financials by 7.9 bps in the quarter.

Given the significant moves in both yield curve and credit spread levels, the relative performance parity among various sectors was surprising. The uniformity of returns was partially due to the indices' low coupon and credit spread levels, implying the positive effect of coupon income was swamped by rising yield curve levels, particularly in the two- and three-year portion of the curve.

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

The Q4 economic outlook continued with a choppy but still positive tone with decent economic data and general market optimism even in the face of another COVID variant entering the fray. However, front-end yields remained challenged as technical forces pushed additional cash into the system coupled with the FOMC's stimulative monetary policy. The money market industry remained flush with deposits while front-end U.S. Treasury bill and Repo levels remained entrenched at the bottom of the FOMC's fed funds target range. However, a more hawkish tone from the Fed led to a steeping of the yield curve and a brighter outlook for yields in the upcoming quarters.

First American Prime Obligations Funds

Credit spreads remain tight, reflecting the trading ranges and yields one should expect in the current rate environment. Considering a flat to modestly rising yield curve and a conservative approach to cash flows, 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 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 and government funds continued to see modest inflows as monetary system cash balances continued to grow. Treasury Bill / note and Government-Sponsored Enterprise (GSE) supply continued to be tight due to the U.S. Treasury general account reduction and the Fed's stimulative monetary policy. The debt ceiling resolution was resolved too late to have a meaningful Q4 impact. The flat yield curve presented limited extension opportunity resulting in shorter fund metrics. However, as we began to hear a more hawkish tone from the Fed, some steepening to the yield curve and reasonable longer-term investment opportunities appeared. We also capitalized on opportunities in floating-rate investments throughout the quarter that made economic sense and felt would benefit shareholders over the securities holding period. We anticipate that investment strategy will be more fluid in the coming quarters as markets make determinations on the Fed's pace and course of tightening.

First American Retail Tax Free Obligations Fund

Market conditions for tax exempt money market funds have been stable. The overall level of assets in the space was steady in recent months at just less than $90 billion. While this remains well below pre-pandemic levels, flows into longer muni bond funds have been positive – and may be providing some support to front-end yields. Municipal note issuance continues to be quite limited. While Q4 is not typically an active period for note issuance, it was nonetheless bleak. Only about a dozen significant tax-exempt issues ($50 million+ deal size) came to market – punctuating a year that saw short-term financings fall by approximately 40%. Other than a bit of a spike higher in variable rate demand notes toward year-end, most municipal money market investments saw yields fluctuate by only a handful of bps. This is striking in the face of rising Fed rate hike expectations which have driven 12-month Treasury bills approximately 30 bps higher.

What near-term considerations will affect fund management?

In the coming quarters, we anticipate yields will rise as the Fed begins lift-off from its extraordinary accommodative monetary policies. We will anticipate yields on non-government debt to follow suit providing more attractive investment option across the curve. In the coming quarters, prime yields should increase steadily as supply increases and the yield curve steepens. We will capitalize on investment opportunities that make economic sense based on our market outlook and break-even 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 turning more hawkish and debt ceiling resolved for the next year, we expect the investment environment for government money market funds to improve. As with the non-government debt, government yields should increase steadily in the coming quarters as the Fed finishes tapering and begins rate lift-off. 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. Management will capitalize on investment opportunities that make economic sense based on our market outlook and breakeven analysis. We will seek value in all asset classes and indexes, incorporating all 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. December Employment Situation: Statistical Summary, Chris Middleton

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.

ISM Manufacturing is a monthly index released by the Institute of Supply Management, an industry association for supply management professionals, which tracks manufacturing activity, including employment, production, inventories, new orders and supplier deliveries. This index is a key measure of the national economy.

ISM Non-Manufacturing (or ISM Services) is a monthly index of more than 400 non-manufacturing firms' purchasing and supply executives within 60 sectors across the nation, released by the Institute of Supply Management (ISM).

The ISM Non-Manufacturing Index includes seasonally adjusted figures for several of its components, unlike the ISM Manufacturing Index.
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.**

Mutual Fund Investing Involves Risk. ***Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus contains this and other information: call 800-677-3863 or visit www.FirstAmericanFunds.com for a copy. Please read it carefully before investing.***

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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