



First American Fund Institutional Prime Obligations Fund Update

In the summer of 2023, the U.S. Securities and Exchange Commission (SEC) adopted changes to Rule 2a-7, under the Investment Company Act of 1940, amending the rules governing money market funds (MMFs). The final rule implementation becomes effective October 2, 2024, and requires institutional non-government MMFs to consider imposing mandatory liquidity fees under certain conditions. These funds will be required to impose a mandatory liquidity fee on redemptions when a fund's daily net redemption activity exceeds 5% of the fund's net assets - unless a fund is able to determine that the liquidity costs of selling a pro-rata vertical slice of the fund's investments represents less than one basis point of the fund's net asset value (NAV). The SEC amended rules are designed to protect remaining shareholders by more fairly allocating liquidity costs to redeemers, thereby addressing dilution to the remaining shareholders.

To meet the new regulations while continuing to offer shareholders a comparable product, the following changes will be made to the First American Institutional Prime Obligations Fund (Fund) in response to the mandatory liquidity fee provision. It is the Fund's intention to continue to provide shareholders daily access to their investments with minimal impact from this final rule.

Key Changes

Increasing Weekly Liquid Assets

The Fund will be transitioning its portfolio to invest solely in securities that are considered weekly liquid assets under Rule 2a-7. The Fund will invest in the same types of securities as it does today, but with the intention of investing in securities with maturities five business days or less, or subject to a demand feature that is exercisable within five business days.

- **What is the reason for the change:** We are increasing the Fund's weekly liquid assets because of the SEC's mandatory liquidity fee and how it is calculated. The SEC does not expect weekly liquid assets to incur significant market impact factor costs regulated under the new mandatory liquidity fees framework. Additionally, we expect the transaction costs of these securities, including any charges the fund may incur through a pro rata vertical slice method, to be minimal.
- **How we are addressing the change:** Under the SEC amended rules, all institutional funds are subject to the mandatory liquidity rule. However, we intend to invest the Fund solely in securities that do not have significant liquidity costs and as a result no mandatory liquidity fee would be required to be assessed.

Changes to NAV

Beginning September 3, 2024, the Fund will calculate the NAV per share of each share class of the fund at 2:00 p.m. Central Time on each business day that the Fund is open. As of this date, the Fund will no longer calculate its NAV per share at 8:00 a.m. Central Time or 11:00 a.m. Central Time. The Fund's wire transfer system deadline times and dividend accrual policies will not be amended with respect to this change.

- **What is the reason for the change:** Changing to a single daily NAV calculation time is a response to operational challenges resulting from the new mandatory liquidity fee requirement. The net redemption threshold for determination of a mandatory liquidity fee is based on the total daily net redemption activities received during a business day the fund is open, irrespective of when an investor redeemed during the day.

Benefits of the Changes

These changes are intended to benefit the Funds' shareholders in the following ways:

- While the Fund is subject to the mandatory liquidity fee, we are not expecting the fund to impose this fee because we are transitioning its portfolio to weekly liquid assets.
- Addressing the operational challenges on the Fund and financial intermediaries associated with applying the mandatory liquidity fee on redemptions.
- Lowering market, liquidity, and interest rate risk in the Fund's portfolio by investing in securities that qualify as weekly liquid assets.
- Lowering the expected volatility in its floating NAV.

First American Funds is committed to informing shareholders about upcoming regulatory changes to our industry, including the mandatory liquidity fees. For investor inquiries and additional information about our products and services, please contact us at 800.677.3863 or visit www.FirstAmericanFunds.com.

Sources

SEC Fact Sheet 33-11211

SEC Final Rule 33-11211

SEC MMF Reform Proposal ic-34441

SEC Press Release, July 12, 2023

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.

Floating Net Asset Value (NAV) is the dollar value of a single mutual fund share, based on the value of the underlying assets of the fund minus its liabilities, divided by the number of shares outstanding. Calculated at the end of each business day.

Liquidity is a characteristic of a security or commodity with enough units outstanding to allow large transactions without a substantial drop in price.

Net Asset Value (NAV) is a mutual funds' price per share, calculated by dividing the total market value of all the securities in its portfolio, less any liabilities, by the number of fund shares outstanding.

Pro-Rata Vertical Slice refers to taking a proportional or "vertical slice" of each security in the fund's portfolio.

Disclosures

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 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. An investment in the fund is not a deposit of U.S. Bank National Association and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor is not required to reimburse the fund for losses, and you should not expect that the sponsor will provide financial support to the fund at any time, including during periods of market stress.

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.

U.S. Bancorp Asset Management, Inc. serves as investment adviser to First American Funds. The First American Funds are distributed by Quasar Distributors, LLC.