

Frequently Asked Questions about PFM Asset Management Client Consent

As of July 19, 2021



Introduction and Transaction Summary

The PFM holding company has entered into a definitive agreement to sell PFM Asset Management LLC (PFMAM) along with other associated entities (PFM Fund Distributors, Inc. (PFMFD) broker-dealer entity and PFM Financial Services LLC (PFMFS) Purchase-Card marketing entity) to U.S. Bancorp Asset Management Inc. (USBAM), a subsidiary of U.S. Bancorp. PFMAM will become a wholly-owned subsidiary of USBAM and will continue to operate as a separately registered investment adviser known as PFM Asset Management, a division of USBAM. The transaction is expected to close near the end of the year. USBAM and PFMAM have complementary businesses and a strong collective presence in money markets, investment-grade fixed income and multi-asset class outsourced chief investment officer (OCIO) advisory services. We believe the enhanced resources of the investment, credit and research teams will support and strengthen the capabilities of both firms to serve government, not-for-profit, corporate, and other institutional clients.

Overall Business Case

Why is PFMAM being acquired by USBAM?

PFMAM continues to lead with a client first approach, and management believes the transaction to sell PFM Asset Management will best position the firm to meet client needs. PFMAM will benefit from economies of scale and resources provided by a larger platform, which

will help mitigate the growing industry challenges of access to capital for further growth, cybersecurity and technology investment. We believe this is a natural evolution for the PFMAM business and will strengthen our position within an evolving asset management arena.

Organizational Topics

What is the new corporate structure for PFMAM?

PFMAM will continue as a separate entity and registered investment adviser, use the PFM Asset Management name, and become a division of U.S. Bancorp Asset Management, Inc. (USBAM), a subsidiary of U.S. Bank. Subject to regulatory approval, PFM Fund Distributors, Inc. will remain the broker-dealer affiliate of PFMAM. PFM Financial Services LLC will transition with PFMAM to continue to provide Purchase Card (P-Card) marketing services.

Will there be any changes in the leadership of the businesses? What will they be?

After PFMAM becomes a division of USBAM, upon closing of the transaction, the majority of PFMAM

leaders and professionals will remain in place to provide investment management, client service and day-to-day administration. But, there will be some management changes. As part of an accelerated succession for Marty Margolis, Ken Schiebel, CFA, a 26-year PFM veteran, will assume Chief Investment Officer responsibilities and John Molloy, CFA, a 19-year PFM veteran, will take on other leadership and administrative responsibilities. Both will report to Eric Thole, CEO of USBAM. Marty will serve as an executive consultant to Eric Thole for an interim period after closing. In addition to Ken and John, PFMAM's regional and select functional team leaders, Lauren Brant (West), Nelson Bush (South), Stephen Faber (East), Tim Sullivan (Midwest), John Spagnola (OCIO), Michael Harris (Marketing), and Leo Karwejna



(CCO) will join the USBAM executive leadership team in guiding the combined organization.

Additionally, in portfolio management, Jeff Rowe, CFA, a 16-year PFM veteran, will assume full responsibility for PFMAM's short-term portfolio management and trading, including responsibility for LGIPs and short-term portfolios. Michael Varano, current short-term co-lead, will assist PFMAM through the transition to USBAM after which he will separate from PFMAM. Similarly, Barbara Fava, head of treasury management consulting, will assist with the transition of that business to PFM Financial Advisors as part of the financial advisory/management, budgeting, and consulting business and will serve as a consultant to finish existing projects. In asset management information technology,

Client Service-Related Topics

What will the impact be on clients?

We do not expect this transaction to materially or adversely impact the clients of PFMAM.

Post-closing, PFMAM will continue to offer the same investment advisory services along with increased access to the resources of one of the largest commercial banks in the United States.

During the period between announcement and closing, PFMAM will continue to provide further information as requested to seek consent from investment management clients in consideration of regulatory requirements for the change of control to USBAM; however, PFMAM investment management clients will

Client Consent Process

What must I do to have PFMAM continue to serve my accounts? What happens if I do not act?

PFMAM will continue to provide investment management services for your account with PFMAM personnel continuing to serve you. In the event that you do not give notice to PFMAM within 60 days after the date of the initial communication that you disapprove of the deemed assignment, you will be considered to have consented to the assignment, and your investment advisory agreement will remain in effect, with no change

Kerry Benson will aid in the transition and serve as consultant to USBAM for an interim period, after which time he will also separate from the firm.

For Investors currently utilizing U.S. Bank as custodian: will U.S. Bank still be able to act as custodian for my PFMAM managed account?

Utilizing U.S. Bank as custodian remains your choice. U.S. Bank's custody group is housed in a different part of the organization with regulatory oversight by the Office of the Comptroller of the Currency. As such, appropriate information barriers relating to data exist to facilitate fully independent and segregated oversight of client assets as custodian.

generally not need to take any further action to revise or update existing investment advisory agreements.

Will PFMAM be able to continue to serve clients effectively? Will PFMAM still be able to provide the same services?

Yes, PFMAM intends to provide the same services as before the transaction.

The majority of PFMAM leaders and professionals will continue to serve clients. We will continue to execute on our strategic technology roadmap and anticipate several significant upgrades to come online – further enhancing our ability to provide the high level of service our clients are accustomed to.

to its terms, both before and after completion of the transaction. You, of course, continue to have the right, before and after the change in control, to terminate the investment advisory agreement in accordance with its terms.