



July 23, 2021

Stephen McVay  
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**pfm**

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[pfm.com](http://pfm.com)

PFM Asset Management LLC ("PFMAM") considers it a privilege to serve as your investment advisor. We are writing to you to request your authorization to continue to provide investment management services, upon completion of the transaction described below, under the investment advisory agreement(s) you have with PFMAM.

PFMAM and its affiliates are currently owned through a holding company by our senior management. The holding company has entered into a definitive agreement to sell PFMAM along with other associated entities 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 separate registered investment advisor 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. For additional details and answers to frequently asked questions, please refer to the accompanying informational materials.

When the transaction closes, the action would be treated under applicable law as a change in control of PFMAM and thus as a constructive or "deemed" assignment of your investment advisory contract. Your investment advisory contract with PFMAM allows assignment only upon your consent. Therefore, we request that you consent to the deemed assignment by signing and returning the form of consent which accompanies this letter.

Following the transmittal of this letter, PFMAM will continue our investment management of your account for your benefit 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 this letter 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 to its terms, both before



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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.

If you have questions or wish to discuss this matter, please contact your client services manager at PFMAM; or you may contact either of us at the above address, by telephone or by email.

Thank you for allowing PFMAM to serve you as investment advisor. Our colleagues at PFMAM are confident that you will find the transaction will enhance our ability to serve you, and that you will find the completion of the transaction seamless.

Sincerely,  
PFM Asset Management LLC

Marty Margolis  
President

John Molloy, CFA  
Managing Director

**CONSENT TO DEEMED ASSIGNMENT  
OF INVESTMENT ADVISORY AGREEMENT[S]  
WITH PFM ASSET MANAGEMENT LLC**

The below named Investor hereby consents to the deemed assignment of all Investment Advisory Agreements between such Investor and PFM Asset Management LLC ("PFMAM") upon the change in control of the holding company of PFMAM.

The undersigned officer is duly authorized by such Investor to execute and deliver this consent.

\_\_\_\_\_  
Name of Investor

\_\_\_\_\_  
State

\_\_\_\_\_  
Signature of Authorized Officer

\_\_\_\_\_  
Name of Authorized Officer

\_\_\_\_\_  
Title of Authorized Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Attest: (if required by Investor)





## **U.S. Bank Acquires PFM's Asset Management Business**

**MINNEAPOLIS (July 8, 2021)** – U.S. Bank announced today that it has entered into a definitive agreement to purchase PFM Asset Management LLC under its subsidiary, U.S. Bancorp Asset Management. PFM Asset Management will continue to operate as a separate entity. PFM Asset Management and U.S. Bancorp Asset Management had combined assets under management and assets under administration of more than \$325 billion on March 31, 2021.

"PFM Asset Management brings a wide array of client relationships and product offerings, including local government investment pools, outsourced chief investment officer services and separately managed accounts in both fixed income and multi-asset class strategies," said Eric Thole, head of U.S. Bancorp Asset Management. "These services complement U.S. Bank's current book of business and we're thrilled to have the opportunity to increase our presence nationally and solidify U.S. Bank's position as a leading provider of investment solutions."

Thole added, "PFM Asset Management has a great reputation in the public space, and that's a testament to its talent. U.S. Bank is known for working with clients one-on-one to understand their unique needs and delivering customized, proactive solutions to help them meet their objectives. We're excited to put the variety of resources offered by U.S. Bank to work for our new colleagues and clients."

Marty Margolis, head of PFM Asset Management, said, "This sale combines the resources of two organizations who recognize the importance of providing clients with exemplary customer service; our commitment to clients will remain a priority throughout the transition. We're also very pleased that U.S. Bank aligns with our fundamental belief in creating a diverse, inclusive and ethical culture."

PFM's financial advisory business is not part of this acquisition and will continue to operate independently as the nation's leading independent financial advisor in terms of transactions and par amount. For the year ended December 31, 2020, PFM advised on 995 overall transactions totaling more than \$69.7 billion in par amount, according to Ipreo.

"PFM will continue to provide outstanding financial advisory and consulting services to state and local governments and the non-profit sector," said Dan Hartman, who currently leads PFM's financial advisory practice and will lead PFM as its president and CEO after closing.

U.S. Bancorp Asset Management is part of U.S. Bank's Wealth Management and Investment Services division, which has more than \$8.6 trillion in assets under custody and administration and \$244 billion in assets under management, globally. In addition to offering asset management products and services, it also offers global corporate trust and custody services, alternative investment, fund custody and administration services, and wealth management services.

The deal was signed on July 7, 2021 and is expected to close in fourth quarter 2021, subject to regulatory approval and satisfaction of customary closing conditions. Financial terms were not disclosed.

Piper Sandler & Co. served as strategic and financial advisor, and Dechert LLP served as legal counsel to PFM. McCarter & English served as legal counsel to PFM's financial advisory business. Jones Day served as legal counsel to U.S. Bank.

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**About U.S. Bancorp Asset Management**

U.S. Bancorp Asset Management's core strength and focus is managing investment grade fixed income strategies for institutional clients. A registered investment adviser, it has been providing investment grade fixed income investment solutions since 1982. With more than \$160 billion in assets under management as of March 31, 2021, U.S. Bancorp Asset Management is a resource for institutional clients including corporations, healthcare organizations, higher education, public entities and nonprofits. For more information, visit [usbancorpassetmanagement.com](http://usbancorpassetmanagement.com).

**About U.S. Bank**

U.S. Bancorp, with nearly 70,000 employees and \$553 billion in assets as of March 31, 2021, is the parent company of U.S. Bank National Association. The Minneapolis-based company serves millions of customers locally, nationally and globally through a diversified mix of businesses: Consumer and Business Banking; Payment Services; Corporate & Commercial Banking; and Wealth Management and Investment Services. The company has been recognized for its approach to digital innovation, social responsibility and customer service, including being named one of the 2021 World's Most Ethical Companies and Fortune's most admired superregional bank. Learn more at [usbank.com/about](http://usbank.com/about).

**About PFM**

At PFM, over 600 employees – asset managers (with \$123 billion in assets under management and \$41.2 billion in assets under administration as of March 31, 2021), financial advisors and consultants – partner with clients in every region of the country to transform their world. PFM combines superior financial advice, disciplined management and ingenuity to build, power, move and educate. PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. For more information regarding PFM's services or entities, please visit [pfm.com](http://pfm.com).

U.S. Bancorp Asset Management, Inc. is a registered investment adviser and subsidiary of U.S. Bank National Association. U.S. Bank National Association is a separate entity and wholly owned subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE



# 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 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 accounting and information technology, Daniel Hess and Kerry Benson will aid in the transition and/or serve as consultants to USBAM for an

## 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 this communication that you disapprove of the deemed assignment, you will be considered to

interim period, after which time they 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. We will separately provide specific language for VA in the accompanying letter and may also update this response. Will be addressed after the primary mailing.

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.

have consented to the assignment, and your investment advisory agreement will remain in effect, with no change 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.