Allspring

Overview, Strategy, and Outlook

Allspring Money Market Funds

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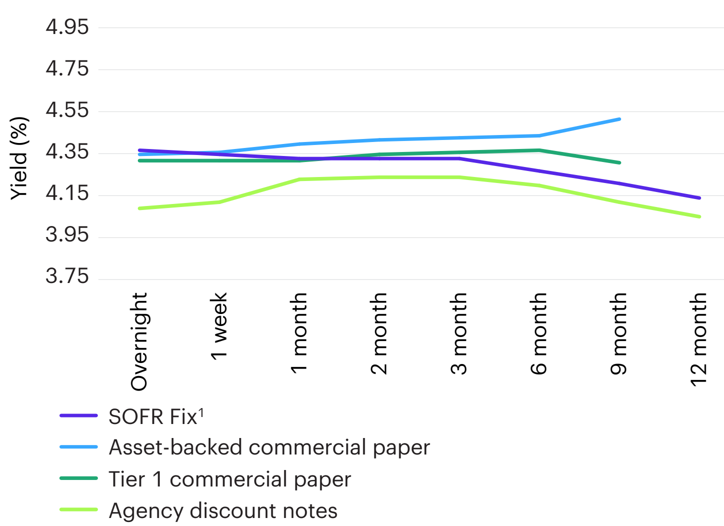
Sector views

Prime sector

The pace of U.S. Federal Open Market Committee (FOMC) easing continues to be uncertain as market expectations have oscillated this month between no rate decreases to pricing in two 25-basis-point (0.25%) eases before year-end. All eyes are now on how fiscal policy plays out, how those changes affect economic data, and in turn how the FOMC responds in order to maintain its dual mandate. In addition to more gradual FOMC easing this year versus last, the short-term impacts of year-end funding pressures have continued to affect funding levels, causing issuers to pay a premium yield to attract investors and grow outstandings. This premium has helped the prime yield curve remain positively sloped even in an FOMC easing cycle. Total commercial paper outstandings (seasonally adjusted) decreased in December and bottomed out at $1.09 trillion on January 1 as banks adjusted liquidity requirements to avoid typical year-end funding pressures and to meet liquidity coverage ratio targets established by regulators. Outstandings have rebounded back to $1.3 trillion as of the February 26 reporting period. As issuers ramped up outstandings, investors demanded a yield premium over short rates, keeping the credit yield curve positively sloped.

Even as issuance has increased and credit yield curves remain positively sloped, credit metrics in the prime space continued to be well supported by favorable market liquidity. Bank capital requirements are stable, while liquidity and interest coverage ratios remain solid. The combination of market liquidity, well-supported credit metrics, and higher yields has made money markets an attractive asset class this year.

MONEY MARKET YIELD CURVES



Sources: Bloomberg Finance L.P. and Allspring Global Investments

With the FOMC still in an easing cycle, even if the pace has slowed, we continue our strategy of opportunistically extending fixed-rate term purchases while maintaining an enhanced liquidity buffer to meet the liquidity needs of our shareholders. We feel the risk/reward proposition favors extending weighted average maturities[2] to capture above-target yields in an environment that is skewed toward the FOMC delivering future rate decreases.

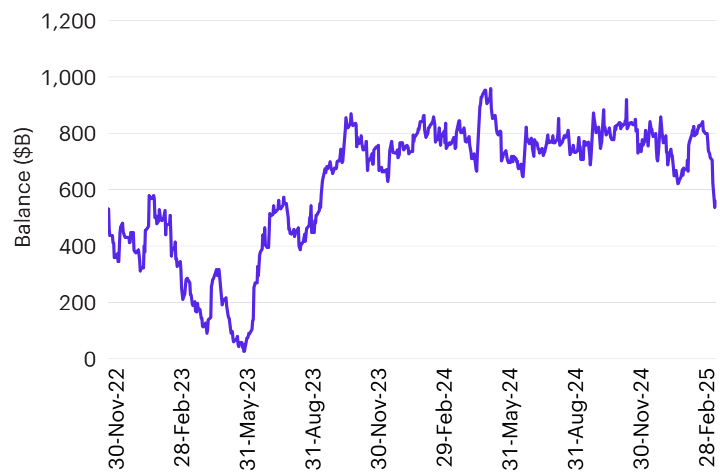
U.S. government sector

Although you wouldn't know it from all the noise, February had few significant developments on the policy and economic fronts, and as a result, both the Federal Reserve (Fed) and many market participants are in wait-and-see mode. Despite that, fixed income markets gradually shifted their focus over the month from higher inflation worries to slower growth concerns, and so they began to again consider a Fed path with more interest rate cuts later this year. A warmer Consumer Price Index report in the middle of the month led to the market anticipating just one interest rate cut over the balance of 2025, while more benign price measures over the balance of the month, combined with softening sentiment data, had the end-of-month market looking for about 2 1/2 cuts in 2025.

As for fiscal policy, the headlines flew across the screen, but the substance, tariffs that actually get applied, or significant policy changes duly enacted into law remain difficult to discern, as it is still early and some of these things take time. At the very least, the performance has been breathtaking. The view coming out of the Fed has been quite consistent across the hawk and dove spectrum; we've heard policy is in a good place—perhaps modestly restrictive—and the Fed has time to watch how the economy performs. Monetary policymakers will likely have to weigh new impacts to both sides of its mandate. Policy uncertainty has already weighed on sentiment recently, and markets have begun to worry about a slowing economy. To be fair, as we've seen often in the post-pandemic era, survey measures have consistently called for downturns that never materialized. But the Fed will have to determine whether an economic slowdown stemming from the initial disruption and related uncertainty is transitory. Likewise, it will have to weigh whether higher inflation that may result from immigration actions and tariffs is transitory. Whatever it ultimately decides, it's a fair bet the Fed won't use the word transitory to describe its views.

Another issue of significance for markets—the debt ceiling—continues to percolate behind the scenes, with few new developments this month. The limit was reestablished on January 1, and the Treasury has been employing its usual array of extraordinary measures to continue to fund the government. It has begun to reduce Treasury bill (T-bill) auction sizes, and its cash balance has begun to decline as well, which should continue until mid-April when tax receipts should bolster it. The Treasury holds its cash in the Treasury General Account (TGA)—the balance of which fell below $600 billion this month for the first time since 2023, as shown in the chart below, which also plainly shows the drawdown in cash that accompanied the last debt ceiling dispute in mid-2023. Eventually, later in the summer, concerns about the government's ability to meet its obligations may grow. In the meantime, the current united government control after the last election continues to inspire hope that the debt ceiling may be resolved early this time around, avoiding the dance with dragons that occurs as technical default risks rise while the TGA falls.

TREASURY GENERAL ACCOUNT



Source: Bloomberg Finance L.P.

Municipal sector

Yields in the municipal money market space continued to drift lower as seasonal demand continued to outweigh available supply in the front end of the curve. The Securities Industry and Financial Markets Association (SIFMA) Index[3] closed out the month at 1.86% (43% of Fed effective), down from 2.25% (52% of Fed effective). Yields on variable-rate demand notes (VRDNs)[4] and tender option bonds (TOBs)[5] in the overnight and weekly sectors continue to be under pressure. Further out on the curve, yields on high-grade notes in the one-year area fell to 2.74%, down from 2.80% at the end of January.

During the month, we continued to remain selective in our fixed-rate purchases as the FOMC has indicated that it will remain data dependent with respect to monetary policy given the more evenly balanced outlook for inflation and unemployment. The frenzied pace of Trump administration actions with respect to tariffs, government spending, and immigration has given the market pause in considering the direction of monetary policy going forward. Accordingly, we will prudently manage our weighted average maturity as we wait for further clarity on monetary policy.

On the horizon

Policy clarity should arrive on a number of fronts as winter gives way to spring; then we'll wait to see how the economy evolves in response to what look to be significant changes. Whether there are zero or two or even a few more cuts coming, a bigger question is whether the era of very low rates—near zero for much of the 13 years that followed the financial crisis—has moved into the past. Were those 13 years the aberration, or is this post-pandemic period of revived inflation and higher rates the aberration? Money market investors hope for the former, but time will tell.

RATES FOR SAMPLE INVESTMENT INSTRUMENTS—CURRENT MONTH-END % (FEBRUARY 2025)

Sector	1 day	1 week	1 month	2 month	3 month	6 month	12 month
U.S. Treasury repos	4.36	4.36	–	–	–	–	–
Fed reverse repo rate	4.25	–	–	–	–	–	–
U.S. Treasury bills	–	–	4.23	4.24	4.23	4.22	4.08
Agency discount notes	4.08	4.11	4.22	4.23	4.23	4.19	4.04
LIBOR	4.36	–	4.32	–	4.32	4.26	–
Asset-backed commercial paper	4.34	4.35	4.39	4.41	4.42	4.43	–
Dealer commercial paper	4.31	4.31	4.31	4.34	4.35	4.36	–
Municipals	1.58	1.86	2.58	2.59	2.61	2.65	2.74

Sources: Bloomberg Finance L.P. and Allspring Global Investments
Past performance is no guarantee of future results.

Fund	7-day current yield
Money Market Fund*–Premier	4.40
Government MMF**–Select	4.29
Treasury Plus MMF**–Select	4.28
100% Treasury MMF**–Inst	4.18

Source: Allspring Funds

Figures quoted represent past performance, which is no guarantee of future results, and do not reflect taxes that a shareholder may pay on an investment in a fund. *Yields will fluctuate. Current performance may be lower or higher than the performance data quoted and assumes the reinvestment of dividends and capital gains. Current month-end performance is available at the funds' website, allspringglobal.com.*

Money market funds are sold without a front-end sales charge or contingent deferred sales charge. Other fees and expenses apply to an investment in the fund and are described in the fund's current prospectus.

The manager has contractually committed to certain fee waivers and/or expense reimbursement through May 31, 2025 (or through May 31, 2026, for the Select Class of the Government Money Markey Fund), to cap the funds' total annual fund operating expenses after fee waivers. Brokerage commissions, stamp duty fees, interest, taxes, acquired fund fees and expenses (if any), and extraordinary expenses are excluded from the expense cap. The manager and/or its affiliates may also voluntarily waive all or a portion of any fees to which they are entitled and/or reimburse certain expenses as they may determine from time to time. Without these reductions, the seven-day current yield for the Select Class of the Government Money Market Fund and Treasury Plus Money Market Fund, the Institutional Class of the 100% Treasury Money Market Fund, and the Premier Class of the Money Market Fund would have been 4.26%, 4.24%, 4.16%, and 4.30%, respectively. Prior to or after the commitment expiration date, the cap may be increased or the commitment to maintain the cap may be terminated only with the approval of the Board of Trustees. The expense ratio paid by an investor is the net expense ratio (the total annual fund operating expenses after fee waivers) as stated in the prospectus.

To learn more

We want to help clients build for successful outcomes, defend portfolios against uncertainty, and create long-term financial well-being. To learn more, investment professionals can contact us.

Contact information:

- For retail clients, contact your financial advisor.
- To reach our intermediary sales professionals, contact your dedicated regional director, or call us at **1-866-701-2575**.
- To reach our institutional investment professionals, contact your existing client relations director, or contact us at **AllspringInstitutional@allspringglobal.com**.
- To reach our retirement professionals, contact your dedicated defined contribution investment only specialist, or call us at **1-800-368-1370**.
- To discuss sustainable investing solutions, contact **Henrietta Pacquement**, head of Sustainability, and **Jamie Newton**, deputy head of Sustainability, at **henrietta.pacquement@allspringglobal.com** and **jamie.newton@allspringglobal.com**.

1. SOFR Fix data is provided by Bloomberg Finance L.P. and Allspring. The forward-looking measurements of the Fed's Secured Overnight Financing Rate (SOFR) are based on market expectations implied from leading derivatives markets. SOFR is an interest rate published daily by the Federal Reserve Bank of New York based on Treasury repurchase agreement transactions measuring the cost of overnight cash borrowing.

2. Weighted average maturity (WAM): An average of the effective maturities of all securities held in the portfolio, weighted by each security's percentage of total investments. The maturity of a portfolio security is the period remaining until the date on which the principal amount is unconditionally required to be paid, or in the case of a security called for redemption, the date on which the redemption payment is unconditionally required to be made. WAM calculations allow for the maturities of certain securities with demand features or periodic interest rate resets to be shortened. WAM is a way to measure a fund's sensitivity to potential interest rate changes. WAM is subject to change and may have changed since the date specified.

3. The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index is a seven-day high-grade market index composed of tax-exempt variable-rate demand obligations with certain characteristics. The index is calculated and published by Bloomberg. The index is overseen by SIFMA's Municipal Swap Index Committee. You cannot invest directly in an index.

4. Variable-rate demand notes (VRDNs) are debt securities commonly held within the Allspring Money Market Funds. Like all bonds, VRDN values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. Changes in market conditions and government policies may lead to periods of heightened volatility in the bond market and reduced liquidity for certain bonds. In general, when interest rates rise, bond values fall and investors may lose principal value. Interest rate changes can be sudden and unpredictable. In addition to credit and interest rate risk, VRDNs are subject to municipal securities risk.

5. A tender option bond (TOB) is a type of VRDN where a long-term bond is placed into a trust. Floating-rate securities are created from the trust.

**For retail money market funds: 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. An investment in the fund is not a bank account 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.*

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Carefully consider a fund's investment objectives, risks, charges, and expenses before investing. For a current prospectus and, if available, a summary prospectus, containing this and other information, visit allspringglobal.com. Read it carefully before investing.

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