Overview, Strategy, and Outlook

Allspring Money Market Funds

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Sector views

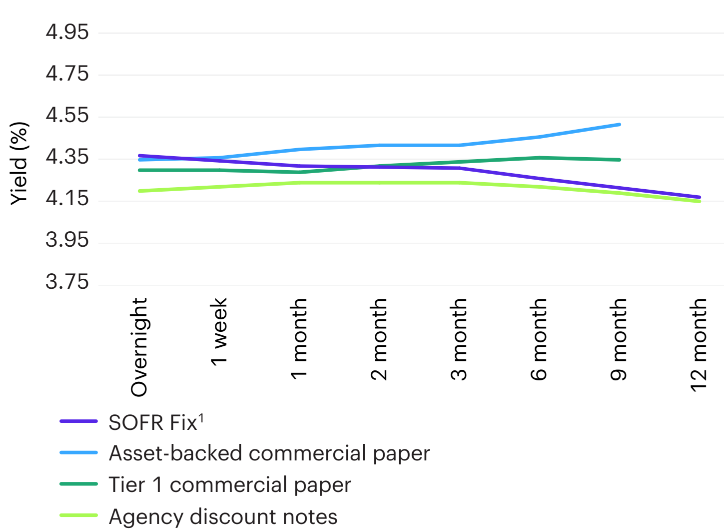
Prime sector

As expected, the U.S. Federal Open Market Committee (FOMC) maintained its target range for the federal funds rate at 4.25–4.50% at the conclusion of its January meeting. After reducing its target rate a total of 1% in 2024, the FOMC's outlook remained consistent—that the committee is data dependent and not in a hurry to adjust policy rates further. "The Committee judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate." "In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks." Following the meeting, the corresponding futures markets continue to price expectations of 0.50% in eases this year.

Total commercial paper outstandings (seasonally adjusted) decreased by $25 billion to $1.15 trillion 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 rebounded back to $1.16 trillion in January as issuers ramp up borrowings.

The money market yield curve remains positively sloped. As expectations of the pace of easing remain moderate, issuers in the prime sector have to offer more yield to investors putting money to work out the curve. 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

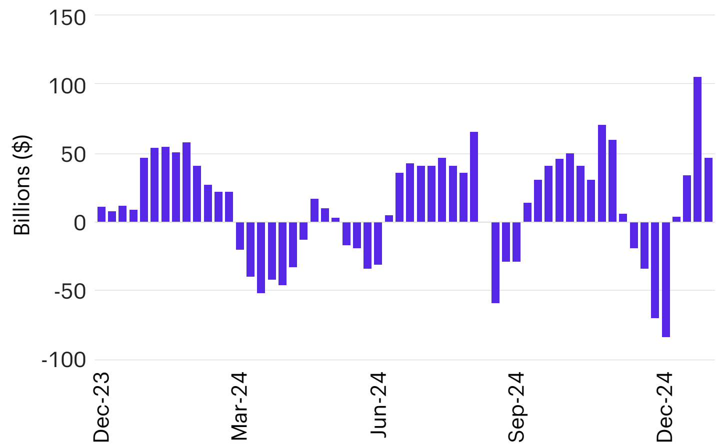
With the FOMC still in an easing cycle, even if the pace has slowed, we continue our strategy of opportunistically extending fixed-rate term purchases while maintaining an enhanced liquidity buffer to meet the liquidity needs of our shareholders. We feel the risk/reward proposition favors extending weighted 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

With the Federal Reserve (Fed) having clearly signaled that its late-January meeting would be uneventful and with Treasury bill (T-bill) supply robust, January provided a comfortable environment for money market investors. Treasury is in a cash-raising period as it builds cash to pay tax refunds over the next few months. As the chart on the right shows, winter supply expansion typically leads to spring supply contraction as tax receipts pour in throughout April, so the comfort of robust T-bill supply will give way to the discontent of a light supply period soon enough. But, living in the present, the current supply has resulted in short-maturity T-bill yields near or slightly above the rate on the Fed's reverse repo program (RRP), the standard for government money market rates. In lighter supply periods, T-bills often trade at rates lower than the RRP. In addition, the extra T-bills have modestly boosted market repo rates, as more supply means dealers and some investors have more securities to finance, which often takes place in repo markets.

Looking ahead again, the outlook for T-bill supply is cloudier than usual, as it remains to be seen how the debt ceiling will affect the amount and timing of T-bill issuance. We'll dive into the debt ceiling in more depth as the year progresses, but for now we know the debt ceiling was reestablished on January 1 and the Treasury has begun employing extraordinary measures to facilitate issuance. Among the sources of uncertainty are a new crew in charge at the Treasury with unknown approaches to issuance patterns, a red wave election result that may affect the ability to reach a deal, and a host of potential fiscal policies that may affect cash flows. Of the many possible impacts of the whole debt ceiling experience, among the most likely is an exaggerated T-bill supply contraction leading into a solution and a rapid catch-up boost in supply immediately after. But that will be an issue for later in the year.

WEEKLY NET NEW TREASURY BILL ISSUANCE



Source: U.S. Treasury

Municipal sector

Yields in the municipal money market space were lower across the board to kick off the new year as typical seasonal factors influenced supply and demand. The Securities Industry and Financial Markets Association (SIFMA) Index[3] continued to experience weekly volatility before closing out the month at 2.25%, down from 3.62% at the end of December. Yields on variable-rate demand notes (VRDNs)[4] and tender option bonds (TOBs)[5] in the overnight and weekly sectors dropped precipitously as reinvestment demand overwhelmed supply for the vast majority of the month. Further out on the curve, yields on high-grade notes in the one-year area fell to 2.80%, down from 3.07% at the end of 2024.

During the month, we continued to remain highly 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. We will continue to focus on the potential macroeconomic and other policy impacts a second Trump administration may have on the broader markets and central bank monetary policy. Accordingly, we will prudently manage our weighted average maturity as we wait for further clarity on monetary policy.

On the horizon

Uncertainty will be the norm for the next few months as the Fed and markets wait for new economic policies to be announced. Some will be effective quickly via executive order while others will need to go through legislation, but whatever the process, the Fed seems cautious, not wanting to unleash the inflation that it feels it so soundly defeated. While it waits, the Fed suggested in Fed Chair Powell's press conference statement that it has two possible triggers for resuming cuts: "If the labor market were to weaken unexpectedly or inflation were to fall more quickly than anticipated, we can ease policy accordingly." The markets already paid very close attention to those economic measures, and they'll continue to be the primary focus in the coming months.

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

Sector	1 day	1 week	1 month	2 month	3 month	6 month	12 month
U.S. Treasury repos	4.34	4.34	–	–	–	–	–
Fed reverse repo rate	4.25	–	–	–	–	–	–
U.S. Treasury bills	–	–	4.25	4.25	4.24	4.24	4.14
Agency discount notes	4.19	4.21	4.23	4.23	4.23	4.21	4.14
LIBOR	4.36	–	4.31	–	4.30	4.25	–
Asset-backed commercial paper	4.34	4.35	4.39	4.41	4.41	4.45	–
Dealer commercial paper	4.29	4.29	4.28	4.31	4.33	4.35	–
Municipals	1.79	2.25	2.69	2.70	2.71	2.74	2.80

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	4.44
Goverment MMF**–Select	4.32
Treasury Plus MMF**–Select	4.30
100% Treasury MMF**–Inst	4.22

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 Government Money Market Fund Select Class), 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 4.29%, 4.27%, 4.20%, and 4.33%, 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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The views expressed and any forward-looking statements are as of January 31, 2025, and are those of the fund managers and the Money Market team at Allspring Global Investments, LLC, subadvisor to the Allspring Money Market Funds, and Allspring Funds Management, LLC. Discussions of individual securities or the markets generally are not intended as individual recommendations. Future events or results may vary significantly from those expressed in any forward-looking statements. The views expressed are subject to change at any time in response to changing circumstances in the market. Allspring Global Investments disclaims any obligation to publicly update or revise any views expressed or forward-looking statements.

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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