

Morningstar Report

Fund Manager Q & A

“Building Diversification with Infrastructure”

Featuring First American Global Infrastructure Fund

June 16, 2010

First American Global Infrastructure Fund Average Annualized Total Returns

<i>As of 6/30/2010</i>	Inception Date	1 year	5 years	10 years	Since Inception
Class A without sales charge	12/17/07	12.13%	—	—	-8.88%
Class A with max. 5.50% sales charge	12/17/07	5.89%	—	—	-10.89%
Class R	11/03/08	11.97%	—	—	12.49%
Class Y	12/17/07	12.39%	—	—	-8.68%
S&P Global Infrastructure Index	—	6.57%	3.92%	—	-14.07% ¹

Performance shown is historical and does not guarantee future results. Current performance may be lower or higher. Because share price, principal value, and return will vary, you may have a gain or loss when you sell fund shares. For current month-end performance information, call 800.677.3863. Performance assumes the reinvestment of dividends and capital gains. “Without sales charge” performance does not reflect the current maximum sales charge. Had the sales charge been included, the fund’s returns would have been lower. Investment performance reflects fee waivers. Without such waivers, total returns would be reduced.

You cannot invest directly in an index.

¹ Since inception return is as of the fund’s Class A inception date for the index.

Expense Ratio ²	Share Class		
	A	R	Y
Gross	2.47%	2.72%	2.22%
Net	1.25%	1.50%	1.00%

² Net and gross expense ratios are based on the fund’s most recent fiscal year end. The net expense ratio reflects an agreement by the fund’s advisor to cap fund expenses, not including the expenses of any other investment companies in which the fund invests (“acquired fund fees and expenses”), at a certain level as set forth in the fund’s prospectus. The advisor’s contractual expense cap agreement will be in effect at least through June 30, 2011, and may not be terminated before then without the approval of the fund’s board of directors. However, because the fund’s net expense ratios include acquired fund fees and expenses, the fund’s net expense ratios at any point in time may differ from the ratios presented.

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FIRST AMERICAN FUNDS

Building Diversification With Infrastructure

First American Funds' Jay Rosenberg on the opportunities offered by global infrastructure companies.

Fund Manager Q&A | 06-16-10 | By Morningstar.com

Jay Rosenberg, equity portfolio manager at First American Funds, manages the firm's global infrastructure and real estate securities funds. He recently answered our questions on First American Global Infrastructure (FGIAX) and discussed the unique characteristics of infrastructure as an asset class.

Rosenberg also talked to us about the fund's exposure to four specific sectors, the dependency that infrastructure firms have on governments, the advantages of publicly available infrastructure investing products, and the fund's higher turnover.

1. Why should an investor select this infrastructure offering over a more diversified, actively managed offering that has the ability to opportunistically invest in infrastructure stocks?

We believe that infrastructure is a unique asset class that may provide diversification and correlation benefits to a portfolio. As an asset class, infrastructure offers very visible cash flows, less sensitivity to global market cycles because of inelastic demand, and an inflation hedge. These attributes make infrastructure a valuable addition to a portfolio.

Our view is that the best way to add infrastructure's diversification and correlation benefits to a portfolio is to use a product that focuses specifically on infrastructure assets. Global portfolios that combine small amounts of infrastructure with other more cyclical names dilute infrastructure exposure to the point that there are few asset-allocation benefits left. The problem with broad global portfolios that hold a handful of infrastructure names is that they simply do not contain enough infrastructure exposure to allow infrastructure's potential asset-allocation benefits to shine through.

2. How do you think about structuring the fund's portfolio—including its country and sector exposures—given its theme and global mandate?

We take our global mandate very seriously because we believe investors want diverse country and currency exposure. Therefore, our

portfolio includes infrastructure opportunities throughout the developed world and even delves into some of the more stable emerging markets. Over time, investors may expect currency and domicile exposure similar to the broad, diversified global equity indexes.

In terms of sector exposure, we invest in four main silos: transportation, energy/utilities, social infrastructure/government outsourcing, and communications. The overriding theme across all sectors is that we invest in companies that own or operate infrastructure rather than more cyclical developers of infrastructure assets. We do this so that we can provide an asset-allocation tool that offers low correlation to other equity investments and the potential for incrementally more visible cash flow, even during down markets.

Within transportation, we invest in companies that own or operate toll roads, airports, seaports, and commuter rail. The energy/utilities category includes companies that operate energy infrastructure such as transmission grids, hydroelectric dams, and electrical distribution systems, as well as gas transmission and distribution pipelines. In addition, we invest in water infrastructure, such as water utilities, waste-water treatment plants, and desalinization operations.

Our social and government outsourcing exposures are primarily companies that own, operate, or offer services, such as prisons, transportation systems, public/private partnerships, or nuclear decommissioning functions, that are historically provided by government entities. These assets offer exposure to infrastructure with many pure-play companies.

3. Do you view the fact that many infrastructure companies globally tend to have some kind of dependencies on their national/local governments as a positive or negative?

Government dependency can be both a positive and negative, but more often than not, its advantages outweigh its disadvantages. On the

positive side, governments often provide incentives to infrastructure companies to develop and operate critical assets, such as transmission grids. Because the interests of the government and companies are aligned on these projects, and the government recognizes the importance of such projects, it can often result in higher and more stable return opportunities.

On the other hand, due to the highly regulated nature of infrastructure companies, their valuations are tied to the valuation of the government's own debt, even though the companies themselves may have many sources for financing assets. When there is short-term volatility in the sovereign debt markets, such as that recently experienced in Southern Europe, the valuations of infrastructure companies within the affected markets tend to suffer.

4. For a long time, infrastructure has been available to institutional investors through private debt or private equity investments. What are the advantages of the newly available listed infrastructure products, such as your mutual fund, for investors?

Investors in infrastructure are typically interested in adding the potential benefits of the asset class, such as stable, predictable cash flows and inelastic demand, to their portfolios. We believe it is easiest to achieve this goal using a well-diversified portfolio with low leverage.

However, private-infrastructure investments typically offer only limited diversification because of the large size of infrastructure assets, which require large capital outlays to purchase and therefore cannot be highly diversified. In addition, private equity investments are often highly leveraged. This lack of diversification, combined with high leverage, can create volatility—exactly the opposite of the attributes that infrastructure investors seek in this asset class.

On the other hand, a portfolio of listed infrastructure companies can be well diversified because the investments are made through the public equity markets into many securities. In addition, the listed equity markets offer significantly better liquidity, with mutual funds offering daily purchases and redemptions. Fee structures are also typically lower in listed vehicles than private equity investments, offering better return potential over time.

5. When one thinks of an infrastructure fund, one frequently associates it with trying to capitalize on long-term trends in national and global markets. Yet, this fund's turnover is very high. What's behind it, and how does it relate to the fund's overall philosophy?

The fund's investment style is based on identifying relative value opportunities among companies within a particular sector. We also take our mandate as a listed securities product very seriously. One of the reasons investors turn to listed securities instead of the private infrastructure market is to take advantage of market inefficiencies and liquidity available in the public markets. Because of our style, when we see an opportunity in a stock trading inefficiently versus similar securities in the same sector, we will incrementally increase exposure to the more attractive security and decrease exposure to the less attractive security.

Because we do this on a relative value basis within the sector, the fund's overall sector exposure remains intact. Although the market may be efficient over the long term, it is less efficient in the short term, so these opportunities to make relative-value trades arise on a daily basis. This management style does lead to higher turnover, but we believe that it also creates shareholder value while maintaining diversified sector exposure within the product. The bottom line is that we are high-conviction, active managers.

As of June 30, 2010

Top 10 Holdings

Enbridge Inc.	4.2%
Spectra Energy Corp.	3.5%
Vinci S.A.	3.3%
Atlantia S.p.A.	2.6%
Transurban Group	2.2%
Beijing Enterprises Holdings Ltd.	2.2%
China Merchants Holdings (International) Co. Ltd.	2.1%
ComfortDelGro Corp. Ltd.	1.9%
Companhia de Transmissao de Energia Eletrica Paulista	1.9%
Hyflux Ltd.	1.7%

Fund holdings and sector allocation
(as % of market value) may change and
are not recommendations to buy or sell.

Definitions

The unmanaged **S&P Global Infrastructure Index** is comprised of 75 of the largest publicly listed infrastructure companies from around the world that meet specific investability requirements.

Correlation is a statistical measure of the degree to which changes in performance of different asset classes in the same market conditions are related.

Diversification does not assure a profit or protect against a loss in a declining market.

Shares, when redeemed, may be worth more or less than their original cost.

The information and views expressed are provided by the fund's portfolio manager(s) and are current only through the date on this report. They are not intended to provide specific advice or to be construed as an offering of securities or a recommendation to invest. Information is subject to change at any time based upon market or other conditions and may not be relied on as a forecast of future events or a guarantee of future results. There is no assurance that certain securities will remain in or out of the fund's portfolio.

Investors should carefully consider a fund's investment objectives, risks, charges, and expenses before investing. The prospectus and the summary prospectus contain this and other information; call 800.677.3863 or visit FirstAmericanFunds.com for a copy. Please read carefully before investing.

Mutual fund investing involves risk; principal loss is possible.

Investing in specific sectors such as infrastructure-related securities may involve greater risk and volatility than more diversified investments. Risks include greater exposure to adverse economic, regulatory, political, and other changes affecting such securities. Foreign investing, especially in emerging markets, entails additional risks, including currency fluctuations, political and economic instability, accounting changes, and foreign taxation.

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