
**SIT MUTUAL FUNDS
INVESTMENT PRESENTATION
MARCH 31, 2018**

These presentation materials were prepared for institutional use only and must be preceded or accompanied by a prospectus. This material is for illustration purposes only and does not constitute an offer to buy or sell a security.

Sit Investment Associates, Inc.
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OUTLINE OF PRESENTATION

- I. ORGANIZATION
- II. SMALL CAP DIVIDEND GROWTH FUND
- III. DISCLOSURES

CORPORATE VALUES AND GOALS

ESTABLISHED WITH THE FOUNDING OF THE FIRM IN 1981

OUR CORPORATE VALUES

- To operate under the highest ethical and professional standards.
- To put our clients first in everything we do. We realize that the success of our clients results in our success.
- To maintain our uncompromising commitment and adherence to our investment philosophy and style, while continually seeking ways to enhance our successful investment process.
- To always work hard for our clients, expending the effort they deserve in all aspects of the investment management and client reporting process.

OUR CORPORATE GOALS

- To provide superior investment management products for discriminating investors.
- To act as a “true extension” of the client’s own operations, providing highly individualized services in an increasingly challenging investment environment.
- To control effectively our own destiny, avoiding imposed pressures for “growth,” thereby allowing us to provide the services we believe our clients require and deserve.

SIT MUTUAL FUNDS
A FAMILY OF NO-LOAD MUTUAL FUNDS
SPECIALIZING IN GROWTH EQUITY PORTFOLIOS AND FIXED INCOME

OUR MISSION STATEMENT

The firm is dedicated to a single purpose: to be a premier investment management firm.

SIT INVESTMENT ASSOCIATES, INC. TOTAL ASSETS UNDER MANAGEMENT
AS OF MARCH 31, 2018: \$13.8 BILLION

- | | |
|-------------------------------|--|
| ➤ Equity \$3.1 Billion | ➤ Institutional Separate Accounts \$10.9 Billion |
| ➤ Fixed Income \$10.7 Billion | ➤ Sit Mutual Funds \$2.8 Billion |

HISTORY

1981

- Sit Investment Associates , Inc. is founded in Minneapolis by Eugene C. Sit. The company is one of the largest minority-owned advisory firms in the U.S.
- Sit Mutual Funds formed

1984

- Sit Fixed Income division formed to manage taxable and tax-exempt fixed income portfolios

1989

- Sit International division formed to manage international and global portfolios

Carefully consider the Fund's investment objectives, risks, charges and expenses before investing. The Fund's prospectus contains this and other important Fund information and may be obtained at www.sitfunds.com or by calling 1-800-332-5580. Please see additional information in the last section entitled "Disclosures."

INVESTMENT PHILOSOPHY

EQUITY MANAGEMENT

- To achieve superior long-term absolute and real returns through investing in growth-oriented investment opportunities.
- We invest primarily in high quality growth companies worldwide that have the potential to increase earnings at a faster rate than the representative economy and market index and are at reasonable valuation levels.

FIXED INCOME MANAGEMENT

- To attain consistent, superior risk-adjusted returns using a conservative investment style.
- We utilize investment grade securities, with special emphasis on fixed income securities that provide high interest income and stability of principal value.

SIT INVESTMENT ASSOCIATES, INC. PROFESSIONALS

EQUITY

<u>Name</u>	<u>Years of Investment Experience</u>	<u>Years With SIA</u>
Roger J. Sit	27	20
Kent L. Johnson, CFA	25	29
Ronald D. Sit, CFA	33	33
David A. Brown, CFA	23	20
Denise A. Anderson, Ph.D.	20	9
Joseph R. Eshoo	23	10
Michael T. Manns	31	3
Michael C. Marzolf	19	1
Tasha M. Murdoff	18	22
Mark A. Pepper	19	14
Raymond E. Sit	26	26
Robert W. Sit, CFA	26	26
Michael J. Stellmacher, CFA	26	17
Stacey M. Curme	21	25
Ningning Tang, CFA	14	10
Bradley W. Meyer	15	17
Lee J. Feltman, CFA	10	10
Eric M. Manthe	6	13
Nicholas D. Tich	10	12
Samuel K. V. Krawczyk	4	4

TOTAL YEARS INVESTMENT EXPERIENCE 396 YEARS
AVERAGE YEARS INVESTMENT EXPERIENCE 19.8 YEARS

FIXED INCOME

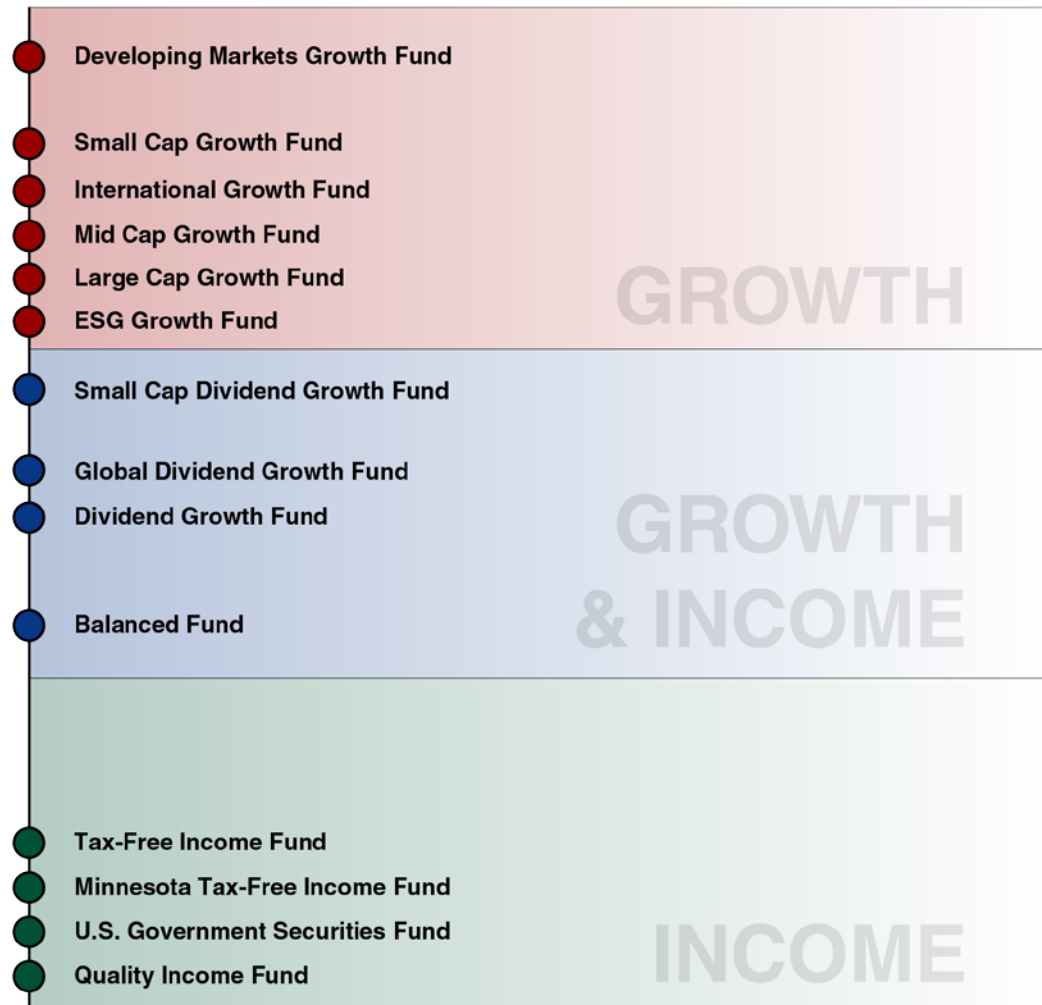
<u>Name</u>	<u>Years of Investment Experience</u>	<u>Years With SIA</u>
Roger J. Sit	27	20
Michael C. Brille	49	33
Bryce A. Doty, CFA	26	22
Paul J. Jungquist, CFA, CPA	23	23
Mark H. Book, CFA, CMA	31	17
Christopher M. Rasmussen, CFA	15	18
Todd S. Emerson, CFA	23	11
Jessica A. Ersfeld, CFA	10	9
Michael C. Hubbard, CFA	12	6
Michael J. Reich, CFA	11	13
Kevin P. O'Brien, CFA	14	16
Jason B. Miller, CFA	9	4
Charles D. Officer, CFA	8	3
Andrew J. Tich	10	11
Nick F. Ochsner	6	0
Marci A. Lorge	33	29
Brian R. Gilbert	23	23

TOTAL YEARS INVESTMENT EXPERIENCE 337 YEARS
AVERAGE YEARS INVESTMENT EXPERIENCE 19.8 YEARS

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SIT MUTUAL FUND OFFERINGS

Higher Risk
Higher Growth Potential



Lower Risk
Lower Growth Potential

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II. SMALL CAP DIVIDEND GROWTH FUND

DIVIDEND GROWTH INVESTING: WHY IT'S CURRENTLY ATTRACTIVE

The Return Environment

In a modest return environment expected for equities going forward, dividends are likely to become a large component of total returns

Investor Preferences

While demographic trends are playing a role, investors have become more conservative after “excesses” in recent years and high profile scandals. In addition, corporations are under pressure to manage capital wisely.

Higher Corporate Payouts

Corporate balance sheets remain strong and payout ratios remains relatively low, particularly based on normalized earnings. Free cash flow will remain strong due to secular/structural factors

PORTFOLIO OBJECTIVES / CHARACTERISTICS FOR SMALL CAP DIVIDEND GROWTH FUND

- Equal proportion of growth companies that pay dividends and quality companies that pay a material dividend. Managers anticipate that all companies have the potential to increase their dividend
- Investment universe: dividend-paying stocks across all sectors, geographies, and market capitalizations of generally \$3 billion or less at the time of purchase
- A dividend yield that exceeds (gross basis) each Fund's respective index
- Forecasted beta of approximately 0.90 for each Fund (source: Bloomberg Risk Analytics)
- Earnings per share growth rates similar to each Fund's respective index, but with lower fundamental valuations
- Above average "stability" for balance sheet, earnings, and cash flow measurements compared to each Fund's respective index

DIVIDEND GROWTH PORTFOLIOS

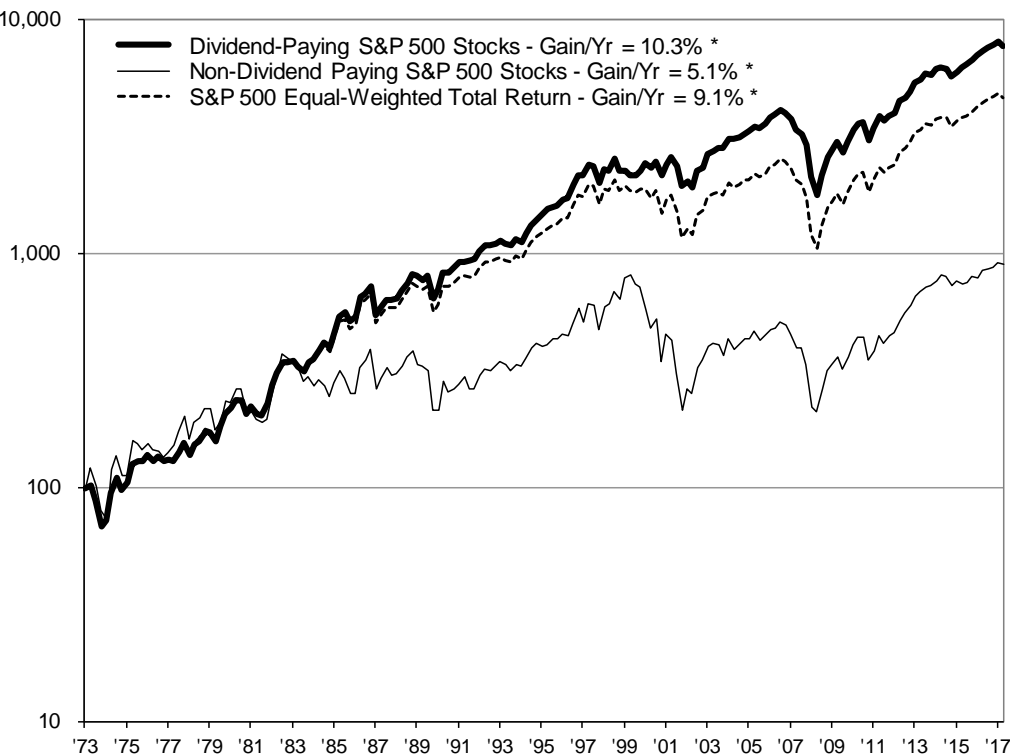
WHAT DO FUND MANAGERS LOOK FOR?

- The fundamental process includes a search for stocks of companies with:
 - Growing earnings;
 - Stable-to-improving margins;
 - Global opportunities;
 - A sustainable competitive advantage; and
 - Experienced management

- The Funds look further for companies that exhibit characteristics that would encourage dividends and dividend growth:
 - Consistency of earnings, cash flow generation
 - Emphasis on balance sheet strength, includes low debt and strong cash flow;
 - Shareholder “friendly” management teams committed to returning excess capital to shareholders; and
 - High current dividend yield or potential for significant dividend increases over time.



DIVIDEND PAYING STOCKS OUTPERFORM NON - DIVIDEND PAYING STOCKS IN A SLOWER ECONOMY



* Based on geometric average of total returns from December 1973 to March 2018. Holdings equal-weighted and rebalanced quarterly.

December 1973 to March 2018		
Dividend Paying Stocks*	Non- Dividend Paying Stocks*	Difference

Median Ann. Return When Real Annualized Q/Q GDP is Greater Than 3.0%**	15.5%	18.4%	-2.9%
Median Ann. Return When Real Annualized Q/Q GDP is Less Than 3.0%**	15.2%	9.3%	6.0%

*Universe consists of S&P 500 constituents, rebalanced quarterly and equal-weighted.
** Average annualized Q/Q US real GDP growth during the period = 2.9% .

SOURCES: NED DAVIS RESEARCH, FACTSET & SIT INVESTMENT ASSOCIATES

SIT SMALL CAP DIVIDEND GROWTH FUND

MARCH 31, 2018

INVESTMENT OBJECTIVES

The Sit Small Cap Dividend Growth objective is to generate:

- Long-term capital appreciation of securities;
- Income that exceeds the dividend yield of the Russell 2000® Index; and
- Income that grows over a period of years.

INVESTMENT STRATEGY

The Sit Small Cap Dividend Growth strategy to achieve its objectives is to invest, under normal market conditions, 80% of its net assets in common stocks of dividend-paying, growth-oriented companies with capitalizations of up to \$3 billion, or up to the market capitalization of the largest company included in the Russell 2000® Index measured at the end of the previous 12 months, that it deems financially strong and with the potential for long-term returns based on these criteria:

- A company's earnings growth;
- A record of increasing dividend payments;
- Strong prospects for growing dividend payments indicated, in part, by growing earnings and cash flow;
- Unique product or service;
- Growing product or service demand;
- Dominant and growing market share;
- Management experience and capabilities; and
- Strong financial condition.

SECTOR ALLOCATION (%)

Finance	23.2	Consumer Durables	5.8
Producer Manufacturing	10.4	Electronic Technology	5.7
Process Industries	8.2	Commercial Services	4.5
Consumer Services	7.8	Sectors Less Than 4.5%	24.1
Health Technology	5.9	Cash and Other Net Assets	4.4

TOP TEN HOLDINGS (%)

MKS Instruments, Inc.	2.9	Monolithic Power Systems, Inc.	1.6
East West Bancorp, Inc.	2.4	Phibro Animal Health Corp.	1.6
Provident Financial Services, Inc.	2.1	Dunkin' Brands Group, Inc.	1.6
Legg Mason, Inc.	1.7	Shenandoah Telecommunications Co.	1.6
Wintrust Financial Corp.	1.6	Oshkosh Corp.	1.5

BALANCE SHEET / PROFITABILITY - MEDIANS (%)

	Return on Invested Capital	Free Cash Flow Margin	Net Debt/Capital
Sit Small Cap Dividend Growth	10.8	6.3	17.9
Russell 2000® Index	4.2	3.5	4.1
Russell 2000® Growth Index	6.0	4.2	5.7
Russell 2000® Value Index	3.4	2.6	3.4

INVESTMENT STYLE

		Style		
		Value	Blend	Growth
Cap Size	Large			
	Mid			
	Small			

PORTFOLIO CHARACTERISTICS

I Share Assets (Millions):	\$14.4
S Share Assets (Millions):	\$3.9
Number of Holdings:	97
Wtd. Avg. Market Cap (Billions):	\$4.1
Median Market Cap (Billions):	\$3.4
Turnover Rate:	16.1 %
Beta (vs. Russell 2000® Index):	0.84

Source for Balance Sheet/Profitability-Medians : FactSet

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III. DISCLOSURES

DISCLOSURE PAGE

Mutual fund investing involves risk; principal loss is possible. There is no guarantee that a Fund's objectives will be achieved, and the market value of securities held by a Fund may fall or fail to rise. Fund holdings, sector allocations (as % of market value) and portfolio characteristics may change at any time and are not investment recommendations. More information on the risks specific to each Fund is included in each Fund's prospectus. Prospectuses may be obtained by calling Sit Mutual Funds at 800-332-5580 or at www.sitfunds.com. Read the prospectus carefully before investing.

Risks specific to Sit Small Cap Dividend Growth Fund

Dividend paying stocks may not experience the same capital appreciation non-dividend paying stocks, and the stocks held by the Fund may reduce or stop paying dividends. Stocks of medium and small-sized companies may be subject to more abrupt or erratic market movements than stocks of larger, more established companies, and there may be limited liquidity for certain small cap stocks. The Fund's focus on growth stocks may cause a Fund's performance to be higher or lower than the performance of funds that focus on other types of stocks that have a broader investment style. An increase in interest rates may lower the value of the fixed-income securities held by the Fund. A decrease in interest rates may lower the income earned by the Fund.

Index Descriptions

The **Russell 2000 Index** is an unmanaged index that measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which consists of the 3,000 largest U.S. companies based on market capitalization. Russell Investment Group is the owner of the registered trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a registered trademark of Russell Investment Group. It is not possible to invest directly in an index.

DISCLOSURE PAGE

Definition of Terms

Beta is a measure of a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. A beta above 1 is more volatile than the overall market, while a beta of less than 1 is less volatile.

Weighted average market cap is the average market capitalization of companies held by the Fund, weighted in proportion to their percentage of the Fund's net assets.

Median market cap is the midpoint market capitalization of companies held by the Fund; half of the companies held by the Fund will have larger market capitalizations and half will have lower market capitalizations.

Forward dividend yield is calculated by dividing each security's indicated annual dividends (IAD) by the security's current value. The IAD for a stock that pays dividends at a fixed frequency is computed by multiplying the most recent payment times the frequency. When a dividend frequency is unavailable, the IAD is calculated by totaling the dividends for the latest 12 months. The IAD is zero in the cases where dividend history is not available or when future dividend payments have been suspended. The Fund's forward dividend yield is the sum of each security's IAD multiplied by its weight in the Fund's portfolio, not the actual dividend yield of the Fund.

Return on Invested Capital (ROIC) is a measure of financial performance expressed as a percentage, and is used to assess the return that a company generates for investors who have provided capital, i.e. bondholders and stockholders. The general equation for ROIC is: $(\text{Net income} - \text{Dividends}) / \text{dividend by } (\text{Debt} + \text{Equity})$.

Free Cash Flow Margin is a measure of financial performance expressed as a percentage, and is calculated as free cash flow (FCF) divided by revenue. FCF represents the cash that a company is able to generate after paying for required capital expenditures. Generally, the higher the percentage, the more cash a company has for paying dividends, reducing debt or for other purposes.