

Cover Page *Item 1*

Firm Brochure
Form ADV Part 2A

SIT INVESTMENT ASSOCIATES, INC.

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March 31, 2012

This brochure provides information about the qualifications and business practices of Sit Investment Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 612-332-3223. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Sit Investment Associates, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Sit Investment Associates, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Material Changes *Item 2*

Annual Update

This section of the brochure will be updated annually and will include a summary of material changes to this brochure since the last annual update. We may further provide other ongoing disclosure information about material changes as necessary.

Material Changes since the Last Update

This brochure dated March 31, 2012 contains no material changes since the last brochure dated March 31, 2011.

Full Brochure Available

To receive a current brochure (free of charge) please contact us at 612-332-3223.

Our brochure is also available on our web site www.sitinvest.com.

Additional information about Sit Investment is also available via the SEC's web site www.adviserinfo.sec.gov.

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Advisory Business *Item 4*

Firm Description

Sit Investment is a privately owned independent investment adviser located in Minneapolis, Minnesota. Sit Investment was founded in 1981. We manage our clients' assets on a discretionary basis.

Sit Investment manages domestic and international equity securities. Our subsidiaries, Sit Fixed Income Advisors II, LLC and Sit Investment Fixed Income Advisors, Inc., are separately registered investment advisers and specialize in managing fixed income securities. Sit Investment and its subsidiaries are located in the same Minneapolis office and share all resources. The fixed income investment management services offered by our subsidiaries are discussed in a separate brochures for each adviser.

Ownership

Sit Investment is privately held. Approximately 85% of the company is owned by members of the Sit Family and by trusts established for their benefit, the trustees of which are Roger J. Sit, Debra A. Sit, Ronald D. Sit, and Ralph L. Strangis. Roger J. Sit, Debra A. Sit, and Ronald D. Sit are officers of Sit Investment and actively involved in the management operations. Ralph L. Strangis is a director of the company. The outstanding shares are held by:

Sit Family	85%
Other Employees	6%
Outside Directors	5%
Outside Shareholders - Individuals	<u>4%</u>
Total	100%

Investment Management – Equity Investment Philosophy

Our equity investment philosophy targets growth oriented companies. Generally, we look for to invest in companies with the potential to increase earnings at a faster rate than the representative economy and market index. We believe that earnings growth is the primary determinant of superior long-term turns. We manage our portfolios on an active basis, concentrating our investment in the best growth opportunities at the most reasonable valuation levels. See item 8 for a discussion regarding our investment strategies.

Investment Management – Decision Making Process

We manage our clients' assets on a team basis. Investment management decisions are made by the Investment Committee, with Roger J. Sit as the Chief Investment Officer having final decision making responsibilities. The Investment Committee's investment decisions are implemented using model portfolios with targeted security weightings. The stock selections for specific client accounts are based on the model portfolios and adjusted for each client's unique investment restrictions as set forth in the investment management agreement with each client. Specific client restrictions differ from client to client and may include, for example, restrictions on investing in certain companies or types of securities.

The Investment Committee is comprised of the firm's equity investment management professionals. The five individuals with the most significant responsibility for the day-to-day discretionary advice provided to clients are listed below. These individuals also have primary client relationship responsibilities. Please see the Brochure Supplement for information about these individuals.

Roger J. Sit, Chairman, CEO, President and Global Chief Investment Officer
David A. Brown, CFA, CPA (inactive), Vice President – Research and Investment Management,
Director of Client Services
Kent L. Johnson, CFA, Senior Vice President – Research and Investment Management
Ronald D. Sit, CFA, Vice President - Research and Investment Management
Michael J. Stellmacher, CFA, Vice President – Research and Investment management

Assets Under Management

Sit Investment manages client assets on a discretionary basis for several types of clients, including, public and private institutional investors, pension funds, Taft-Hartley plans, charitable institutions, foundations, endowments, corporations, insurance companies, municipalities, registered investment companies, private investment companies and high net worth individuals. As of December 31, 2011 we managed \$5.0 billion. Please refer to Item 7 for information regarding the accounts managed.

Sit Investment serves as the sponsor, general partner or manager for several of the investment companies to which it provides investment advisory services. Sit Investment is the adviser to the Sit Mutual Funds, a family of 11 no-load mutual funds. For information on the Sit Mutual Funds see the response to Item 7.

A small percentage of the client assets we manage are through wrap fee programs sponsored by non-affiliated brokers, investment advisers, or consulting firms. These sponsor firms generally enter into contracts with their clients to provide a variety of services for a predetermined fee. These fees typically include all or some of the following: asset allocation, selection of advisers, payment of advisers' management fees, custody of client assets, execution of trades for the client at no additional fee or commission, and the monitoring of the investment performance on client assets. Under the terms of such programs, the sponsor is responsible for compensating Sit Investment for investment management services provided to the clients based on the value of the assets in each client account that Sit Investment manages under the sponsor's program. The fee rate paid by clients participating in the sponsor's program is based on the total assets managed by Sit Investment under the program. As these programs are generally part of a multiple client program, they offer efficiencies to participating managers. As such, fees paid to Sit Investment may be lower than are otherwise available. It is the responsibility of the sponsor to notify the client of the services provided by Sit Investment and the portion of the attributable fee paid.

We manage our wrap fee accounts in the same manner as our other accounts. However, wrap fee accounts may have lower account minimums than our other accounts and, therefore, we may not be able to manage them identically to our larger accounts.

Fees and Compensation *Item 5*

The specific manner in which fees are calculated and paid to Sit Investment is established in the investment management agreement with each client. Generally, fees are stated at an annual rate, calculated quarterly as a percentage of net asset value at the end of each calendar quarter, and payable quarterly in arrears. Fees paid by investment company clients are generally calculated and paid monthly in arrears. Clients in certain wrap fee programs may be billed monthly by the wrap program sponsor according to the terms of the program. The net asset value is generally determined based on the aggregate market value of all assets held in the account. Management fees are prorated for material capital contributions or withdrawals made during the calendar quarter, and fees are prorated for accounts initiated or terminated during the quarter.

Depending on specific circumstances, fees may be subject to negotiation.

Sit Investment's fees are exclusive of brokerage commissions, transaction fees, and other portfolio related costs and expenses which are incurred by the client. Clients may incur charges imposed by custodians, brokers, and consultants. Item 12 further describes the factors that Sit Investment considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of the commissions.

Clients may request to be billed in advance, and in the event such a client terminates its agreement, unearned fees will be promptly refunded. Clients may also request that Sit Investment send a copy of its invoice directly to its custodian, who will in turn direct payment from the client's account.

Generally, clients may terminate their contract with Sit Investment on thirty days written notice, or in some cases at any time without notice. Each registered investment company may terminate the investment management agreement with Sit Investment on sixty days written notice provided the investment company's Board of Directors consents or a majority of the investment company's shareholders consent. The investment management agreements are terminated automatically if assigned. All terminations are without penalty.

Sit Investment provides investment management services to tax-exempt charitable organizations and makes a charitable contribution to certain of such organizations. The charitable contributions may be equal to a fixed percentage of the investment management fees paid to Sit Investment by the charitable organizations.

Sit Investment's most significant fee schedules are presented below.

Separate Account Management:

Large Capitalization, Concentrated, Dividend Growth, and Balanced Portfolios	
<u>Net Asset Value</u>	<u>Annual Rate</u>
First \$10 million	0.75%
Next \$10 million	0.70%
Next \$10 million	0.65%
Next \$10 million	0.60%
Next \$10 million	0.55%
Over \$50 million	Negotiable

Medium Capitalization Portfolios

<u>Net Asset Value</u>	<u>Annual Rate</u>
First \$30 million	1.00%
Next \$70 million	0.70%
Over \$100 million	0.50%

Small Capitalization Portfolios

<u>Net Asset Value</u>	<u>Annual Rate</u>
First \$50 million	1.00%
Next \$50 million	0.60%
Over \$100 million	0.50%

International/EAFE+,
Global, and Global Dividend Portfolios

<u>Net Asset Value</u>	<u>Annual Rate</u>
First \$10 million	0.80%
Next \$20 million	0.75%
Next \$20 million	0.65%
Over \$50 million	0.50%

Developing Markets and Pacific Basin Portfolios

<u>Net Asset Value</u>	<u>Annual Rate</u>
First \$10 million	0.90%
Next \$20 million	0.85%
Next \$20 million	0.75%
Over \$50 million	0.60%

The rate applicable to any particular portfolio may reflect the total of all assets managed on behalf of a client by Sit Investment and its affiliates. The rate applicable may also reflect the total of all assets managed on behalf of a client's financial consultant or financial intermediary by Sit Investment and its affiliates.

Sit Investment manages accounts on a discretionary basis through wrap fee programs sponsored by non-affiliated program sponsors. The fees paid to Sit Investment by the sponsors under the terms of such programs are set forth in the sponsor's brochure or client agreements.

Affiliated Registered Investment Company Management (Mutual Funds):

Sit Investment has entered an investment management agreement with the registered investment companies of the Sit Mutual Funds to serve as investment adviser. The Sit Mutual Funds are a family of no-load, open-end mutual funds. Under the investment management agreements each fund is obligated to pay Sit Investment a flat monthly fee based on the fund's daily net assets on an annual basis as indicated below. For each of the funds, Sit Investment has agreed to bear all fund expenses, except for extraordinary expenses, fees paid under a distribution plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, interest, brokerage commissions and other transaction charges relating to investing activities of the fund.

All Funds issue one class of shares except the Sit Dividend Growth Fund and the Sit Global Dividend Growth Fund. Sit Dividend Growth Fund and Sit Global Dividend Growth Fund offers class S shares and class I shares. Class S shares are subject to a fee pursuant to the distribution plan adopted pursuant to rule 12b-1 under the Investment Company Act of 1940, which provides for an annual distribution fee not to exceed 0.25% of the average daily net assets of the Fund attributable to class S shares. The distribution fee for class S shares is used to pay SIA Securities

Corp. for promotion and distribution of class S shares and servicing Fund investors as contemplated in the distribution plan.

<u>Fund</u>	<u>Annual Rate</u>
Sit Mid Cap Growth Fund, Inc.	1.25%
Sit Large Cap Growth Fund, Inc.	1.00%
Sit U.S. Government Securities Fund, Inc.	.80%
Sit Mutual Funds, Inc.	
Sit International Growth Fund (series A)	1.50%
Sit Balanced Fund (series B)	1.00%
Sit Developing Markets Growth Fund (series C)	2.00%
Sit Small Cap Growth Fund (series D)	1.50%
Sit Dividend Growth Fund (series G)	1.00%
Sit Global Dividend Growth Fund (series H)	1.25%
Sit Mutual Funds II, Inc.	
Sit Tax-Free Income Fund (series A)	.80%
Sit Minnesota Tax-Free Income Fund (series B)	.80%

Affiliated Private Investment Company Management:

Sit Investment or an affiliate has entered an investment management agreement with each of the following private investment companies to serve as investment adviser. Sit Investment or the affiliate also serves as the general partner or manager for such funds. Interests in the private investment companies are offered to a limited number of selected institutional and other sophisticated investors. Investments in the private investment companies are subject to a number of restrictions with regard to investments, transfers and withdrawals.

Sit Investment (or an affiliate as the case may be) receives a management fee based on the value of the fund's or each investor's capital account at the end of each month or calendar quarter, at the annual rates shown below. Each investment company is obligated to pay for all of its operating expenses not specifically assumed by Sit Investment (or affiliate) pursuant to the investment management agreement, including, but not limited to, management fees, custodian fees, trading adviser fees, charges and expenses of independent auditors, legal counsel, and registrars, insurance expenses, taxes and registration fees payable to federal or other governmental agencies, costs of share certificates, interest, brokerage commissions, other transaction charges relating to the Fund's investing activities and extraordinary expenses. However, for the years 2000 through 2012, Sit Investment (or affiliate) has voluntarily agreed to absorb all expenses of certain investment companies that would cause such investment company's annual expense ratio to exceed a certain amount.

	<u>Net Assets</u>	<u>Annual Rate</u>
Funds Managed by Sit Investment:		
Sit/Kim International Investment Limited Partnership	On all assets	1.50%
Sit/Kim International Fund II, LLC	Value < \$10 million:	
	On all assets	1.00%
	Value > \$10 million:	
	On first \$10 million	0.80%
	next \$20 million	0.75%
	next \$20 million	0.65%
	over \$50 million	0.50%
Sit Large Cap Fund, LLC	On all assets	0.80%
Sit Small Cap Fund, LLC	On all assets	1.10%
Sit Small Cap Fund II, LLC	On all assets	1.10%
Sit Global Fund, LLC	On all assets	1.00%
Sit Pacific Basin Fund, LLC	On all assets	1.10%
Sit Capital Fund Limited Partnership	On all assets	1.00%
Sit Dividend Growth Fund, LLC	On all assets	0.80%
Sit Dividend Growth Fund II, LLC	On all assets	0.80%
Sit Global Dividend Growth Fund, LLC	On all assets	1.00%
Funds Managed by Sit Fixed Income Advisors II, LLC		
Sit Opportunity Bond Fund, LLC (a)	On all assets	0.40%
Sit Minnesota Municipal Bond Fund, LLC	On all assets	0.60%
Sit Bond Fund, LLC	On all assets	0.60%
Sit Municipal Opportunity Bond Fund, LLC (a)	On all assets	0.40%
Sit Custom Alpha Fund, L.P.	On all assets	Note (b)
Sit Bond Portfolio, L.P.	On all assets	1.50%
Sit Short Duration Government Fund, LLC	On all assets	0.40%
Sit Alpha II Bond Fund, Ltd.	On first \$50 million	1.43%
	next \$50 million	1.33%
	over \$100 million	1.19%
Sit Alpha III Bond Fund, Ltd.	Class A shares	1.50%
	Class B shares (c)	0.40%

Notes:

(a) In addition to the management fee, Sit Investment's affiliate Sit Fixed Income Advisors II, LLC is entitled to a performance based fee. The performance fee is equal to 20% of the difference between the fund's total investment return for the calendar year and the total return for such year of a specific index increased by 1%. The performance fee is computed as of December 31 of each year.

(b) 1.25% per annum management fee for Series G of the Fund. For Series A through F of the Fund, the per annum management fee is 1.50% or 0.40% with an annual Incentive Allocation equal to 30% of the excess during any calendar year of any net increase over the Benchmark Return applicable to the Series to which the member subscribed. The Benchmark Return applicable to each Series is the performance such capital account would have realized if its return equaled the return of a specific index relating to each Series.

(c) In addition to the management fee, Sit Investment's affiliate Sit Fixed Income Advisors II, LLC is entitled to a performance based fee. The performance fee is equal to 30% of the difference between the fund's total investment return for the calendar year and the total return for such year of a specific index. The performance fee is computed as of December 31 of each year.

Performance-Based Fees and Side-By-Side Management *Item 6*

Sit Investment does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Sit Investment's subsidiary, Sit Fixed Income Advisors II, LLC, manages several client accounts including private investment funds with fee arrangements that provide for an asset based management fee and a performance based fee. A performance fee arrangement is offered for only certain investment strategies to qualified clients. The specific terms of the arrangements are set forth in the investment management agreements with the clients and in the case of the private investment funds, in the fund's offering documents. Conflicts of interest may arise from the simultaneous management of accounts with and accounts without a performance based fee, and Sit Fixed Income Advisors II, LLC has implemented procedures to address these conflicts which are discussed in its brochure.

Types of Clients *Item 7*

Sit Investment manages client assets on a discretionary basis for several types of clients, including public and private institutional investors, pension funds, Taft-Hartley plans, charitable institutions, foundations, endowments, corporations, insurance companies, municipalities, registered investment companies, private investment companies and high net worth individuals. As of December 31, 2011 we managed \$5.0 billion.

The account minimum for separately managed accounts is \$10 million.

Sit Investment serves as the adviser, sponsor, general partner or manager for several investment companies to which it provides investment advisory services. See the response to Item 10 for information on these affiliated investment companies.

Sit Investment's subsidiaries, Sit Fixed Income Advisors II, LLC and Sit Investment Fixed Income Advisors, Inc., manage fixed income assets on a discretionary basis for the same types of clients. Together, Sit Investment and its subsidiaries manage \$11.6 billion as of December 31, 2011. See the response to Item 10 for information on our subsidiaries.

Methods of Analysis, Investment Strategies and Risk of Loss *Item 8*

Analysis

We manage our clients' assets on a team basis. See the response to Item 1 for information regarding the Investment Committee.

Investment management decisions are made by the Investment Committee, with Roger J. Sit as the Chief Investment Officer having final decision making responsibilities. The Investment Committee's investment decisions are implemented using model portfolios with targeted security weightings. The stock selections for specific client accounts are based on the model portfolios and adjusted for each client's unique investment restrictions as set forth in the investment management agreement with each client. The objective of this process is to produce only small variations in client portfolios that have similar investment objectives.

The Investment Committee uses a fundamentally based investment process. The research team is comprised of global industry/sector specialists and geographic specialists who provide stock recommendations in their respective areas. Quantitative screens are used to assist the research team in identifying candidates for fundamental research. Our equity professionals perform fundamental research on individual stocks, and we analyze statistical data to calculate risk and reward potential. Wall Street research and various economic and governmental policy issue consultants are used to supplement our internally generated research.

The Investment Committee meets to determine specific sector emphasis and individual holdings. The entire research team meets daily to discuss new developments. Formal weekly investment meetings are a forum for reviewing holdings and discussing relevant investment issues. Investment outlook and strategy are discussed in monthly management meetings.

Investment Strategies and Risk of Loss

Sit Investment manages client accounts with the following general investment strategies. Specific client objectives and restrictions are set forth in the investment management agreement with each client and differ from client to client. For example, clients may impose restrictions on investing in certain companies or types of securities, or may define a benchmark or cap size differently than other clients. The following descriptions of investment strategies and instruments are not intended to be exhaustive. Sit Investment may employ various additional strategies and instruments from time to time in a manner consistent a client's investment management agreement.

Our equity investment philosophy targets growth oriented companies. Generally, we look for companies with the potential to increase earnings at a faster rate than the representative economy and market index. We seek industry sectors and companies with high earnings per share and revenue growth purchased at reasonable valuation in relation to industry peers, historic levels, and earnings growth rates. We believe that earnings growth is the primary determinant of superior long-term returns. We are opportunistic investors; we believe in high and consistent growth companies as well as conservative and cyclical growth companies. The securities in which we invest primarily include:

- common stock;
- preferred stock;

- warrants, rights and debt securities convertible into common stock;
- sponsored and unsponsored American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs); and
- Publicly traded securities issued by investment funds including Real Estate Investment Trusts (REITs), Business Development Companies (BDCs), and Master Limited Partnerships (MLPs).

With respect to the fixed income portfolios of balanced accounts, the investments may include:

- mortgage-backed securities (including collateralized mortgage obligations (CMOs));
- asset-backed securities;
- obligations of the U.S. government, its agencies and instrumentalities;
- corporate debt securities;
- municipal securities issued by U.S. states, territories, and possessions and the District of Columbia and their political subdivisions, agencies, and instrumentalities; and
- short-term debt obligations, including commercial paper and bank instruments, such as certificates of deposit, time deposits, and bankers' acceptances.

The objectives of the model portfolios used to manage client are summarized generally as follows:

- Small Cap Growth – invests in common stocks of companies with capitalizations of up to \$3 billion.
- Mid Cap Growth – invests in common stocks of companies with capitalizations of \$2 billion to \$15 billion.
- Large Cap Growth – invests in common stocks of companies with capitalizations of \$5 or more.
- Dividend Growth – invests in dividend paying common stocks.
- Global Dividend Growth – invests in dividend paying common stocks of U.S. and foreign companies.
- International Growth – invests in common stocks of companies domiciled outside the U.S.
- Developing Markets Growth – invests in common stocks of companies domiciled or operating in developing countries.
- Pacific Basin Growth – invests in common stocks of companies domiciled or operating in Pacific Basin countries.
- Concentrated Growth – invests in a limited number of growth equity securities.
- Balanced – invests in a diversified portfolio of common stocks and bonds.

Risks

Investing in securities involves risk of loss that clients should be prepared to bear.

The material risks involved with each of the strategies include the following:

Growth Style Investing Risk: Different types of stocks tend to shift into and out of favor with stock market investors depending on market and economic conditions. The portfolios invest in growth style stocks. The portfolios' performance may at times be better or worse than the performance of portfolios that focus on other types of stocks or that have a broader investment style.

Management Risk: A portfolio's performance will reflect in part our ability to implement its investment strategy and make investment decisions which are suited to achieving a portfolio's investment objective. A strategy used by us may fail to produce the intended results. A portfolio could underperform its benchmark.

Market Risk: The market value of securities may fall or fail to rise. Market risk may affect a single issuer, sector of the economy, or the market as a whole. The market value of securities may fluctuate, sometimes rapidly and unpredictably.

Liquidity Risk: The ability to readily convert an investment into cash may fluctuate with the market environment.

The material risks associated with specific types of securities and strategies include:

Mid Cap Stock Risk: Stocks of mid cap stocks may be subject to more abrupt or erratic market movements than stocks of larger, more established companies.

Small Cap Stock Risk: Stocks of smaller companies involve substantial risk. Prices of small cap stocks may be subject to more abrupt or erratic market movements than stocks of larger, more established companies.

Developing Markets Risk: Investment in developing markets are subject to unique political, economic, and market risks that can cause the Portfolio's investments to be more volatile and less liquid than investments in developed markets.

Dividend Paying Company Risk: The Portfolio's income objective may limit its ability to appreciate during a broad market advance because dividend paying stocks may not experience the same capital appreciation as non-dividend paying stocks. In addition, stocks held by the portfolio may reduce or stop paying dividends which could affect the portfolio's ability to generate income.

International Investing Risk: International investing involves risks not typically associated with investing in U.S. securities which may adversely affect the portfolio's investment. These risks include currency risk, foreign securities market risk, foreign tax risk, information risk, investment restriction risk, and political and economic risks.

The Balanced portfolios invest in fixed income securities. The material risks of investing in fixed income securities include:

Income Risk: The income earned may decline due to declining interest rates.

Interest Rate Risk: An increase in interest rates may lower the portfolio's value and its overall return. The magnitude of this decrease is often greater for longer-term fixed income securities than shorter-term securities.

Prepayment and Extension Risk: Declining interest rates may compel borrowers to prepay mortgages and debt obligations underlying the mortgage-backed securities owned by the portfolio. The proceeds received by the portfolio from prepayments will likely be reinvested at interest rates lower than the original investment, thus resulting in a reduction of income to the portfolio. Likewise, rising interest rates could reduce prepayments and extend the life of securities with lower interest rates, which may increase the sensitivity of the portfolio's value to rising interest rates.

Disciplinary Information *Item 9*

Sit Investment has no information applicable to this Item.

Other Financial Industry Activities and Affiliations *Item 10*

Investment Adviser Subsidiaries

Sit Investment manages domestic and international equity securities. Our subsidiaries, Sit Fixed Income Advisors II, LLC (SEC File number 801-55201) and Sit Investment Fixed Income Advisors, Inc., (SEC file number 801-21385) are separately registered investment advisers and specialize in managing fixed income securities. Sit Investment and its subsidiaries provide investment advisory services in conjunction with Sit Investment and are located in the same Minneapolis office and share all resources. The fixed income investment management services offered by our subsidiaries are discussed in separate brochures for each adviser.

Investment Company Affiliates

Mutual Funds

Sit Investment is the adviser and sponsor of eleven no-load mutual funds. Some of our officers are officers of the funds. The funds are:

- Sit Mid Cap Growth Fund, Inc.
- Sit Large Cap Growth Fund, Inc.
- Sit U.S. Government Securities Fund, Inc.
- Sit Mutual Funds, Inc.
 - Sit International Growth Fund (series A)
 - Sit Balanced Fund (series B)
 - Sit Developing Markets Growth Fund (series C)
 - Sit Small Cap Growth Fund (series D)
 - Sit Dividend Growth Fund (series G)
 - Sit Global Dividend Growth Fund (series H)
- Sit Mutual Funds II, Inc.
 - Sit Tax-Free Income Fund (series A)
 - Sit Minnesota Tax-Free Income Fund (series B)

Generally, we do not exercise our investment discretion to invest client assets in our affiliated mutual funds. There are a few exceptions where clients have instructed us to include the Sit Mutual Funds as an investment option in their managed accounts and client's investment objectives and restrictions which are a part of the client's investment management agreement provide for investments in the Sit Mutual Funds. In these circumstances, the client is notified of any investment in the Sit Mutual Funds. Additionally, there may be clients that invest in the Sit Mutual Funds and request that we hold shares in their client accounts. We do not charge a management fee in the client account on the assets invested in an affiliated fund, however, the client will pay the fees as an investor in the affiliated fund according to the fund's prospectus. Such fees include management fees paid to us by the fund.

Private Investment Funds

Sit Investment and its subsidiary, Sit Fixed Income Advisors II, LLC, serve as advisers, general partner, or manager to private investment companies organized as limited partnerships or limited liability companies. The private investment funds are listed below.

Funds Managed by Sit Investment:

- Sit Large Cap Fund, LLC
- Sit Small Cap Fund, LLC
- Sit Small Cap Fund II, LLC
- Sit/Kim International Fund II, LLC
- Sit Global Fund, LLC
- Sit Pac Basin Fund, LLC
- Sit Capital Fund LP
- Sit Dividend Growth Fund, LLC
- Sit Dividend Growth Fund II, LLC
- Sit Global Dividend Growth Fund, LLC
- Sit/Kim International Investment Limited Partnership

Funds Managed by Sit Fixed Income Advisors II, LLC:

- Sit Opportunity Bond Fund, LLC
- Sit Minnesota Municipal Bond Fund
- Sit Bond Fund, LLC
- Sit Municipal Opportunity Bond Fund, LLC
- Sit Short Duration Government Fund, LLC
- Sit Bond Portfolio, LP
- Sit Custom Alpha Fund, LP (a series fund)
- Sit Alpha II Bond Fund, Ltd.
- Sit Alpha III Bond Fund, Ltd.

We do not exercise our investment discretion to invest client assets in our affiliated private investment funds. However, the funds are available to our clients. If requested by a client, we may hold shares and interests of our affiliated funds in client accounts. We do not charge a management fee in the client account on the assets invested in an affiliated fund, however, the client will pay the fees as an investor in the affiliated fund according to the fund's offering documents. Such fees include management fees paid to us by the fund.

Broker Dealer Subsidiary

SIA Securities Corp. is a registered broker-dealer (Firm CRD# 35403, SEC File Number 8-46668) formed exclusively for and limited to the distribution of investment company shares of the Sit Mutual Funds to certain shareholders. SIA Securities Corp. does not perform any other brokerage activities, and has no employees of its own.

Code of Ethics, Interest in Client Transactions and Personal Trading *Item 11*

Sit Investment adopted a code of ethics applicable to all employees designed to promote, among other things, honest and ethical conduct, compliance with applicable laws, avoidance of conflicts of interest, and to prevent the misuse of material nonpublic information. The code of ethics establishes rules of conduct for all employees and is based upon the principle that we owe a fiduciary duty to our clients to conduct our affairs, including our personal securities transactions, in such a manner as to avoid (i) serving our own personal interests ahead of clients, (ii) taking inappropriate advantage of our position with the company and (iii) any actual or potential conflicts of interest or any abuse of our position of trust and responsibility. The code of ethics is designed to ensure that our high ethical standards are continually applied. Employees are required to annually certify their compliance with the code of ethics.

Sit Investment, its affiliates and employees may buy or sell for themselves securities that we also buy or sell on behalf of our clients consistent with the clients' investment objectives and restrictions. Restrictions on the personal trading activities of Sit Investment's employees include, among other things: pre-clearance of all transactions; a 10 day black-out period; a restricted security list; prohibitions on short-term trading and initial public offerings; and limits on the number of transactions over certain periods of time. The code of ethics contains various exemptions for trades we believe do not involve potential conflicts, such as government securities and open-end mutual funds. The code of ethics also contains reporting requirements so that the personal trading may be monitored. The code of ethics is designed to assure that the personal securities transactions not interfere with our making decisions in the best interest of our clients. Nonetheless, because the code of ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee.

Other prohibitions applicable to our employees include accepting gifts of more than nominal value, and borrowing money from clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Sit Investment's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price.

Sit Investment's clients or prospective clients may request a copy of the firm's code of ethics by contacting Paul Rasmussen at 612-332-3223.

Brokerage Practices *Item 12*

Research and Soft Dollar Benefits

In effecting purchases and sales of portfolio securities for the account of clients, including the investment companies, we will seek best execution of the orders. Consistent with this policy, orders for portfolio transactions are placed with broker-dealer firms giving consideration to the quality, quantity and nature of the firm's professional services which include execution, clearance procedures and market, statistical and other research information provided to Sit Investment and its clients. All these factors are taken into account in the allocation of brokerage and thus lowest price is not necessarily the determining factor. Sit Investment feels that it is to the overall benefit of its clients and clients of its subsidiary to receive these benefits from broker-dealers and not to have to duplicate these services by expensive additions to Sit Investment's staff. Nothing in this policy relieves Sit Investment of its responsibility of reviewing the research and making the ultimate determination on transactions based on its own expertise. It is quite possible that the research benefits received from any one order will not inure to the direct benefit of the client including a mutual fund placing the order but we feel that the aggregate benefits of information received from all orders will benefit all our clients, including the clients of our subsidiaries. While Sit Investment will be primarily responsible for the allocation of the client's brokerage business, the policies and practices for Sit Investment in this regard must be consistent with the foregoing and will at all times be subject to review by the client.

During 2011 Sit Investment and its affiliates received approximately 15 different services and products from 9 different broker-dealers from soft-dollar arrangements. We receive both proprietary research which is created or developed by the broker-dealer, and research created or developed by a third party. Among the services and products received were: financial, economic, and political information services and research reports; periodic specialized financial market research; financial market statistical information; industry and sector analysis; economic, political and market commentary; issuer credit research; on-line bond trading services; quantitative research and analysis; and market prices and quotation services. A complete list of the services and products received is available to clients upon request.

Although we seek best execution of transactions, obtaining research and services by means of soft dollar arrangements represents a conflict of interest since it enables us to receive research that we might otherwise have to purchase with our own money. Therefore, we may have an incentive to select a broker-dealer based on our interest in receiving the research or other products or services, rather than our clients' interest in receiving most favorable execution. We may cause clients to pay commissions higher than those charged by other broker-dealers in return for soft dollar benefits.

Order Aggregation

The aggregation or blocking of client transactions allows Sit Investment to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Our policy is to aggregate client transactions where possible and when advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. Our policy prohibits any allocation of trades in a manner that our proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts. Sit Investment has adopted a policy for the fair and equitable allocation of transactions using a pro-rata allocation method. Equity security

transactions are processed using an electronic order management system. Transactions are allocated to all applicable client accounts based on account size, cash levels, the model portfolio target weightings, and investment restrictions. Fixed income security transactions are allocated by the trader to all applicable client accounts based on portfolio characteristics such as cash and liquidity requirements, portfolio duration, quality requirements, and investment restrictions.

Certain clients have directed us to use a particular broker in effecting purchases and sales of its portfolio securities, and therefore, our services would not include selection of brokerage firms or negotiation of commission rates. Generally, under such circumstances, the client may receive products or services from the broker directly. If a client chooses to direct its brokerage to a broker other than the one through which Sit Investment will execute orders for its other clients, the client will forgo any benefit from savings on execution costs that the adviser could obtain for its other clients through, for example, discounts on batched orders.

In some situations we may execute a transaction with one broker and settle the transaction with another broker. This use of “step-outs” allows us to split the execution services and the research services from the brokers, that is by executing a transaction with an execution broker and step-out the transaction and related commissions to a broker who provides research services to book and settle the transaction.

Sit Investment has policies and procedures for the allocation of initial public offerings (“IPO’s”) to client accounts. IPO shares are allocated fairly and equitably among all advisory clients according to a specific and consistent basis so as not to advantage any firm, personal or related account and so as not to favor or disfavor any client, or group of clients, over any other. IPOs are allocated on a rotational allocation basis. Circumstances may arise in which deviation from the above procedures may be appropriate and may be approved by the Chief Investment Officer.

Cross Trades

Sit Investment may under certain circumstances effect cross-trades which means the purchase and sale of a security between two or more accounts (including pooled investment funds) managed by us or our affiliates. In certain situations it is advantageous to clients to engage in a cross-trade. These situations can arise for many reasons. Often an account will have incoming cash that needs to be invested and at the same time another account is withdrawing funds and needs to sell portfolio securities to raise cash. Another situation in which a cross-trade may be desirable is when the characteristics of a particular security change, for example from mid-cap to large-cap. An account investing in mid-cap stocks may need to sell the security while it may be desirable for a large-cap portfolio to acquire the same security.

All cross-trades are executed at a fair price and no client is disfavored by the transaction. Sit Investment receives no compensation from effecting a cross-trade. Sit Investment has policies and procedures to ensure the transactions are done on a fair and equitable basis and in the best interests of the clients. Where a registered investment company is involved in the transaction, the requirements of Rule 17a-7 under the Investment Company Act of 1940 are complied with. Commissions are not paid on purchases and sales between registered investment companies subject to Rule 17a-7 of the Investment Company Act of 1940, but such transactions may be charged transfer fees. Where an account subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) is involved in the transaction, the requirements of section 408(b)(19) of ERISA are complied with.

Generally, Sit Investment effects a cross-trade by placing simultaneous buy and sell orders for a security through an independent broker-dealer, who then effects both transactions at a determined commission. Alternatively, a cross-trade may be executed by instructing the custodians to transfer the security from

one client's account to the other. Notwithstanding the above, Sit Investment may initiate the purchase and sale of a security in the market on behalf of two or more clients on the same day but through different independent broker-dealers. Generally, such a transaction is not considered a cross-trade for purposes of the cross-trade procedures.

Review of Accounts *Item 13*

Client accounts receive almost constant review from the professional staff, including the members of the Investment Committee and the research and investment management professionals. At least one investment professional is assigned prime responsibility for a client's account, and the investment committee structure facilitates frequent account review through weekly meetings of the Investment Committee and the other investment professionals, as well as numerous informal meetings among the investment professionals. All transactions are reviewed daily by the Chief Investment Officer.

Sit Investment furnishes each client (except clients participating in a wrap program) with written reports regarding the client's portfolio which includes holdings, transactions, investment performance, the investment strategy, and other pertinent information tailored to the needs of the particular client. Portfolio reports are provided monthly, or as requested by the client. The written reports are often supplemented by frequent oral reports to the client from an investment professional and also by regular review meetings with the client as requested by the client.

Client Referrals and Other Compensation *Item 14*

Sit Investment does not compensate anyone for referring clients to us, nor do we receive compensation from other professionals for referring clients to them.

Custody *Item 15*

Sit Investment does not maintain physical custody of client assets. Clients are responsible for selecting and engaging a custodian. Clients should receive statements from the qualified custodian that holds and maintains the client's assets at least quarterly. Clients should carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Sit Investment and its affiliates provide investment advisory services and serve as general partner or manager to private investment companies organized as limited partnerships or limited liability companies, and therefore may be deemed to have custody or possession of client assets for purposes of Rule 206(4)-2 of the Investment Advisers Act of 1940.

Investment Discretion *Item 16*

Sit Investment manages client assets on a discretionary basis pursuant to the investment management agreement with each client. Investment discretion is exercised in a manner consistent with the investment objectives and restrictions for the particular client account as set forth in the investment management agreement. Clients may impose restrictions including, for example, on investing in certain companies or types of securities.

For the affiliated investment companies managed by Sit Investment, our authority to trade securities is also limited by the investment restrictions set forth in the funds' prospectus or other offering documents, and with respect to mutual funds, by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Voting Client Securities *Item 17*

Sit Investment exercises voting authority with respect to client securities unless instructed otherwise. Sit Investment maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting. Generally, our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

Clients may at any time request a copy of the proxy voting policies and procedures, and information regarding how Sit Investment voted a client's proxies.

In the absence of specific voting guidelines from the client, Sit Investment will vote proxies in the best interests of each particular client. Our policy is to vote all proxies from a specific issuer the same way for each client absent qualifying restrictions from a client.

Sit Investment will make reasonable attempts to identify any conflicts that exist between the interests of Sit Investment and the client by reviewing the relationship of Sit Investment with the issuer of each security to determine if Sit Investment or any of its employees has any financial, business or personal relationship with the issuer. If a material conflict of interest exists, the Proxy Committee will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation. Sit Investment will maintain a record of the voting resolution of any conflict of interest.

Financial Information *Item 18*

Sit Investment has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Sit Investment does not meet the conditions which would require us to provide a balance sheet financial statement.

Requirements for State-Registered Advisers

Not applicable.

Privacy Policy

Sit Investment takes our clients' personal privacy seriously. In order to provide financial products and services, we may collect nonpublic personal information about our clients from the following sources:

- information we receive from account documentation, including applications, contracts, and other forms which may include (but is not limited to) information such as a client's name, address, tax identification number or social security number, assets and income;
- information about client transactions and communications with Sit, its affiliates, agents or others which may include (but is not limited to) account numbers, balances, and transaction requests made through transfer agents, custodians or third party intermediaries.

We do not disclose any nonpublic personal information about our clients or former clients to anyone outside our organization except as necessary in order to provide services to our clients as permitted by law. For example, we may disclose nonpublic personal information about a client to a non-affiliated company assisting us in servicing client accounts such as providing a portfolio management system and transfer agent services. To safeguard our client's personal information, we insist that our service providers limit access to personal information to authorized employees and agents and maintain appropriate safeguards.

We restrict access to our clients' nonpublic personal information to those employees who need to know that information to provide products or services to our clients. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard our clients' nonpublic personal information.

This privacy policy does not apply to a client's relationship with other financial service providers, such as broker dealers, custodians or other third party intermediaries.

Business Continuation Policy

Sit Investment has adopted a Business Continuation Plan which includes various procedures to enable us to resume providing our most critical services to clients in the event our services are interrupted.

Sit Investment has secured a resumption site from an independent telecommunications and computer networking service provider at facilities located west of Sit Investment's downtown location. Pursuant to the Plan, the business resumption site will be used in the event that Sit Investment is unable to use its computer systems or occupy its Minneapolis office. Sit Investment stores computer servers and equipment at the resumption site. Telecommunication equipment and Internet access is available at the resumption site. Upon utilization, Sit Investment's system backup tapes for the most recent business day will be delivered to the resumption site and installed on the servers. The resumption site will immediately accommodate at least 10 people.

Sit Investment's critical portfolio management systems are provided by SunGuard in a service bureau environment, and can be accessed by Sit Investment remotely from the resumption site via an Internet connection or a direct high speed phone connection.

Sit Investment's Business Continuation Plan is reviewed at least annually by the Business Continuation Team.

Class Action Settlements

We do not handle or otherwise process any "class action" claims or similar settlements that clients may be entitled to for securities held in client accounts. Clients should receive the paperwork for such claims directly from their custodians. Clients should verify with their custodians whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

Brochure Supplement

Form ADV Part 2B

SIT INVESTMENT ASSOCIATES, INC.

3300 IDS Center
80 South Eighth Street
Minneapolis, MN 55402-2211

612-332-3223

March 31, 2012

This Brochure Supplement provides information about the following persons and supplements Sit Investment Associates Inc's brochure. You should have received a copy of that brochure. Please contact Paul Rasmussen or Kelly Boston at 612-332-3223 if you did not receive Sit Investment's brochure or if you have any questions about the contents of this supplement.

Our clients' assets are managed on a team basis. This brochure supplement sets forth information on the five investment professionals on the team with the most significant responsibility for the day-to-day discretionary advice provided to our clients.

Roger Jerome Sit – Born 1962

Educational Background:

BS U.S. Air Force Academy, Colorado
MS University of Southern California
MBA Harvard Business School

Business background:

Chairman, President, CEO and Global CIO of Sit Investment since 4/08
President, Co-CEO and Co-Global CIO of Sit Investment (2/08-4/08)
President and Deputy CIO of Sit Investment (3/06–2/08)
Executive Vice President – Research & Investment Management of Sit Investment (12/98-3/06).
Sr. Vice President, Director of Research of Sit Investment (1/98-12/98)
Vice President, Equity Analyst of Goldman Sachs & Co. (1991-1998)
Captain (Officer) of the U.S. Air Force (1984-1989)

Disciplinary Information. Not applicable.

Other Business Activities. Not applicable.

Additional Compensation. Not applicable.

Supervision. Sit Investment's team management process provides continuing review and supervision of all investment professionals. Additionally, Sit Investment supervises investment professionals through adherence to its compliance policies and procedures. Roger Sit reports to the Board of Directors, phone number 612-332-3223.

David A. Brown – CFA, CPA (inactive) – Born 1964

Educational Background:

BBA in Accounting from the University of North Dakota.

Business background:

Vice President – Research and Investment Management, Director of Client Services of Sit Investment since 7/1997

KPMG Peat Marwick LLP - variety of positions (1986 -1997)

Disciplinary Information. Not applicable.

Other Business Activities. Not applicable.

Additional Compensation. Not applicable.

Supervision. Sit Investment's team management process provides continuing review and supervision of all investment professionals. Additionally, Sit Investment supervises investment professionals through adherence to its compliance policies and procedures. Roger J. Sit (phone number 612-332-3223) is responsible for supervising David Brown.

Kent L. Johnson – CFA – Born 1965

Educational Background:

BS University of Minnesota

MBA University of Minnesota Carlson School of Management

Business background:

Sr. Vice President – Research and Investment Management of Sit Investment since 2008

Vice President – Research and Investment Management of Sit Investment (1998 - 2008)

Disciplinary Information. Not applicable.

Other Business Activities. Not applicable.

Additional Compensation. Not applicable.

Supervision. Sit Investment's team management process provides continuing review and supervision of all investment professionals. Additionally, Sit Investment supervises investment professionals through adherence to its compliance policies and procedures. Roger J. Sit (phone number 612-332-3223) is responsible for supervising Kent Johnson.

Ronald D. Sit – CFA – Born 1959

Educational Background:

BA Northwestern University

MM Kellogg Graduate School of Management, Northwestern University.

Business background:

Vice President - Research and Investment Management of Sit Investment since 1993

Investment Analyst of Sit Investment (1984-1993)

Disciplinary Information. Not applicable.

Other Business Activities. Not applicable.

Additional Compensation. Not applicable.

Supervision. Sit Investment's team management process provides continuing review and supervision of all investment professionals. Additionally, Sit Investment supervises investment professionals through adherence to its compliance policies and procedures. Roger J. Sit (phone number 612-332-3223) is responsible for supervising Ronald Sit.

Michael J. Stellmacher – CFA – Born 1955

Educational Background:

B.S. Agricultural Economics from the University of Wisconsin- Madison
M.S. Agricultural Economics Oklahoma State University
M.B.A. from the University of Minnesota Carlson School of Management

Business background:

Vice President – Research and Investment management of Sit Investment since 2001
The Pillsbury Company ten years employee benefit plans
Tri/Valley Growers
U.S. Department of Agriculture

Disciplinary Information. Not applicable.

Other Business Activities. Not applicable.

Additional Compensation. Not applicable.

Supervision. Sit Investment's team management process provides continuing review and supervision of all investment professionals. Additionally, Sit Investment supervises investment professionals through adherence to its compliance policies and procedures. Roger J. Sit (phone number 612-332-3223) is responsible for supervising Michael Stellmacher.

Professional Designations – Minimum Qualifications

CFA - Chartered Financial Analyst

Issued by: CFA Institute

Prerequisites/Experience Required: Candidate must meet one of the following requirements:

- 1.) Undergraduate degree and 4 years of professional experience involving investment decision-making, or 2.) 4 years qualified work experience (full time, but not necessarily investment related).

Educational Requirements: Self-study program (250 hours of study for each of the 3 levels)

Examination Type: 3 course exams

Continuing Education/Experience Requirements: None