

# Sit Tax-Free Income Fund

## Fund Overview

This annual shareholder report contains important information about Sit Tax-Free Income Fund for the period of April 1, 2024 to March 31, 2025. You can find additional information about the Fund at [www.sitfunds.com/documents](http://www.sitfunds.com/documents). You can also request this information by contacting us at 1-800-332-5580.

## What were the Fund's costs for the last year?

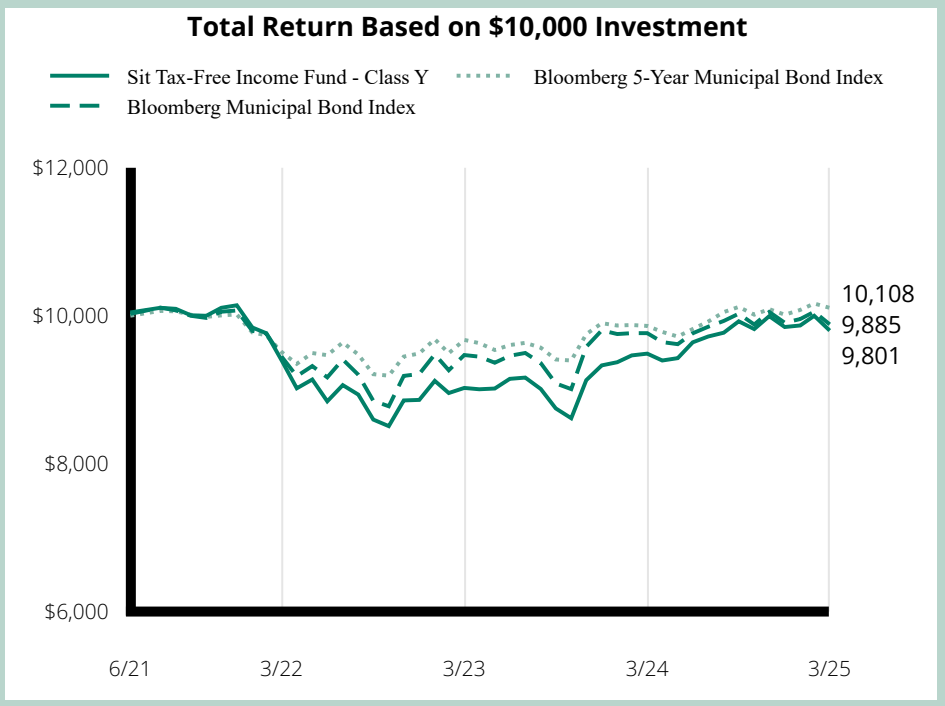
(based on a hypothetical \$10,000 investment)

| Class Name                         | Costs of a \$10,000 investment | Costs paid as a percentage of a \$10,000 investment |
|------------------------------------|--------------------------------|---|
| Sit Tax-Free Income Fund - Class Y | \$56                           | 0.55%   |

## How did the Fund perform in the past 12 months and what affected its performance?

For the 12-month period ended March 31, 2025, the Sit Tax-Free Income Fund - Class Y returned +3.29%, outperforming the Bloomberg 5-Year Municipal Bond Index's return of +2.47%. Both the U.S. Treasury and municipal yield curves steepened with yields on long bonds backing up 25 and 55 basis points respectively. As such, shorter and intermediate duration bonds generally outperformed longer bonds. Thus, the Fund was disadvantaged by a larger weighting of long duration bonds versus the benchmark, somewhat offset by its hedge in U.S. Treasury futures. Lower credit quality performed better so the Fund benefited from exposure to BBB-rated and below investment grade bonds as well as its significant allocation to non-rated bonds. From a sector perspective, the Fund's overweight in multi-family housing bonds, with a large concentration in senior living, and other revenue bonds including land secured, strongly outperformed. Conversely, the Fund's significant weighting in single-family mortgage revenue bonds lagged the benchmark.

## How did the Fund perform over the last 10 years?



The Fund continues to use the Bloomberg 5-Year Municipal Bond Index as an additional benchmark.

The line graph above shows the value of a hypothetical \$10,000 investment in the Fund over the past 10 fiscal years (or since inception if shorter). The graph above and table below are total returns, which assume the reinvestment of dividends and capital gains, if any. Neither the Fund's returns nor the index returns reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares. **The Fund's past performance is not a good predictor of the Fund's future performance.** Updated performance information is available at [www.sitfunds.com/documents](http://www.sitfunds.com/documents).

## Average Annual Total Returns (as of 03/31/25)

|                                       | 1 Year | Since Inception<br>6/1/2021 |
|---------------------------------------|--------|-----------------------------|
| Sit Tax-Free Income Fund - Class Y    | 3.29%  | -0.52%                      |
| Bloomberg Municipal Bond Index        | 1.22%  | -0.30%                      |
| Bloomberg 5-Year Municipal Bond Index | 2.47%  | 0.28%                       |

## What did the Fund invest in?

The Fund primarily invested in municipal securities, offering interest income exempt from federal regular income tax and alternative minimum tax. The tables reflect the investment makeup of the Fund as of March 31, 2025. Portfolio holdings are subject to change.

### Fund Statistics (as of 03/31/25)

|                                 |               |
|---------------------------------|---------------|
| Total Net Assets                | \$156,025,947 |
| # of Portfolio Holdings         | 350           |
| Portfolio Turnover Rate         | 26.81%        |
| Investment Advisory Fees Paid   | \$320,223     |
| Average Maturity                | 20.4 Years    |
| Effective Duration <sup>1</sup> | 5.8 Years     |

<sup>1</sup> Duration is a measure of estimated price sensitivity relative to changes in interest rates. Portfolios with longer durations are typically more sensitive to changes in interest rates. For example, if interest rates rise by 1%, the fair value of a security with an effective duration of 5 years would decrease by 5%, with all other factors being constant. The correlation between duration and price sensitivity is greater for securities rated investment-grade than it is for securities rated below investment-grade. Duration estimates are based on assumptions by Sit Investment Associates, Inc. (the "Adviser") and are subject to a number of limitations. Effective duration is calculated based on historical price changes of securities held by the Fund, and therefore is a more accurate estimate of price sensitivity provided interest rates remain within their historical range.

### Quality Ratings (% of Net Assets)

|                            |        |
|----------------------------|--------|
| AAA                        | 14.6%  |
| AA                         | 34.7   |
| A                          | 10.5   |
| BBB                        | 4.6    |
| Less Than BBB              | 0.9    |
| Not Rated                  | 27.5   |
| Other Assets & liabilities | 7.2    |
| Total                      | 100.0% |

### Adviser's Assessment of Non-Rated Securities

|       |       |
|-------|-------|
| AA    | 0.3%  |
| BBB   | 3.3   |
| BB    | 18.1  |
| < BB  | 5.8   |
| Total | 27.5% |

### Portfolio composition

|                         |        |
|-------------------------|--------|
| Single Family Mortgage  | 40.9%  |
| Other Revenue Bonds     | 20.1   |
| Multifamily Mortgage    | 9.7    |
| Education/Student Loan  | 5.0    |
| Sectors less than 5%    | 17.1   |
| Cash & Other Net Assets | 7.2    |
| Total                   | 100.0% |

## Material Fund Changes

There were no material changes to the Fund during the 12-month period ended March 31, 2025.

## Additional Information

Additional Information is available on the Fund's website at [www.sitfunds.com/documents](http://www.sitfunds.com/documents), including its prospectus, financial information, holdings, and proxy voting information.

## Householding

The SEC permits funds to deliver only one copy of shareholder documents, including prospectuses, proxy statements and shareholder reports, to fund investors with multiple accounts at the same residential or post office box address. The Sit Funds, or your financial intermediary, may household the mailing of your documents indefinitely unless you instruct the Sit Funds, or your financial intermediary, otherwise. If you would prefer that your Sit Fund documents not be househanded, please contact the Sit Funds at 1-800-332-5580, or contact your financial intermediary. Your instructions that householding not apply to delivery Fund documents will typically be effective within 30 days of receipt by the Fund or your financial intermediary.

Class Y - SNTYX

**Sit Tax-Free Income Fund**



**Sit Mutual Funds**

Annual Shareholder Report

March 31, 2025