

# Sit Mid Cap Growth Fund (NBNGX)

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Second Quarter Review - Period ended June 30, 2003

Inception 9/2/82

The Sit Mid Cap Growth Fund's three-month return was +16.8%, compared to a 17.6% return for the S&P Mid Cap 400 Index and +18.8% return for the Russell Mid Cap Growth Index. For the year, the Fund returned +1.9%, versus a 0.7% decline for the S&P Mid Cap Index and a +7.4% gain for the Russell Mid Cap Growth Index.

## Lingering fears have diminished

Mid cap stocks generally posted higher returns over the past 12 months, overcoming significant hurdles on a number of fronts, including a war with Iraq, terrorism warnings, corporate governance concerns, and muted growth in the economy. Recent market gains, however, have been particularly encouraging, as investors appear more convinced that these risks have significantly diminished. Moreover, growth stocks have fared particularly well in recent months, as signs of improvement in technology spending has led to strong sector performance in 2003.

## Economy, earnings, and prices on the rise

With equity market valuations rising to more reasonable levels, we believe stocks' future advances will be driven by earnings gains amid an improving backdrop for the economy. Catalysts for improving economic growth in the months ahead include lower energy prices, continued low interest rates, tax reductions, and improving consumer confidence.

## More exposure to growth and cyclicals

Over the past 12 months, in anticipation of an economic rebound, we have added to positions in the technology services, electronic technology, and transportation sectors. We believe these groups have great potential for accelerating earnings growth as the economy picks up steam throughout 2003 and into 2004. Conversely, we have reduced the weighting in less economically sensitive sectors, including finance and health services. Although the portfolio emphasis has shifted to become more aggressive in response to a better environment that we see ahead, the Fund remains well diversified, with at least a 3% weighting in ten different economic sectors.

As managers of (and investors in) the Fund, we are pleased to report positive returns over the three-month, YTD, and one-year periods.

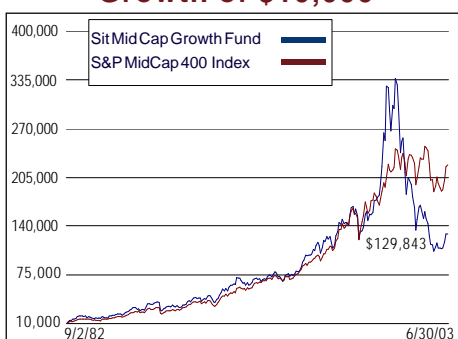
Net Asset Value 6/30/03:	\$8.06 Per Share
6/30/02:	\$7.91 Per Share
Total Net Assets: \$170.2 Million	
Weighted Avg. Mkt. Cap:	\$7.7 Billion

## Total Returns (%)

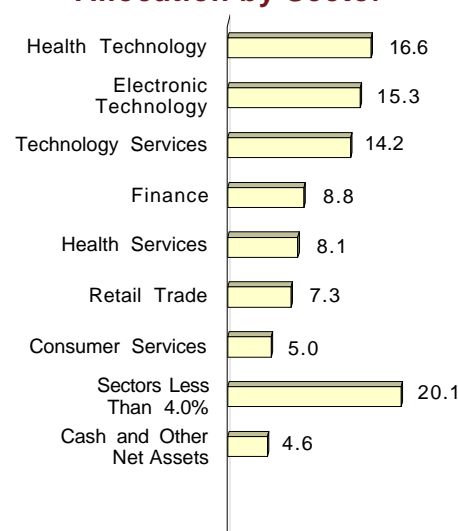
	Sit Mid Cap Growth Fund	S&P MidCap 400 Index	Russell Mid Cap Growth Index
<b>Average Annual Total Returns (%)*</b>			
3 Month**	16.81%	17.63%	18.76%
6 Month**	18.01	12.41	18.74
1 Year	1.90	-0.71	7.35
5 Years	-4.41	7.14	-0.64
10 Year	6.42	12.65	8.46
Inception (9/2/82)	13.09	16.03	n/a
<b>Cumulative Total Returns (%)*</b>			
1 Year	1.90%	-0.71%	7.35%
5 Years	-20.18	41.18	-3.18
10 Year	86.28	229.13	125.22
Inception	1198.43	2114.29	n/a

*Performance figures are historical and do not guarantee future results. Investment returns and principal value will vary, and you may have a gain or loss when you sell shares. Average annual total returns include changes in share price as well as reinvestment of all dividends and capital gains. Management fees and administrative expenses are included in the Fund's performance; however, fees and expenses are not incorporated in the Russell Mid Cap Growth Index and the S&P Mid Cap 400 Index.*

## Growth of \$10,000



## Portfolio Structure (%) Allocation by Sector



## Focus on: Devon Energy Corporation

Oklahoma City-based Devon Energy Corporation is an independent energy company. Operations primarily include oil and gas exploration, development and production, and acquiring producing properties. Approximately 90% of the company's oil and gas production and approximately 85% of its proved reserves are located in the United States and Canada.

Devon is also the largest U.S.-based independent oil and gas producer and one of the largest independent processors of natural gas and natural gas liquids in North America. With its operations tilted to natural gas, Devon stands poised to benefit from the current natural gas supply and demand situation.

## Sit Mid CapGrowth Fund Top Ten Holdings

1. TCF Financial Corp.
2. Wellpoint Health Networks, Inc.
3. Boston Scientific Corp.
4. Devon Energy Corp.
5. Teva Pharmaceutical Industries, A.D.R.
6. KLA-Tencor Corp.
7. Veritas Software Corp.
8. Analog Devices, Inc.
9. Legg Mason, Inc.
10. EchoStar Copmmunications Corp.

Total Number of Holdings: 78