

# SUMMARY PROSPECTUS

AUGUST 1, 2018



Sit Mutual Funds

## Sit Quality Income Fund

TRADING SYMBOL: SQIFX

Before you invest, you may want to review the Fund's prospectus, which contains more information about the Fund and its risks. You can find the Fund's prospectus and other information about the Fund online at [www.sitfunds.com/open/documents.php](http://www.sitfunds.com/open/documents.php). You can also get this information at no cost by calling 800-332-5580 or by sending an email request to [info@sitinvest.com](mailto:info@sitinvest.com). If you purchase shares of the Fund through a broker-dealer or other financial intermediary, the prospectus will also be available from your financial intermediary. The Fund's prospectus and statement of additional information (SAI), both dated August 1, 2018, are incorporated by reference into this summary prospectus and may be obtained at no cost online at the website, phone number, or email address listed above.

### INVESTMENT OBJECTIVE

The Fund seeks high current income and safety of principal.

### FEES AND EXPENSES OF THE FUND

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

<b>Shareholder Fees</b> ( <i>fees paid directly from your investment</i> )	None
<hr/>	
<b>Annual Fund Operating Expenses</b> ( <i>expenses that you pay each year as a percentage of the value of your investment</i> )	
Management Fees	0.90%
Acquired Fund Fees and Expenses <sup>(1)</sup>	0.01%
Total Annual Fund Operating Expenses	0.91%

<sup>(1)</sup> The total annual fund operating expenses do not correlate to the ratio of expenses to average net assets shown in the Fund's Financial Highlights, which does not include Acquired Fund Fees and Expenses.

### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. It assumes that you invest \$10,000 in the Fund for the time periods indicated, that your investment has a 5% return each year, that the Fund's operating expenses remain the same, and that you redeem all of your shares at the end of those periods. Although your actual costs and returns may be higher or lower, based on these assumptions your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$93	\$291	\$506	\$1,123

### PORTFOLIO TURNOVER

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses in the example, affect the Fund's performance. The Fund may engage in active and frequent trading of portfolio securities to achieve its principal investment strategies. During the most recent fiscal year, the Fund's portfolio turnover rate was 81.14% of the average value of the portfolio.

### PRINCIPAL INVESTMENT STRATEGIES

The Fund seeks to achieve its objective by investing under normal market conditions at least 80% of its assets in debt securities issued by the U.S. Government and its agencies, debt securities issued by corporations, mortgage and other asset-backed securities.

The Fund invests at least 50% of its assets in U.S. government debt securities, which are securities issued, guaranteed or insured by the U.S. government, its agencies or instrumentalities. The balance of the Fund's assets will be invested in investment grade debt securities issued by corporations and municipalities, and mortgage and other asset backed securities. Investment grade debt securities are rated at the time of purchase within the top four rating categories by a Nationally Recognized Statistical Rating Organization or of comparable quality as determined by the Fund's investment adviser (the "Adviser"). The Fund's dollar-weighted average portfolio quality is expected to be "A" or better.

The U.S. government securities in which the Fund will invest include direct obligations of the U.S. Treasury and securities issued or guaranteed by federal agencies or authorities and U.S. government-sponsored instrumentalities or enterprises. The Fund will invest in pass-through securities. Pass-through securities include mortgage-backed securities such as those issued by Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC). GNMA is an agency of the U.S. government and its securities are backed by the full faith and credit of the U.S. government. FNMA and FHLMC are U.S. government sponsored enterprises and their securities are backed by their credit.

The Fund may invest in securities that have not been registered for sale under the Securities Act of 1933 pursuant to Rule 144A (Rule 144A securities) which are determined to be liquid by the Adviser.

In selecting securities for the Fund, the Adviser seeks securities providing relatively high current income. In making purchase and sales decisions for the Fund, the Adviser considers its economic outlook and interest rate forecast, as well as its evaluation of a security's credit quality, yield, maturity, liquidity and the security's sector.

The Adviser attempts to maintain an average effective duration for the portfolio of approximately 0 to 2 years. The Adviser's duration target within this range is based on its interest rate forecast. Duration is a measure of total price sensitivity relative to changes in interest rates. Portfolios with shorter durations are typically less sensitive to changes in interest rates. The Fund currently hedges the Fund's duration by investing in interest rate futures and options, but not in excess of 5% of the Fund's net assets.

## **PRINCIPAL INVESTMENT RISKS**

As with all mutual funds investing in bonds, the price and yield of the Fund may change daily due to interest rate changes and other factors. You could lose money by investing in the Fund.

The principal risks of investing in the Fund are as follows:

- > Asset-Backed Securities Risk: The value of the Fund's asset-backed securities may be affected by factors including changes in interest rates, the market value of the underlying assets, and the creditworthiness of the issuer or entities that provide credit enhancements. Most asset-backed securities are subject to prepayment risk and the impact of prepayments on the value of asset-backed securities may be difficult to predict and may result in greater volatility.
- > Call Risk: Many bonds may be redeemed ("called") at the option of the issuer before their stated maturity date. In general, an issuer will call its bonds if they can be refinanced by issuing new bonds which bear a lower interest rate. The Fund would then be forced to invest the unanticipated proceeds at lower interest rates, resulting in a decline in the Fund's income.
- > Credit Risk: The issuers or guarantors of securities (including U.S. government agencies and instrumentalities issuing securities that are not guaranteed by the full faith and credit of the U.S. government) owned by the Fund may default on the payment of principal or interest, or the other party to a contract may default on its obligations to the Fund, causing the value of the Fund to decrease.
- > Cybersecurity Risk: Cybersecurity breaches may allow an unauthorized party to gain access to Fund assets, shareholder data, or proprietary information, or cause the Fund and/or its service providers to suffer data corruption or lose operational functionality.
- > Derivatives Risk: The Fund may incur losses from its investments in options, futures, and other derivative instruments. Investments in derivative instruments may result in losses exceeding the amounts invested. The Fund may use derivatives for hedging purposes. Compared to conventional securities, derivatives can be more sensitive to changes in interest rates or to sudden fluctuations in market prices and thus the Fund's losses may be greater if it invests in derivatives than if it invests only in conventional securities. Derivatives can be illiquid and difficult to value. A derivative transaction also involves the risk that a

- loss may be sustained as a result of the failure of the counterparty to the contract to make required payments.
- > **Income Risk:** The income you earn from the Fund may decline due to declining interest rates.
  - > **Interest Rate Risk:** An increase in interest rates may lower the Fund's value and the overall return on your investment. The magnitude of this decrease is often greater for longer-term fixed income securities than shorter-term securities. The Fund's exposure to risks associated with rising interest rates may be increased due to the current period of rising interest rates from historically low levels in the U.S. and the effect of potential government monetary and fiscal policy initiatives and resulting market reaction to those initiatives.
  - > **Investment Company Risk:** To the extent that the Fund invests in shares of another investment company, it will indirectly absorb its pro rata share of such investment company's operating expenses, including investment advisory and administrative fees, which will reduce the Fund's return on such investment relative to investment alternatives that do not include such expenses. In addition, the ability of the Fund to achieve its investment objective will partially depend upon the ability of the acquired fund to achieve its investment objective.
  - > **Liquidity Risk:** The Fund may not be able to pay redemption proceeds within the time periods described in this Prospectus because of an inability to sell certain debt securities with more limited trading opportunities at a favorable price or time. The reduction in dealer market-making capacity and other recent events have caused the markets for some debt securities to experience increased price volatility and reduced liquidity. Consequently, the Fund may have to accept a lower price to sell a security, sell other securities to raise cash, or give up an investment opportunity, any of which could have a negative effect on the Fund's performance. Infrequent trading may also lead to greater price volatility.
  - > **Management Risk:** A strategy used by the investment management team may not produce the intended results.
  - > **Market Risk:** The market value of securities may fall or fail to rise. Market risk may affect a single issuer, sector of the economy, industry, or the market as a whole. The market value of securities may fluctuate, sometimes rapidly and unpredictably.
  - > **Mortgage-Backed Securities Risk:** The value of the Fund's mortgage-backed securities may be affected by factors including changes in interest rates, the market value of the underlying assets, and the creditworthiness of the issuer or entities that provide credit enhancements. Mortgage-backed securities are subject to prepayment risk, and the impact of prepayments on the value of mortgage-backed securities may be difficult to predict and may result in greater volatility.
  - > **Prepayment and Extension Risk:** Declining interest rates may compel borrowers to prepay mortgages and debt obligations underlying the mortgage-backed securities owned by the Fund. The proceeds received by the Fund from prepayments will likely be reinvested at interest rates lower than the original investment, thus resulting in a reduction of income to the Fund. Likewise, rising interest rates could reduce prepayments and extend the life of securities with lower interest rates, which may increase the sensitivity of the Fund's value to rising interest rates.
  - > **Reinvestment Risk:** Income from the Fund's debt securities portfolio will decline if and when the Fund invests the proceeds from matured, traded or called securities in securities with market interest rates that are below the current earnings rate of the Fund's portfolio.
  - > **Rule 144A Securities Risk:** The value and liquidity of these securities may be adversely affected in the event that the number of qualified institutional buyers interested in purchasing 144A securities is limited, the Fund might be unable to dispose of such securities promptly or at reasonable prices, and they may be subject to greater volatility.
  - > **Temporary Investment Risk:** A Fund may hold cash and/or invest all or a portion of its assets in short-term obligations in response to adverse market, economic or other conditions when the investment management team believes that it is in the best interest of the Fund to pursue such a defensive strategy. A Fund may not achieve its investment objective when it holds cash or invests its assets in short-term obligations.
  - > **U.S. Government Securities Risk:** Securities purchased by the Fund issued by Fannie Mae and Freddie Mac are neither issued nor guaranteed by the U.S. Treasury and, therefore, are not backed by the full faith and credit of the United States. There is a risk that the U.S. government will not provide financial support to U.S. government agencies or instrumentalities if it is not obligated to do so by law.
  - > **Valuation Risk:** The Fund may hold securities for which prices from pricing services may be unavailable or are deemed unreliable, in which case the Fund's procedures for valuing investments provide that the Adviser shall use the fair value of such securities for valuing investments. There is a risk that the fair value determined by the Adviser or the price determined by the pricing service may be different than the actual sale prices of such securities.

## HISTORICAL PERFORMANCE

The following tables provide information on the Fund's volatility and performance. The Fund's past performance before and after taxes is not necessarily an indication of how the Fund will perform in the future. The bar chart below is intended to provide you with an indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year.

The table below compares the Fund's performance over different time periods to that of the Fund's benchmark index, which is a broad measure of market performance. The table includes returns both before and after taxes. After-tax returns are calculated using historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

The performance information reflects Fund expenses, and assumes that all distributions have been reinvested. The benchmark is an unmanaged index, has no expenses, and it is not possible to invest directly in an index.

### Annual Total Returns for calendar years ended December 31



The Fund's year-to-date return as of 6/30/18 (not annualized) was 0.10%.

Best Quarter: 0.50% (2Q17).

Worst Quarter: -0.17% (3Q15).

### Average Annual Total Returns for periods ended December 31, 2017

Sit Quality Income Fund	1 Year	5 Years	Since Inception <sup>(1)</sup>
Return before taxes	1.16%	0.59%	0.59%
Return after taxes on distributions	0.66%	0.19%	0.18%
Return after taxes on distributions and sale of Fund shares	0.66%	0.27%	0.27%
Bloomberg Barclays 1-3 Year Government/Credit Index (reflects no deduction for fees, expenses or taxes)	0.84%	0.84%	0.84%

<sup>(1)</sup> 12/31/12

## **INVESTMENT ADVISER AND PORTFOLIO MANAGERS**

Sit Investment Associates, Inc. serves as the Fund's investment adviser. The Fund's investment decisions are made by a team of portfolio managers and analysts who are jointly responsible for the day-to-day management of the Fund.

The primary portfolio managers of the Fund are:

**Michael C. Brilley**, Senior Vice President, has served as Chief Fixed Income Officer of the Fund since its inception.

**Bryce A. Doty**, Vice President – Investments, has served as Senior Portfolio Manager of the Fund since its inception.

**Mark H. Book**, Vice President – Investments, has served as Portfolio Manager of the Fund since its inception.

**Christopher M. Rasmussen**, Vice President and Portfolio Manager of Sit Fixed Income Advisors II, LLC, has served as a Portfolio Manager of the Fund since its inception.

## **PURCHASE AND SALE OF FUND SHARES**

The minimum initial investment for shares of the Fund is \$5,000. The minimum subsequent investment is \$100. The Fund's shares are redeemable. In general, you may buy or redeem shares of the Fund on any business day by mail (Sit Mutual Funds, P.O. Box 9763, Providence, RI 02940) or by phone (1-800-332-5580).

For additional information, please see "Buying and Selling Shares" in the Prospectus.

## **TAX INFORMATION**

The Fund's distributions will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement such as a 401(k) plan or an individual retirement account, in which case such distributions may be taxable at a later date.

Distributions paid from any interest income and from any short-term or long-term capital gains will be taxable whether you reinvest those distributions or receive them in cash. Distributions paid from a Fund's net long-term capital gains, if any, are taxable to you as long-term capital gains, regardless of how long you have held your shares.

## **PAYMENTS TO BROKER-DEALERS AND OTHER FINANCIAL INTERMEDIARIES**

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank or financial adviser), the financial intermediary may impose account charges. The Fund and its related companies may also pay that intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary to recommend the Fund over another investment. Ask your intermediary or visit your intermediary's website for more information.