



Sit Investment Associates provides quality investment management expertise in domestic and international growth equities and fixed income. Investment management services are offered across four channels: Separate Accounts, Private Investment Funds, Collective Investment Funds, and Mutual Funds. We take pride in serving as a true extension of our clients' operations, providing highly individualized service in an increasingly challenging economic and financial environment.

We view investing as the practice of applying a consistent philosophy and decision-making process over meaningful time periods. In fact, the firm's success is built on long-term client relationships, which in turn are built on a foundation of trust, commitment, understanding, and expertise.

The firm is owned by its seasoned investment professionals, who work hands-on in every aspect of the investment process and client service. We are 100 percent committed to achieving clients' investment objectives, because our clients' success results in our success.

Global Investment Outlook and Strategy

June 10, 2019

Following the strongest four-month start to the year since 1987, global equities pulled back in May on a breakdown in U.S.-China trade negotiations and recommencement of previously-postponed tariff hikes. Financial markets were subsequently blindsided at the end of the month by President Trump's declaration that he would also impose a 5 percent tariff on Mexican imports, potentially rising to 20 percent, if Mexico does not do more to stem the tide of refugees to the U.S. border. However, the blow to investor sentiment was somewhat softened by heightened expectations that the Federal Reserve will cut interest rates to mitigate any fallout on the U.S. economy. The impact of tariffs on global growth is expected to be partially offset by heightened policy responses, notably in China. However, when combined with rising geopolitical risks (i.e., Brexit, Iran, North Korea, etc.), the knock-on effects of a protracted trade conflict to confidence, investment, and consumer expenditures could definitely slow some vulnerable economies even into recession. The U.S. economy remains on relatively solid footing, trade policy uncertainty and the slowdown in global growth notwithstanding. However, we continue to project GDP growth will moderate to a trendline of roughly +2.2 percent exiting 2019 as the direct impacts of fiscal stimulus diminish. Fixed

income yields decreased markedly in May. Specifically, U.S. Treasury yields decreased approximately 35 to 40 basis points, and high-grade municipals decreased approximately 15-25 basis points. Tax-exempt credit spreads tightened modestly. Tax-exempt market technicals remain favorable with record fund flows, modest supply, and projected net negative supply over the next few months. As a result, we have a favorable outlook for near-term price performance, although we think income will be the primary driver of performance over the remainder of the year.

For more details, including a longer discussion of the significance of an inverted yield curve, please see Sit Investment Associates' April 2019 Global Investment Outlook and Strategy paper. Click here: [Global Outlook and Strategy](#) (Adobe Acrobat) or e-mail us at: siainfo@sitinvest.com.

Barron's 2018 Top Mutual Fund Families

Barron's ranks Sit Mutual Funds a top mutual fund family for 2018. [See the rankings](#) and learn how Sit Mutual Funds earned 7th place.

MMAF Has Awarded Over 17,000 Grants

Since its inception in 2005, Minnesotan's Military Appreciation Fund (MMAF) has awarded over 17,000 grants totaling over \$10.5 million to Minnesota military personnel and their families. MMAF is a non-partisan, non-political 501(c)(3) non-profit corporation. It is a statewide fundraising initiative by the citizens of Minnesota. Its mission is to say "thanks" to Minnesota service members and their families by providing cash grants to those who are making sacrifices in the defense of our freedoms in combat zones around the world.

The tragedy of 9/11 compelled the late Eugene C. Sit, founder of Sit Investment Associates Inc., to create MMAF in order to thank and give back to Minnesota service members. Sit Investment Associates Inc. continues to support the efforts of MMAF.

To donate and learn more about Minnesotans' Military Appreciation Fund, please visit the website at www.thankmntroops.org.

612-332-3223 | e-mail: siainfo@sitinvest.com | Copyright 2007-2017 Sit Investment Associates, Inc.

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