



## Cash vs Tax-Exempt Municipals with the Federal Reserve Poised to Cut Rates

### The compelling case we believe municipal bonds currently offer

Maintaining high cash balances is enticing with money market and short-term CDs yielding around 4.50%. While cash may seem appealing in the short term, these rates are expected to decrease once the Federal Reserve starts cutting rates. Current projections show as many as three rate cuts by year end. In contrast, a diversified portfolio of municipal bonds with a hypothetical yield of just 3.00% offers a taxable equivalent yield over 5.00%. That's before taking into account state income taxes which would result in an even greater taxable equivalent yield to investors in their respective states investing in a state specific portfolio.

We believe municipal bonds currently present a compelling case as a superior long-term investment strategy in this environment. Instead of holding substantial cash balances, allocating funds to an intermediate-term ladder portfolio of bonds offers several advantages:

- **Historical Performance:** Historically, bonds have consistently outperformed cash over extended periods due to higher yields, despite short-term fluctuations.
- **Current Yield Opportunities:** Municipal bonds are currently offering yields at or near their highest level since the Great Financial Crisis.
- **Federal Reserve Policy Impact:** The Fed's move towards rate cuts could potentially lead to bond prices increasing, benefiting bondholders and offsetting any initial yield advantages in cash.

Moreover, investing in a ladder portfolio strategy diversifies risk across various bond maturities, allows investors to capitalize on different interest rate environments over time. This approach enhances the potential for higher returns compared to cash investments.

Looking ahead, with inflation seemingly under control and potential rate cuts on the horizon, municipal bonds, particularly when managed through a diversified ladder approach, appear likely to deliver superior performance compared to cash investments. Thus, for investors seeking stable and potentially higher returns over the medium to long term, municipal bonds represent a compelling option.

### Viking Tax-Free Fund for Montana // VMTIX

Effective Rate	3.09%
Tax-Equivalent Yield	5.80%
Average Weighted Maturity	12.70 Years
Modified Duration	5.62 Years

Data as of 6/30/2024

VMTIX returns for the period ended 6/30/2024: YTD -0.69%, 1-year 2.10%, 3-years -1.51%, 5-years 0.26%, SI 0.84%; Due to inception date of 8/1/2016, 10-year returns are unavailable; Total Annual Fund Operating Expenses Gross of Fee Waivers and Expense Reimbursements is 0.92%; Total Annual Fund Operating Expenses After Fee Waivers and Expense Reimbursements are 0.73%; 30-Day SEC Yield is 3.066% subsidized, 2.849% unsubsidized.

The performance data represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain performance data current to the most recent month-end, an investor may call toll free (800) 276-1262 or visit [integrityvikingfunds.com](http://integrityvikingfunds.com).

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Bond prices and, therefore, the value of a bond fund will decline as interest rates rise. Because the Fund invests in securities of a single state, the Fund is more susceptible to factors adversely impacting the respective state securities than a municipal fund that does not concentrate its securities in a single state. All or a portion of the Fund's dividends may be subject to state and local taxes and, where applicable, federal alternative minimum tax (AMT).

The Fund's use of derivatives, such as futures and options, may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. The more the Fund invests in leveraged instruments, the more the leverage will magnify any gains or losses on those investments. These risks may cause the Fund to experience higher losses and/or volatility than a fund that does not invest in derivatives and/or leverage.

The Taxable Equivalent Yield assumes a federal income tax rate of 40.80% (based on an income tax rate of 37% and net investment income tax of 3.8% commonly referred to as the Medicare Contribution Tax) and a state tax rate of 5.70%. It is for illustrative purposes only and is not indicative of past or future performance of the Fund. The Taxable Equivalent Yield is based on the Class I Share Effective Rate. The Effective Rate is calculated assuming distributions are reinvested.

Duration calculated according to the modified duration formula. Duration is an indication of a fund's sensitivity to changes in interest rates. Please note, duration numbers will change as market conditions change; therefore duration should not solely be relied upon to indicate a municipal bond fund's potential volatility.



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