

# Integrity Short Term Government Fund

Class I / MDSIX

## ANNUAL SHAREHOLDER REPORT

The Integrity Funds  
July 31, 2024



This shareholder report contains important information about the Integrity Short Term Government Fund.

Period covered:

August 1, 2023 through July 31, 2024

You can find additional information about the Fund at [www.integrityvikingfunds.com/documents](http://www.integrityvikingfunds.com/documents) or by calling us at (800) 276-1262.

### What were the Fund costs for the past year?

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

Class Name	Cost of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
Class I	\$55	0.55%

### How did the Fund perform last year and what affected its performance?

For the 12-month period ended July 31, 2024, the Fund had a total return of 7.75% which outperformed its benchmark, the ICE BofA 1-3 Year US Treasury Index which had a total return of 5.35%. Fixed income sectors in general benefited from the pivot in Fed policy, when the FOMC indicated in its December 2023 meeting a gradual shift of monetary policy from a “higher for longer” regime to prospective rate cuts. The portfolio’s weighting in certain Ginnie Mae mortgage-backed securities sectors and security selection further contributed to the total return of the Fund.

### What Factors Influenced Performance?

The spread of Agency mortgage-backed securities over Treasuries tightened significantly from the wide levels that prevailed during the Fed hiking campaign. A higher overall yield also improved the income return of the portfolio. Short duration Agency mortgage-backed securities backed by loans originated post the COVID pandemic contributed meaningfully to performance. Lastly, yield curve reshaping positively impacted returns as 2-year Treasury yields decreased by 62 basis points over the 12-month period, while the 10-year Treasury yields was higher by 7bps.

### Positioning (Sector)

The portfolio continues to overweight Agency mortgage-backed securities relative to Treasuries and, more specifically, Ginnie Mae Project Loan mortgage-backed securities. Also, the Fund has a moderately longer duration than the benchmark which should be a benefit if short maturity Treasury yields decline.

### Performance

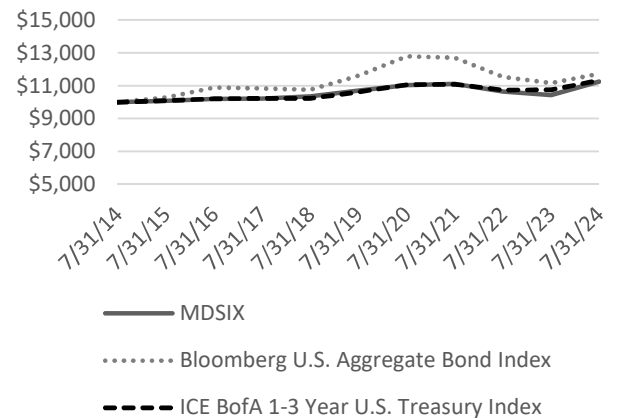
Income and positive price return each contributed about half of the total return over the 12-month period. The portfolio yield also exceeded that of the benchmark over the 12-month period.

### How did the Fund perform over the past 10 years?\*

The chart below reflects a hypothetical \$10,000 investment in the class of shares noted. The chart uses total return NAV performance and assumes reinvestment of dividends and capital gains. Fund expenses, including 12b-1 fees, management fees and other expenses were deducted.

### CUMULATIVE PERFORMANCE

August 1, 2014 through July 31, 2024



### AVERAGE ANNUAL TOTAL RETURN (%)

For the Periods Ended July 31, 2024

	1 Year	5 Years	10 Years
Class I	7.75	0.99	1.18
Bloomberg U.S. Aggregate Bond Index	5.10	0.19	1.61
ICE BofA 1-3 Year U.S. Treasury Index	5.35	1.31	1.26

\* The Fund’s past performance is not a good predictor of the Fund’s future performance. The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemptions of Fund shares.

## What are some key Fund statistics?

(as of July 31, 2024)

<b>Total Net Assets (Millions)</b>	\$16.9
<b>Number of Holdings</b>	121
<b>Total Advisory Fee Paid</b>	\$0
<b>Annual Portfolio Turnover</b>	57%

## What did the Fund invest in?

(as of July 31, 2024)

<b>Sectors</b>	<b>% Net Assets</b>	<b>Top 10 Holdings</b>	<b>% Net Assets</b>
Mortgage Backed Securities	96.1	Ginnie Mae II Pool, 6.500% 04/20/54	3.45
		Fannie Mae Pool, 5.500% 05/01/53	2.67
U.S. Government Note/Bonds	2.8	Freddie Mac REMICS, Variable Rate 02/15/42	2.46
Cash Equivalents and Other	1.1	Fannie Mae Pool, 6.000% 01/01/53	2.41
		Freddie Mac Pool, 5.500% 01/01/53	2.40
		Fannie Mae Pool, 6.000% 01/01/43	2.34
		Freddie Mac Pool, 6.000% 02/01/43	2.25
		Freddie Mac Pool, 6.500% 10/01/2053	2.19
		Ginnie Mae II Pool, 7.000% 02/20/54	2.08
		Freddie Mac REMICS, Variable Rate 07/15/32	2.07

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## Where can I find additional information about the Fund?

Additional information is available on the Fund's website, including...

- Prospectus
- Financial information
- Portfolio Holdings
- Proxy voting information

**Website address:** [www.integrityvikingfunds.com/documents](http://www.integrityvikingfunds.com/documents)

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