IntegrityVikingFunds®
THE NICHE FUND GROUP

Finding Value in 2022

Value investors seek companies with solid fundamentals, often undervalued by the market. Growth investors seek companies with above average revenue growth and growth potential. When market conditions fluctuate as they have for the past several months, style returns correspond and we believe we are in a strong value centric cycle.

March 2022

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Value vs. Growth

Value Stock

- **Undervalued:** Value stocks often trade at lower valuations than other companies in their sector or industry. When share prices fall but a company's underlying fundamentals remain strong, value stocks become "affordable" in the short term and can lead to long term gains.

- **Lower P/E Ratios:** Value stocks are generally lower-priced than the broader market in terms of price-to-earnings (P/E) ratio, especially compared to growth stocks.

- **Income Streams Through Dividends:** Value companies tend to be larger and more established businesses and earnings often grow on a more consistent basis. Because of their sizes, many value companies opt to pay significant amounts of earnings directly to shareholders in the form of dividends. This offers an additional source of income to shareholders, although dividends are not guaranteed.

- **Less Volatile:** Because value stocks are priced more conservatively, share prices often move less than the market average. The trade-off for price stability may be a longer holding period until payout. Since value stocks may have more stable capital appreciation, they could be well suited for long term investors.

Growth Stock

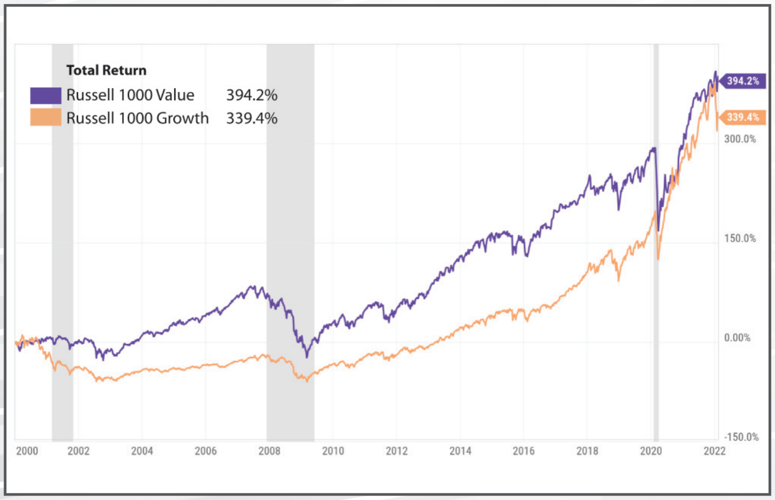
- **Track Record:** Growth stocks are typically younger but have grown revenue and earnings at an above average rate and are expected to continue. Some growth companies often ignore profitability to continue pushing revenue results. Consistently high growth rates are believed to justify higher valuations.

- **Higher P/E Ratios:** Because investors expect their earnings to continue growing, growth stocks carry high valuations such as above average P/E and price-to-sales (P/S) ratios. A strong forward P/E, which considers estimates made by the company and Wall Street analysts, indicates an expectation of continued growth for these companies.

- **More Growth:** Growth companies frequently opt to reinvest earnings instead of paying dividends to shareholders. This makes an investor's return on investment much more dependent on share price appreciation. When a growth stock reinvests back into its own business, it increases the likelihood of capital appreciation.

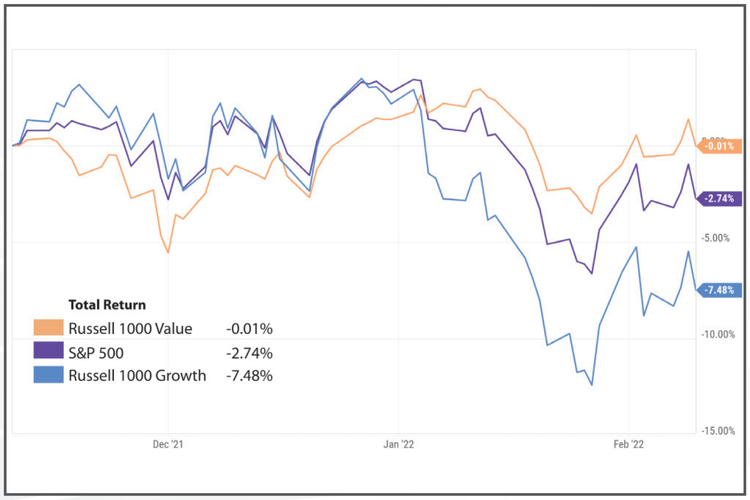
- **More Volatile:** Because of their higher valuations, growth stock prices can be more volatile than the broader market average. When share prices rise quickly, they can also plummet quickly if a company misses expectations or if forward growth projections slow.

Value vs. growth during recent recessionary periods:



Source: YCharts; Date Range: 12/31/1999 – 2/10/2022.

Value outperformed growth in the previous 3-month period:



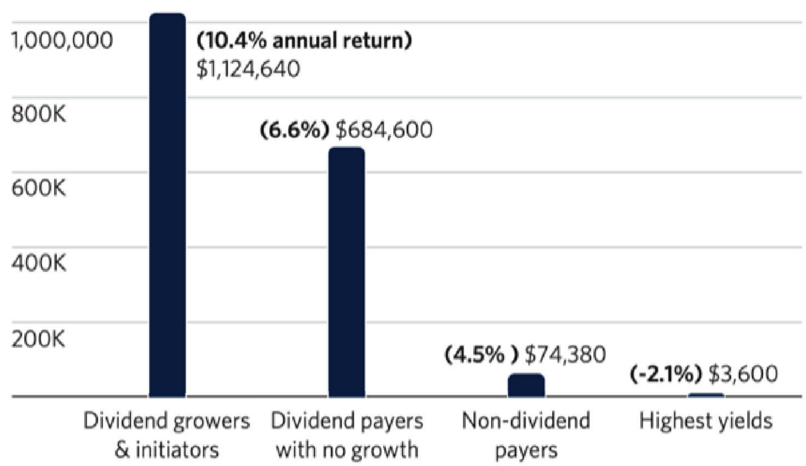
Source: YCharts; Data for the 3-month period ended 2/10/2022.

The Importance of Dividends to Long Term Investors

When growth decelerates and inflation accelerates, investors seeking yield may look to dividend payers as a potential source of income.

Returns of S&P 500 by Dividend Policy

Annual average rate growth of $10k since 1972



Source: Ned Davis Research, 12/31/1971 – 12/31/2020. Uses indicated annual dividends on a rolling 12-month basis. Highest yields = Top 20%. Past performance may not be an indication of future results. The S&P 500 is an unmanaged index and is not meant to depict an actual investment. Does not include transaction costs or taxes. Dividends can be increased, decreased or eliminated at any point without notice. **Past performance does not guarantee future results.**

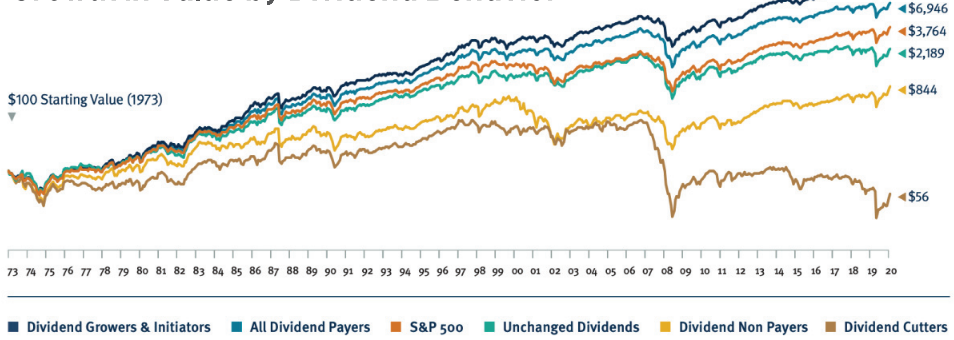
Our value stock selection process is driven by the following guiding principals:

- Above average yield
- Consistent, growing dividends
- Capital preservation
- Cash flow
- Valuation
- Stable earnings growth

The Importance of Value/Income Investing as an Allocation for Long Term Investors

Recognizing that growth has established a very solid run over the past 20 years, we believe clients may be best served with an allocation of their overall portfolio to value/income investing.

Growth in Value by Dividend Behavior



Source: Ned Davis Research, 12/31/20. Returns based on equal-weighted geometric average of total return of dividend-paying and non-dividend-paying historical S&P 500 index stocks, rebalanced annually. The chart uses actual annual dividends to identify dividend-paying stocks and changes on a calendar-year basis. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

"All intelligent investing is value investing – acquiring more than you are paying for. You must value the business in order to value the stock." ***–Charlie Munger, American Billionaire Investor***

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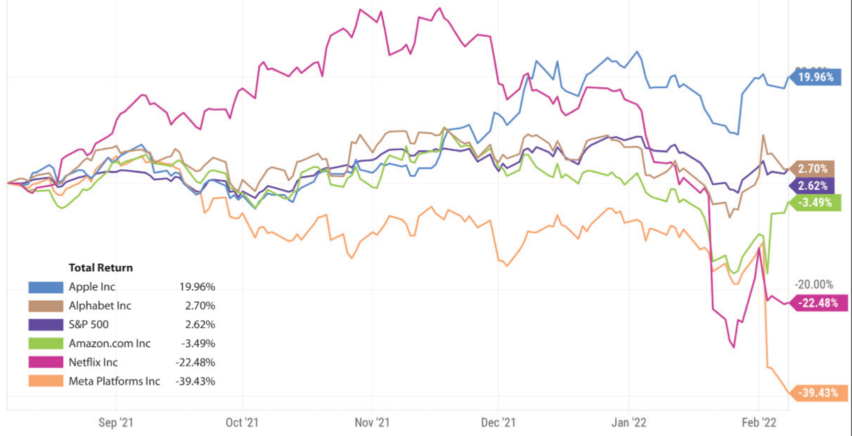
Risk Factors

We see elevated risk in 2022 based on the following 4 factors:

1. **Geopolitical:** Between 2+ years of a world-wide pandemic and economic shutdowns as well as instability in Ukraine, UAE and Taiwan, fear has emerged as a leading factor in investing.

2. **Inflation / Fed Policy:** Core CPI over 7% has lead many economists to suggest multiple rate hikes for 2022 ranging from 3-7. Rate hikes have historically lead to economic slow downs which in turn may lead to our next risk factor – disappointing earnings.

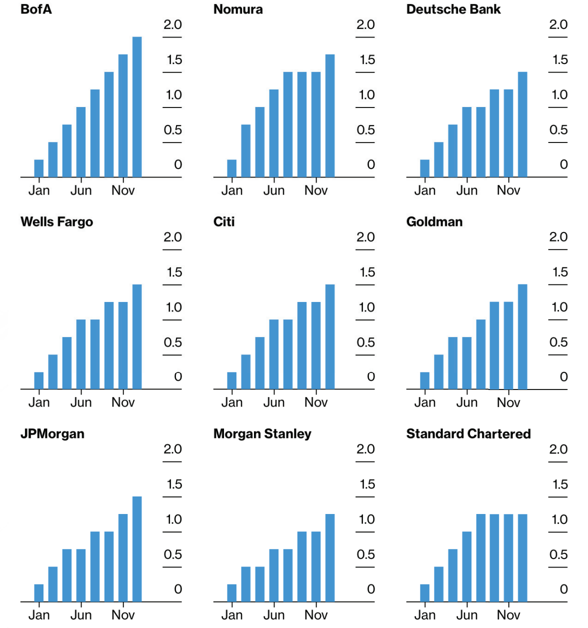
FAANG Stocks Mixed: 6-Month Performance



Source: YCharts; Date range: 8/6/2021 – 2/8/2022. **Past performance does not indicate future results.**

Ready to Launch

Top banks are split over speed that Fed will hike this year



Source: Bloomberg, 1/31/2022.

3. **Disappointing Earnings:** This is especially concerning for growth stocks as evidenced by the dramatic drop in Meta and Netflix as a result of their 4Q earnings and first quarter projections. Their sharp declines caused outsized pain to the overall market as both companies hold significant weighting in the S&P 500.

4. **Big Tech (FAANG) S&P 500 Weighting:** The five stocks listed above account for approx. 17% of the S&P 500 and roughly 1/3 of the Nasdaq as of 2/8/2022.

CNN Money Fear & Greed Index:

What emotion is driving the market now?

Source: CNN Money, 3/1/22.

At Integrity Viking Funds, we don't predict. We plan.

As the risk factors identified above continue to play out, we continue our conviction in the equity income investment space. Long term thinking while mitigating short term risk has been our investment thesis for three decades and our planning to weather similar cycles is why we believe 2022 can still be a great year for our investors.

About Us

Disclosures

Click tickers below to learn more about the Integrity Viking Fund Family:

Equity Funds	**Class A**	**Class C**	**Class I**
Integrity Dividend Harvest Fund	IDIVX	IDHCX	IDHIX
Integrity ESG Growth & Income Fund	IGIAX	IGIUX	IGIVX
Integrity Mid-North American Resources Fund	ICPAX	ICPUX	ICWIX
Corporate Bond Funds	**Class A**	**Class C**	**Class I**
Integrity High Income Fund	IHFAX	IHFCX	IHFIX
Tax-Free Municipal Bond Funds	**Class A**		**Class I**
Kansas Municipal Fund	KSMUX		KSITX
Maine Municipal Fund	MEMUX		MEIMX
Nebraska Municipal Fund	NEMUX		NEITX
Oklahoma Municipal Fund	OKMUX		OKMIX
Viking Tax-Free Fund for Montana	VMTTX		VMTIX
Viking Tax-Free Fund for North Dakota	VNDFX		VNDIX
Government Bond Funds	**Class A**		**Class I**
Integrity Short Term Government Fund	MDSAX		MDSIX

Our Funds are sold by prospectus only. An investor should consider the investment objectives, risks, and charges and expenses of the Funds carefully before investing. The prospectuses contain this and other information about the Funds. You may obtain prospectuses at no cost from your financial adviser or at www.integrityvikingfunds.com. Please read the prospectuses carefully before investing.

Past performance is not indicitive of future results.

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Mutual fund investing involves risk. Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in US Agency Mortgage Backed Securities include additional risks that investors should be aware of such as prepayment risk, extension risk, and possible illiquidity.

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