

## Continued Muni Market Dislocation May Offer Opportunity

Historical data suggests now could be the time to buy the bond market

Global Markets have experienced significant volatility as a result of recent tariff policies, and in our view, municipal bonds in particular have moved into oversold territory. This current municipal market decline has been driven by forced selling, stemming from a combination of factors: last week's sharp rise in 10-year US Treasury rates, record muni ETF outflows, high tax-exempt supply, reduced reinvestment capital, and recent record bid wanteds.

### Compelling Investment Story

As of the close of the muni market on April 11<sup>th</sup>, municipal bond yields were at their highest levels since late 2008 for 10-year bonds and since 2011 for 30-year bonds. The 10-year AAA rated muni settled at 3.66%, which is over 6% on a taxable equivalent basis at the top tax bracket. For comparison, the 10-year treasury settled at 4.48%, bringing the muni-Treasury ratio to 81.7%, a level not seen in many years. For reference, at the end of 2024 the ratio was at 66.7%. While the recent volatility has introduced short-term uncertainty, it has also highlighted cheap valuations typically reserved for historic events. We anticipate that the recent muni-Treasury ratio spike will reverse, as it has in previous periods of volatility, providing what we believe is a compelling investment story.

### Positive Outlook

While it's uncertain when stability will return to the municipal market, it's evident that the ongoing market dislocation presents opportunities for investors with available capital to deploy at these higher levels, especially when compared to alternative taxable fixed-income options. Historically, times like these have proven to be some of the best times to buy the market. The positive outlook for municipal performance is also supported by the increasing consensus that GDP will decline, with the Federal Reserve likely entering a deeper easing cycle by the end of 2025.

### Viking Tax-Free Fund for North Dakota // VNDIX

Effective Rate	3.45%
Tax-Equivalent Yield	6.09%
Average Weighted Maturity	15.50 Years
Modified Duration	8.93 Years

Data as of 3/31/2025

VNDIX returns for the period ended 3/31/2025: YTD -1.22%, 1-year -2.33%, 3-years -0.98%, 5-years -1.00%, SI 0.18%; 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 1.05%; Total Annual Fund Operating Expenses After Fee Waivers and Expense Reimbursements are 0.73%; 30-Day SEC Yield is 3.298% subsidized, 2.891% 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 2.50%. 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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