Fund Commentary • Q4 2017

Amana Mutual Funds Trust

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Environment

Not What You Might Have Expected from the Headlines

2017 was a remarkable year for equity markets around the world but not entirely in the way we normally think of a "Great Year for Stocks." While the percentage gains were significant, they were not unprecedented. As recently as 2013, the S&P 500 Index (SPX) returned 32.39% compared to the 21.82% gain of 2017. That said, the consistency of price appreciation and absence of reversals (volatility) was unprecedented. There was not a single month during 2017 when the total return of the S&P 500 was negative.[1] Considering multiple Fed rate hikes, escalating tension with North Korea, President Trump's restive Twitter rhetoric, administration departures, and an ongoing FBI investigation, that's pretty surprising. We saw similarly steady market appreciation in 1995 and 2006, but in each of those years the total return was negative for at least one month. Our data goes back to 1986, and 2017 is the first year since then that the monthly total return record was unblemished. Have investors become so accustomed to buying dips that the slightest price decline brings support? While that may play a role, other factors were likely at work. The first may be that analysts did not start the year with excessive optimism. Usually the consensus estimate for aggregate market earnings declines, often precipitously, from the initial figure. In 2017, however, earnings estimates were stable throughout the year, supported by better-than-anticipated economic performance and a weakening of the US dollar, which increases earnings for US companies selling abroad. As a result, earnings themselves provided support for the market's rise.

The corporate tax rate has been cut from 35% to 21%.

Secondly, hope springs eternal, and despite multiple failed attempts to repeal the Affordable Care Act, tax reduction remained firmly in Republican sights. Growing confidence that a bill would be passed contributed to the strongest market appreciation of the year during the fourth quarter. That confidence was rewarded with the tax bill's passage and a cut in the corporate tax rate from 35% to 21%. While the median tax rate paid by profitable, large US corporations is lower than either the previous or new statutory rates (as low as 16% according to Forbes[2]), companies that primarily operate in the US and smaller companies lacking an army of tax accountants will undoubtedly benefit from the reduction. Other beneficiaries are companies with large piles of cash stashed overseas. On one hand, the tax bill imposes a "deemed repatriation" tax of 15.5% on liquid assets and 8% on less liquid assets,[3] so overseas cash is no longer shielded from taxation. Nor will future earnings be shielded as the US moves to a territorial taxation system. On the other hand, 15.5% is more attractive than 35%, and the strategies companies have adopted to create profits overseas have clearly paid off. Whether the tax system reform spurs companies to bring money back to the US will depend on their individual circumstances and the most efficient uses for their overseas assets. Apart from the lower rates, that may be the most important aspect of the tax reform bill. Companies will have less incentive to allocate cash solely to reduce taxation and more incentive to allocate cash in the most economically efficient fashion.

While all eyes were focused on US stock market returns and tax reform, overseas markets did just as well and often better. Japan's TOPIX Index returned 26.61%.[4] Germany's DAX Index and the French CAC 40 Index gained 28.25% and 28.28%, respectively, while Hong Kong's Hang Seng Index soared 40.22%. As noted earlier, economic growth exceeded expectations, especially in Europe and Japan, and returns in those regions were helped by currency strength versus the US dollar. Even emerging markets joined in for the first time in several years with the MSCI Emerging Markets Index gaining 37.28%.

Outlook

2018 brings a new tax regime, a new head of the Federal Reserve, and, potentially, a new push to restore US infrastructure. In the right combination, these could lead to another year of respectable stock market returns, and the best course of action for most is to remain fully invested. Arguably, the tax bill should lead to a one-time reset of stock prices as the future benefits of lower taxes are discounted at an appropriate rate and reflected in valuations. Whether that has already happened cannot be determined precisely, but we see two effects. Companies are starting to provide updated earnings guidance in light of the bill, and for domestically oriented firms the increases can be surprisingly large. Other companies that have engaged in international tax minimization strategies are revealing their bills for deemed repatriation, which can also be large. Some, such as Apple, had fully reserved for the potential taxation of their overseas earnings and will enjoy hefty write-backs. Most companies, however, have not. The tax bills involve real cash and will sting but are unlikely to affect share prices significantly given the other benefits of the bill.

Following three rate increases in 2017, we expect only two additional hikes this year. We believe the normalization of interest rates to be a positive development and are not concerned that the increases will choke off economic activity. The wild card is new Federal Reserve Chairman Jerome Powell supplanting Janet Yellen, who had the misfortune to be appointed by Barack Obama, making it inescapable that Donald Trump would replace her. Mr. Powell is certainly qualified to assume the role, but change always brings uncertainty. Will he maintain the pace of rate hikes or pause and risk a resurgence in inflation?

Mr. Powell's actions may be governed to an extent by whether Congress and the president are able to agree on an infrastructure program. That US infrastructure is in dire straits cannot be seriously argued. The time to aggressively invest (more aggressively than the stimulus package) would have been in the aftermath of the Global Financial Crisis when interest rates were lower and there was slack in the economy. Instead, having just passed a tax bill that is expected to raise the deficit by $1.5 trillion and with unemployment at levels many economists consider "full employment," former budget hawks have suddenly become unconcerned about deficits. The odds of some sort of infrastructure package making its way through Congress seem better than even. As tensions simmer between the United States and North Korea and/or Iran, further stimulus from an increase in defense spending may also be in the cards. What that means for the deficit, inflation, rate hikes, the value of the US dollar, and the stock market remains to be seen, but we feel confident in saying that the potential for an economic downturn will not present a significant risk in 2018.

Amana Income Fund

As of December 31, 2017

The Amana Income Fund Investor Shares had an excellent fourth quarter, returning 6.99%, raising the full-year return to 21.69%. This compares favorably to the 21.83% return for the S&P 500 and with the Morningstar Large Blend category return of 20.44%. The Fund's performance placed it in the 32nd percentile of its Morningstar category for the year.

Over the course of 2017, the Amana Income Fund benefited from good stock selection, especially in the Industrial and Health Care sectors. Since these are the two largest sectors in the Fund, representing over half of assets, selection was essential to Fund performance. Within the Industrial sector, 3M, Illinois Tool Works, Rockwell Automation, Honeywell, Parker Hannifin, and Stanley Black & Decker were all standout performers, while Johnson Controls was the only position to decline in value over the year. Johnson Controls is in the midst of a significant restructuring, which we anticipate will lead to better performance in 2018. Despite our large position in Industrials and the strong performance in 2017, we believe the outlook remains positive for the group. Purchasing Manager Indices around the world are rising, indicating economic expansion, while the new tax bill's provision allowing companies to deduct 100% of capital expenditures in the year incurred is likely to boost capital spending in 2018.

Within Health Care, we are primarily invested in pharmaceuticals. Most selections performed well, with Eli Lilly, Novartis, and Johnson & Johnson all outpacing the benchmark. Sector returns, however, were driven by AbbVie, maker of Humira, the world's largest selling drug. Investors had been concerned about risks to Humira from biosimilars, but those risks receded throughout the year, and AbbVie looks set to enjoy a few more years of strong Humira sales.

Technology carries the largest weight in the S&P 500 benchmark and was the largest contributor by far to index returns, given that the sector enjoyed the strongest appreciation. We have a lower allocation to the sector relative to the index, but our selections remained solid, led by Taiwan Semiconductor, Microchip Technology, and Microsoft. In today's world, most types of capital investment include a technology component, so we expect the sector to continue to perform well in 2018, due to the tax benefits described above.

Stock selection was less positive in the Consumer Staples and Consumer Discretionary sectors. While the latter sector performed in line with the overall market, Consumer Staples was among the weaker sectors last year. Within the Fund, General Mills and JM Smucker performed poorly as large, "center-of-the-store" food companies are finding it more difficult to compete with insurgent brands being launched across the country and the world. Unilever was the outlier, providing an excellent return after a failed acquisition bid by Kraft Heinz lit a fire under management, leading to significant changes.

10 Largest Contributors YTD	Return	Contribution
Rockwell Automation	48.87%	1.53
Microsoft	40.72%	1.31
Parker Hannifin	44.92%	1.28
Illinois Tool Works	38.92%	1.26
3M	34.92%	1.19
Honeywell International	35.09%	1.11
Microchip Technology	39.47%	1.10
AbbVie	60.13%	0.96
Taiwan Semiconductor ADR	42.31%	0.78
PPG Industries	25.25%	0.72

10 Largest Detractors YTD	Return	Contribution
Phillips 66	-7.55%	-0.11
Johnson Controls International	-5.14%	-0.08
General Mills	-0.63%	-0.05
JM Smucker	-0.49%	-0.03
GlaxoSmithKline ADR	-2.98%	0.00
RPM International	-0.34%	0.00
Versum Materials	5.24%	0.01
Adient	5.96%	0.01
AdvanSix	22.13%	0.01
WW Grainger	4.37%	0.03

Top 10 Holdings	Portfolio Weight
3M	4.29%
Microsoft	4.20%
Rockwell Automation	4.13%
Parker Hannifin	3.85%
Eli Lilly	3.67%
Illinois Tool Works	3.51%
Nike, Class B	3.33%
Microchip Technology	3.33%
PPG Industries	3.28%
Honeywell International	3.23%

30-Day Yield	
Investor Shares (AMANX):	1.09%
Institutional Shares (AMINX):	1.33%

Asset-weighted average debt to market cap: 16.0%

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Amana Growth Fund

As of December 31, 2017

The Amana Growth Fund Investor Shares returned 6.90% in the fourth quarter for a full year return of 28.98%, well ahead of the 21.83% gain in the S&P 500 and also surpassing the 27.67% return for the Morningstar Large Growth category. The Fund finished the year in the 42nd percentile of its Morningstar category for the year.

Technology was the capital markets story of 2017, and the Amana Growth Fund participated fully, with strong performances from Adobe, Apple, ASML, Trimble, Intuit, and Taiwan Semiconductor. Qualcomm was a notable laggard due to its various royalty disputes with key customers Apple and Samsung, as well as with countries such as China. While not expecting the soaring returns of 2017, we remain positive on the Technology sector, seeing it as benefiting from capital expenditures encouraged by the tax bill.

The Amana Growth Fund's other important sectors are Health Care, Industrials, Consumer Staples, and Consumer Discretionary. Health Care led the pack, experiencing excellent returns from pharmaceutical holdings such as Novo Nordisk (back in the saddle after a tough 2016), Agilent, Johnson & Johnson, and Amgen. Health Care equipment and services also did well with orthopedic equipment producer Stryker appreciating strongly, as did veterinary clinic VCA Inc., ultimately acquired by Mars, which includes pet care alongside its candy operations.

The Industrial exposure in Amana Growth differs from that in Amana Income but performed just as well. Global welding company Lincoln Electric enjoyed a cyclical recovery after a lackluster 2016, while our rail investments, Norfolk Southern and Union Pacific, did likewise. Although Consumer Staples stocks had a difficult 2017, our investment in Estée Lauder provided handsome returns. We like cosmetics for the consumer propensity to move upmarket when times are good, without abandoning the products in more difficult circumstances. Interestingly, we have seen studies indicating Millennials' propensity to consume cosmetics is higher than previous generations. While one study does not make a trend, we are positive on the outlook for Estée Lauder, especially in an environment of a weaker US dollar.

Although Health Care was generally strong, Celgene was the largest detractor due to management "resetting" long-term earnings guidance last October. We have maintained the position as we believe the drug candidate pipeline remains attractive. Consumer Discretionary performance was held back by a weak showing from TJX, which has been a solid performer for several years. Retail had a tough 2017 as Amazon spread its tentacles through more and more areas of the economy. That said, we are inclined to view TJX as simply "taking a breather" last year. Lowe's, on the other hand, did well, and the do-it-yourself home improvement stores are considered to be highly defensive against the Amazon threat given the high weight/volume, low value of many of the products they sell and the greater customer reliance on in-store guidance.

10 Largest Contributors YTD	Return	Contribution
Adobe Systems	70.22%	2.39
Apple	48.48%	1.86
Estée Lauder, Class A	68.68%	1.54
ASML Holding	56.46%	1.47
Intuit	39.20%	1.33
Agilent Technologies	48.32%	1.32
Novo Nordisk ADR	54.29%	1.21
Trimble	34.79%	1.10
Harris	40.77%	1.04
Taiwan Semiconductor ADR	42.31%	0.99

10 Largest Detractors YTD	Return	Contribution
Celgene	-9.84%	-0.12
Qualcomm	2.03%	-0.02
Convergys	-2.70%	-0.02
TripAdvisor, Class A	-21.63%	-0.01
TJX Companies	3.45%	0.10
Dentsply Sirona	14.66%	0.12
Keysight Technologies	13.75%	0.16
Novartis ADR	19.40%	0.16
Gartner	21.85%	0.24
PepsiCo	17.81%	0.28

Top 10 Holdings	Portfolio Weight
Apple	5.11%
Adobe Systems	4.72%
Intuit	4.25%
Amgen	3.70%
Trimble	3.65%
Agilent Technologies	3.61%
Church & Dwight	3.61%
Johnson & Johnson	3.52%
Estée Lauder, Class A	3.50%
Alphabet, Class A	3.47%

Asset-weighted average debt to market cap: 12.4%

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Amana Developing World Fund

As of December 31, 2017

While the Amana Developing World Fund provided a decent return of 21.39% in 2017, it lagged the MSCI Emerging Markets Index gain of 37.28% and the Morningstar Emerging Markets category return of 34.17%. Last quarter we noted that the Fund had previously been unable to participate in the Taiwanese and South Korean markets, which are large constituents of the MSCI Emerging Markets universe and contributed significantly to index returns. That restriction, however, was lifted in the fourth quarter. Subsequently, the Fund made a number of investments in each of those markets. In addition to gaining exposure to two of the more successful economies, we have also reduced the cash position in the Fund, which created a drag during the past year of strong returns.

While Taiwan and South Korea are important, China is the 400-pound gorilla in the emerging markets universe with the largest single country weight by a wide margin. In 2017, it was also the best performing market. We have investments in two of China's largest internet properties: Tencent and Baidu. Tencent enables mobile games, social networks, messaging, e-commerce, ride sharing, electronic publishing, and other activities. Baidu is, for all intents and purposes, the Google of China. While both companies performed extremely well, with Tencent more than doubling during the year, our overall exposure to China was lower than it should have been, which we will look to rectify in the first quarter. Apart from companies that serve the Chinese market, we had good returns from China-based companies serving global markets, such as power tool manufacturer Techtronic Industries.

Within Southeast Asia, the Philippines provided our best returns led by mall operator SM Prime. Similarly, retail-oriented Clicks Group showed that even in a chaotic environment, such as South Africa, excellent operators can still flourish.

Several of our emerging markets investments are in developed countries, such as the US, but still have the majority of their sales or operations in the developing world. In general, these investments performed well with global luggage company Samsonite, US-Mexican rail operator Kansas City Southern, global textile producer VF Corp, and Unilever all providing good returns.

Despite the buoyant year, not all of our investments worked out as anticipated. Grupo Aeroportuario del Sureste declined in dollar terms following purchase, partially due to the depreciation of the Mexican peso. We view the investment as a hedge on the Mexican currency, since the company operates the Cancun Airport. Recently, several US airlines have been increasing the frequency of their flights to Cancun. Health Care, which did well for the Fund in 2016, was challenging last year. Both Jordan-based Hikma and India's Dr. Reddy's underperformed as they failed to achieve earnings expectations. We have subsequently exited the Hikma investment.

10 Largest Contributors YTD	Return	Contribution
Tencent Holdings ADR	114.87%	3.56
MercadoLibre	71.76%	3.07
Clicks Group	77.51%	2.25
Samsonite International	63.50%	1.76
Techtronic Industries	84.61%	1.47
Ford Otomotiv Sanayi	92.57%	1.47
SM Prime Holdings	32.65%	1.04
Unilever ADR	40.17%	0.92
VF	42.75%	0.89
Baidu ADR	42.45%	0.86

10 Largest Detractors YTD	Return	Contribution
Hikma Pharmaceuticals	-36.52%	-0.49
Pandora	-12.25%	-0.35
Dr. Reddy's Laboratories ADR	-16.42%	-0.34
Bangkok Airways	-15.19%	-0.30
Grupo Aeroportuario Sureste ADR	-17.53%	-0.17
Petronas Gas	-13.20%	-0.16
Taiwan Semiconductor ADR	2.27%	-0.04
Coway	-4.70%	-0.04
Samsung Electronics	-2.26%	-0.03
Copa Holdings, Class A	-0.33%	-0.01

Top 10 Holdings	Portfolio Weight
Tencent Holdings ADR	5.99%
Clicks Group	4.59%
SM Prime Holdings	3.87%
Samsonite International	3.82%
Telekomunikasi Indonesia ADR	3.10%
Techtronic Industries	2.92%
VF	2.85%
Ford Otomotiv Sanayi	2.67%
Taiwan Semiconductor ADR	2.67%
Baidu ADR	2.63%

Asset-weighted average debt to market cap: 15.1%

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Amana Participation Fund

As of year-end 2017, the Amana Participation Fund Institutional Shares (AMIPX) and Amana Participation Investor Shares (AMAPX) returned 2.68% and 2.56%, respectively, underperforming the 4.31% return of their Citi Sukuk Index benchmark. The underperformance primarily can be attributed to a difference of objectives. Whereas the Participation Fund seeks capital preservation and current income consistent with Islamic principles, the Citi Sukuk benchmark measures the performance of global sukuk securities. The Fund is required to maintain a dollar-weighted average maturity between two to five years to mitigate duration risk. The Citi Sukuk benchmark tracks several securities with maturities that extend into the early 2040s. For the period ending December 31, 2017, the Fund intentionally maintained a smaller exposure to countries, such as South Africa, Indonesia, and Turkey, that tend to experience greater price volatility relative to the broader sukuk market. The Fund owns no positions originating from South Africa, but allocated 3.97% to Indonesia and 5.73% to Turkey. The Citi Sukuk benchmark allocated 0.87% of its benchmark weighting to South Africa, and 17.50% and 9.83% to Indonesia and Turkey, respectively.

Over the quarter, the Amana Participation Fund Institutional Shares returned -0.14%, with Investor Shares returning -0.11% versus the benchmark's return of -0.07%. As of December 31, the Institutional Shares offered an SEC 30-day yield of 2.61%, with the Investor Shares offering 2.37%. The portfolio's modified duration is 3.65 years. The Fund is diversified among 32 separate issues while being entirely invested in US dollar denominated securities.

The top-performing issues for the fourth quarter include Dubai Aviation Corporation dba flydubai (FLYDU 3.776 11/26/19) returning 0.82%, and the sovereign issue from Emirate of Dubai (DUGB 3.875 01/30/23) returning 0.76%. The two worst-performing issues over the quarter include Saudi Electricity Company (SECO 4.00 04/08/24) that returned -0.63%, and a sovereign issue from Qatar (QATAR 3.241 01/18/23) that returned -0.82%.

Each year brings forth its own challenges as well as rewards. 2017 certainly was no different as sukuk investors celebrated new milestones, which included Saudi Arabia's largest sukuk offering in history at a heralded size of $9 billion that was met with strong investor demand. Qatar was the previous record holder with its $4 billion sukuk offering back in 2012.[5] Investors welcomed new sukuk issuers during the year as strong demand quickly absorbed the record issuance of $98 billion, representing a 45% increase over the prior year.[6] Among some of 2017's first-time sukuk issuers were a large sovereign Saudi Arabian issue, government sponsored enterprises (SOE) such as Oman's Mazoon Electricity Company, and corporates such as Kuwait's large petrochemical firm, EQUATE. Many other issuers returned to the market during 2017, including Indonesia with a $3.0 billion offering in March,[7] the government of Pakistan, and Oman.

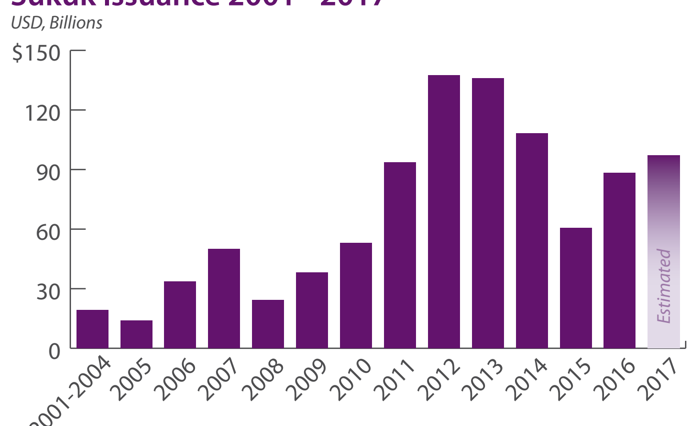
Top 10 Holdings	Portfolio Weight
Al Shindagha Sukuk	4.55%
DIB Sukuk	4.23%
SOQ Sukuk A	4.20%
DIFC Sukuk	3.90%
TF Varlik Kiralama	3.85%
KSA Sukuk LTD	3.81%
EIB Sukuk	3.80%
ICD Sukuk	3.78%
SIB Sukuk Co III	3.73%
QIB Sukuk	3.67%

30-Day Yield	
Investor Shares (AMAPX):	2.37%
Institutional Shares (AMIPX):	2.61%

Credit Profile	
AA	4.20%
A	20.33%
BBB	36.75%
BB	1.88%
B	3.38%
Unrated	27.70%
Cash and equivalents	5.76%

Credit ratings are the lesser of S&P Global Ratings or Moody's Investors Service, Nationally Recognized Statistical Rating Organizations. If neither S&P nor Moody's rate a particular security, that security is categorized as not rated.

Sukuk Issuance 2001 - 2017



Source: International Islamic Financial Market (IIFM), Thomson-Reuters

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Amana Income Fund, continued from page 5

Energy also had a difficult 2017, as shown by Phillips 66's position at the top of the detractors list. With environmental, social, and governance (ESG) investing now included in the Fund's mandate, we have removed all energy investments and the Fund will remain fossil fuel free.

Canadian National Railway and DowDuPont fell out of the top 10 holdings and were replaced by Nike, which had a strong Q4, and Honeywell.

Amana Growth Fund, continued from page 6

The only change among the top 10 holdings was ASML being replaced by Estée Lauder. While ASML had an excellent year due to expanding installations of its extreme ultraviolet lithography machines, Estée Lauder surprised to the upside with its Q3 results and an already strong year turned into a blowout fourth quarter.

Amana Developing World Fund, continued from page 7

MercadoLibre was the largest position in the Fund and provided excellent returns in 2017. Unfortunately, the company initiated sales of alcoholic beverages, and we were required to sell it. Unilever also fell out of the top 10. New entrants were Ford Otomotive in Turkey and Taiwan Semiconductor, which is a new position in the Fund following the decision to allow Taiwanese and South Korean companies.

Amana Participation Fund, continued from page 8

The 17% rise in the average price of oil throughout the year, from $43.44 per barrel in 2016 to $50.85 in 2017, helped create an investor-friendly market that supported the milestone issuances. The largely hydrocarbon dependent economies of the Gulf Cooperation Council (GCC) – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates – found themselves with greater fiscal flexibility. While each of these economies still draws fiscal deficits, the combination of domestic fiscal austerity programs, economic diversification agendas, and the anticipated 2018 rollout of various value added tax (VAT) schemes, higher oil prices are viewed as sukuk investor-friendly.

2017 was not without its challenges as investors navigated a Saudi Arabia-led embargo of Qatar, supported by the Kingdom's allies UAE, Bahrain, and Egypt. Saudi Arabia's newly appointed Crown Prince Mohammed bin Salman has set forth a series of economic agendas in conjunction with controversial political policies, including the boycott of Qatar that has now extended beyond six months, the jailing of eleven highly ranked princes as part of an anti-corruption campaign, and heightened tensions with Iran. Adding to these challenges, a high-profile legal action by sukuk holders against Dana Gas tested the durability of the sukuk structure. After failing to repay principal due October 31, Dana Gas, rather than acknowledging its own fiscal disarray, attempted to deny the validity and enforceability of the sukuk contracts by claiming they did not comply with Islamic principles. In December, British courts ruled against Dana Gas in favor of the sukuk holders, requiring the company to honor its original commitments.[8] While Dana Gas' actions were disappointing, the success of the legal proceedings sets a precedent in a growing industry while highlighting the importance of attentive portfolio management.

Investors can also expect challenges, as well as rewards, in 2018. Overall, we expect the price environment for oil will continue to support GCC economies. We anticipate existing sovereign issuers will come back to the market as buyers have demonstrated strong interest, attracted by sovereign wealth-backed investment grade ratings, large hydrocarbon reserves, and improving fiscal budgets. This, in turn, will most likely encourage new issuers to enter the market. We also will be sure to keep an eye on the Federal Reserve's resolve to increase interest rates as part of its plans to normalize monetary policy and how this may affect GCC members. Most GCC states retain a US dollar currency peg requiring them to raise their domestic interest rates in lockstep with the Fed's interest rate path. These actions may create unintended consequences that may dampen domestic economic growth and liquidity at a time when many GCC members are eager to raise revenue receipts and reduce deficits. Regardless of the investment environment, our attention will focus on sustaining our investment objective of capital preservation and current income.

Performance Summary

As of December 31, 2017

Average Annual Total Returns *(Before Taxes)*	**Ticker**	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**Expense Ratio**
Income Fund Investor Shares	AMANX	21.69% ▲	8.93% ▲	12.84% ▲	8.05% ▲	1.13%
Income Fund Institutional Shares	AMINX	21.97% ▲	9.20% ▲	n/a	n/a	0.89%
S&P 500 Index		21.83% ▲	11.42% ▲	15.80% ▲	8.49% ▲	n/a
Growth Fund Investor Shares	AMAGX	28.98% ▲	11.39% ▲	14.12% ▲	8.59% ▲	1.10%
Growth Fund Institutional Shares	AMIGX	29.29% ▲	11.64% ▲	n/a	n/a	0.86%
S&P 500 Index		21.83% ▲	11.42% ▲	15.80% ▲	8.49% ▲	n/a
Developing World Fund Investor Shares	AMDWX	21.39% ▲	0.57% ▲	0.36% ▲	n/a	1.35%
Developing World Fund Institutional Shares	AMIDX	21.71% ▲	0.85% ▲	n/a	n/a	1.14%
MSCI Emerging Markets Index		37.28% ▲	9.11% ▲	4.35% ▲	1.68% ▲	n/a
Participation Fund Investor Shares	AMAPX	2.56% ▲	n/a	n/a	n/a	0.92%
Participation Fund Institutional Shares	AMIPX	2.68% ▲	n/a	n/a	n/a	0.68%
Citi Sukuk Index		4.31% ▲	3.30% ▲	3.32% ▲	4.23% ▲	n/a

Expense ratios shown are as stated in the Funds' most recent Prospectus dated September 21, 2017.

Performance data quoted represents past performance, is before any taxes payable by shareowners, and is no guarantee of future results. *Current performance may be higher or lower than that stated herein. Performance current to the most recent month-end is available by calling toll-free 1-800-728-8762 or visiting www.amanafunds.com. Average annual total returns are historical and include change in share value as well as reinvestment of dividends and capital gains, if any. 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. Shares of a Fund may only be offered for sale through the Fund's prospectus or summary prospectus.*

The S&P 500 is an index comprised of 500 widely held common stocks considered to be representative of the US stock market in general. The MSCI Emerging Markets Index, produced by Morgan Stanley Capital International, measures equity market performance in over 20 emerging market countries. The Citi Sukuk Index measures the performance of global Islamic fixed income securities, also known as sukuk. When available, Saturna uses total return components of indices mentioned. Investors cannot invest directly in the indices.

Institutional Shares of the Amana Funds began operations September 25, 2013.

The Amana Developing World Fund began operations September 28, 2009.

The Amana Participation Fund began operations September 28, 2015.

***Income**, **Growth**, **Developing World**, and **Participation** Funds: The value of the shares of each of the Funds rises and falls as the value of the securities in which the Funds invest goes up and down. The Amana Mutual Funds limit the securities they purchase to those consistent with Islamic principles. This limits opportunities and may affect performance. Each of the Funds may invest in securities that are not traded in the United States. Investments in the securities of foreign issuers may involve risks in addition to those normally associated with investments in the securities of US issuers. These risks include currency and market fluctuations, and political or social instability. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.*

***Growth Fund**: The smaller and less seasoned companies that may be in the Growth Fund have a greater risk of price volatility.*

***Participation Fund**: While the Participation Fund does not invest in conventional bonds, risks similar to those of conventional nondiversified fixed-income funds apply. These include: diversification and concentration risk, liquidity risk, interest rate risk, credit risk, and high-yield risk. The Participation Fund also includes risks specific to investments in Islamic fixed-income instruments. The structural complexity of sukuk, along with the weak infrastructure of the sukuk market, increases risk. Compared to rights of conventional bondholders, holders of sukuk may have limited ability to pursue legal recourse to enforce the terms of the sukuk or to restructure the sukuk in order to seek recovery of principal. Sukuk are also subject to the risk that some Islamic scholars may deem certain sukuk as not meeting Islamic investment principles subsequent to the sukuk being issued.*

Morningstar Ratings™

As of December 31, 2017

Morningstar Ratings™ A	Overall	1 Year	3 Year	5 Year	10 Year	Sustainability Rating™ B
Amana Income Fund – "Large Blend" Category						
Investor Shares (AMANX)	★★★★	n/a	★★	★★	★★★★★	🌐🌐🌐🌐🌐
% Rank in Category	n/a	32	74	82	40	1
Institutional Shares (AMINX)	★★★	n/a	★★★	☆☆	☆☆☆☆☆	🌐🌐🌐🌐🌐
% Rank in Category	n/a	27	70	79	35	1
Number of Funds in Category	1,217	1,396	1,217	1,079	800	1,219
Amana Growth Fund – "Large Growth" Category						
Investor Shares (AMAGX)	★★★	n/a	★★★	★★	★★★★	🌐🌐🌐🌐🌐
% Rank in Category	n/a	42	49	74	45	1
Institutional Shares (AMIGX)	★★★	n/a	★★★	☆☆☆	☆☆☆☆	🌐🌐🌐🌐🌐
% Rank in Category	n/a	40	45	70	43	1
Number of Funds in Category	1,216	1,363	1,216	1,109	787	1,226
Amana Developing World Fund – "Diversified Emerging Markets" Category						
Investor Shares (AMDWX)	★★	n/a	★	★★	n/a	🌐🌐🌐🌐🌐
% Rank in Category	n/a	95	99	92	n/a	10
Institutional Shares (AMIDX)	★	n/a	★	☆☆	n/a	🌐🌐🌐🌐🌐
% Rank in Category	n/a	94	98	91	n/a	10
Number of Funds in Category	647	806	647	467	n/a	636

The Morningstar Sustainability Rating and the Morningstar Portfolio Sustainability Score are not based on fund performance and are not equivalent to the Morningstar Rating ("Star Rating").

[A] Morningstar Ratings™ ("Star Ratings") are As of December 31, 2017. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance (not including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

% Rank in Category is the fund's percentile rank for the specified time period relative to all funds that have the same Morningstar category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Percentile ranks within categories are most useful in those categories that have a large number of funds.

[B] Morningstar Sustainability Ratings are as of November 30, 2017. The Morningstar Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund's portfolio are managing their environmental, social, and governance ("ESG") risks and opportunities relative to the fund's Morningstar category peers. The Morningstar Sustainability Rating calculation is a two-step process. First, each fund with at least 50% of assets covered by a company-level ESG score from Sustainalytics receives a Morningstar Portfolio Sustainability Score™. The Morningstar Portfolio Sustainability Score is an asset-weighted average of normalized company-level ESG scores with deductions made for controversial incidents by the issuing companies, such as environmental accidents, fraud, or discriminatory behavior. The Morningstar Sustainability Rating is then assigned to all scored funds within Morningstar Categories in which at least ten (10) funds receive a Portfolio Sustainability Score and is determined by each fund's rank within the following distribution: High (highest 10%), Above Average (next 22.5%), Average (next 35%), Below Average (next 22.5%), and Low (lowest 10%). The Morningstar Sustainability Rating is depicted by globe icons where High equals 5 globes and Low equals 1 globe. A Sustainability Rating is assigned to any fund that has more than half of its underlying assets rated by Sustainalytics and is within a Morningstar Category with at least 10 scored funds; therefore, the rating it is not limited to funds with explicit sustainable or responsible investment mandates. Morningstar updates its Sustainability Ratings monthly. Portfolios receive a Morningstar Portfolio Sustainability Score and Sustainability Rating one month and six business days after their reported as-of date based on the most recent portfolio. As part of the evaluation process, Morningstar uses Sustainalytics' ESG scores from the same month as the portfolio as-of date.

The Fund's portfolios are actively managed and is subject to change, which may result in a different Morningstar Sustainability Score and Rating each month.

The Funds were rated on the following percentages of Assets Under Management:

Amana Income Fund	*99%*
Amana Growth Fund	*99%*
Amana Developing World Fund	*76%*

The Amana Mutual Funds offer two share classes – Investor Shares and Institutional Shares, each of which has different expense structures.

The Amana Participation Fund has not yet been rated by Morningstar.

About The Authors

Scott Klimo CFA
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Amana Developing World Fund Portfolio Manager
Amana Income Fund and **Amana Growth Fund** Deputy Portfolio Manager

Scott Klimo, Chief Investment Officer and Portfolio Manager, joined Saturna Capital in May 2012. He received his BA in Asian Studies from Hamilton College in Clinton, NY and also attended the Chinese University of Hong Kong and the Mandarin Training Center in Taipei, Taiwan. Mr. Klimo has over 25 years experience in the financial industry with the first several years of his career spent living and working in a variety of Asian countries and the past 10 years working as a senior analyst, research director, and portfolio manager covering global equities. Mr. Klimo is a chartered financial analyst (CFA) charterholder. He is a supporter of various environmental organizations and served for several years on the Board of Directors of the Marin County Bicycle Coalition. Outside of work Mr. Klimo is an avid cyclist and scuba diver; pursuits he shares with his wife and two teenage children.

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Patrick T. Drum, Research Analyst and Portfolio Manager, joined Saturna Capital in October 2014. He is a select member of the United Nations Principles for Responsible Investment (UNPRI) Fixed Income Outreach Subcommittee and an adjunct professor of finance at Pinchot University, formerly known as Bainbridge Graduate Institute (BGI). Mr. Drum has nearly 10 years of experience integrating ESG considerations into fixed income portfolio management. He holds a BA in economics from Western Washington University and an MBA from Seattle University Albers School of Business. He is a Chartered Financial Analyst Charterholder (CFA) and a Certified Financial Planner®. Mr. Drum has more than 20 years of investment experience in serving institutions and private clients.

Important Disclaimers and Disclosures

This publication should not be considered investment, legal, accounting, or tax advice or a representation that any investment or strategy is suitable or appropriate to a particular investor's circumstances or otherwise constitutes a personal recommendation to any investor. This material does not form an adequate basis for any investment decision by any reader and Saturna may not have taken any steps to ensure that the securities referred to in this publication are suitable for any particular investor. Saturna will not treat recipients as its customers by virtue of their reading or receiving the publication.

The information in this publication was obtained from sources Saturna believes to be reliable and accurate at the time of publication.

The TOPIX Index, also known as the Tokyo Stock Price Index, is a capitalization-weighted index of all companies listed on the First Section (the largest companies) of the Tokyo Stock Exchange.

The Deutsche Boerse AG German Stock Index (DAX Index) is a total return index of 30 selected blue chip stocks traded on the Frankfurt Stock Exchange.

The CAC 40 Index reflects the performance of the 40 largest equities listed in France, measured by free-float market capitalization and liquidity.

The Hong Kong Hang Seng Index is a free-float capitalization-weighted index of companies selected from the stock exchange of Hong Kong representing the Commerce and Industry, Finance, Utilities, and Properties sectors.

***Asset-weighted average debt to market capitalization**: This ratio represents the average debt to market capitalization of the portfolio. It is calculated by taking the debt to market capitalization for each company (its debt divided by its market capitalization), then weighting these values (multiplying each by the company's percent share of total portfolio assets), then totaling the weighted values.*

***Effective maturity** and **modified duration** are measures of a fund's sensitivity to changes in interest rates and the markets. A fund's effective maturity is a dollar-weighted average length of time until principal payments must be paid. Longer maturities typically indicate greater sensitivity to interest rate changes than shorter maturities. Modified duration differs from effective maturity in that it accounts for interest payments in addition to the length of time until principal payments must be paid. Longer durations tend to indicate greater sensitivity to interest rate changes than shorter durations. Call options and other security specific covenants may be used when calculating effective maturity and modified duration.*

*A Fund's **30-Day Yield**, sometimes referred to as standardized yield, current yield, or SEC yield, is based on methods of computation prescribed in SEC Form N-1A. Calculated by dividing the net investment income per share during the preceding 30 days by the net asset value per share on the last day of the period, the 30-Day Yield provides an estimate of a Fund's investment income rate, but may not equal the actual income distribution rate.*

Footnotes

[1] Chicago Board Options Exchange. www.cboe.com/micro/buywrite/dailypricehistory.xls

[2] Sherman, Erik. Trump's Corporate Tax Slash Ignores How Little Companies Already Pay, Forbes.com, April 24, 2017. https://www.forbes.com/sites/eriksherman/2017/04/24/trumps-corporate-tax-slash-ignores-how-litte-companies-already-pay/#4be02e2558aa

[3] Jopson, B, Fleming, S. US tax bill imposes steep levy on overseas earnings, Financial Times, December 15, 2017. https://www.ft.com/content/789e69f6-e1ea-11e7-a8a4-0a1e63a52f9c

[4] All foreign index return figures are expressed in US dollars.

[5] Uppal, Rachna. Qatar attracts massive demand for $4 billion sukuk, Reuters, July 11, 2012. https://www.reuters.com/article/us-qatar-sukuk/qatar-attracts-massive-demand-for-4-billion-sukuk-idUSBRE86A0AN20120711

[6] Staff Writer, Trade Arabia. Global sukuk issuance up 45% in 2017, Thomson Reuters ZAWYA, January 8, 2018. https://www.zawya.com/mena/en/story/Global_sukuk_issuance_up_45_in_2017-SNG_107222959/

[7] Reuters Staff article. Indonesia's U.S.-dollar sukuk sale attracts more investors, Reuters, March 30, 2017. https://www.reuters.com/article/indonesia-sukuk/indonesias-u-s-dollar-sukuk-sale-attracts-more-investors-idUSL3N1H7302

[8] Smith, R, Croft, J. English court rules in favour of Dana Gas bondholders in key Islamic bond case, Financial Times, November 17, 2017. https://www.ft.com/content/cdbf4690-cf2a-3cea-bbf2-55dd5891d803

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