# Fund Commentary • Q1 2017


Saturna Capital

Sextant Mutual Funds

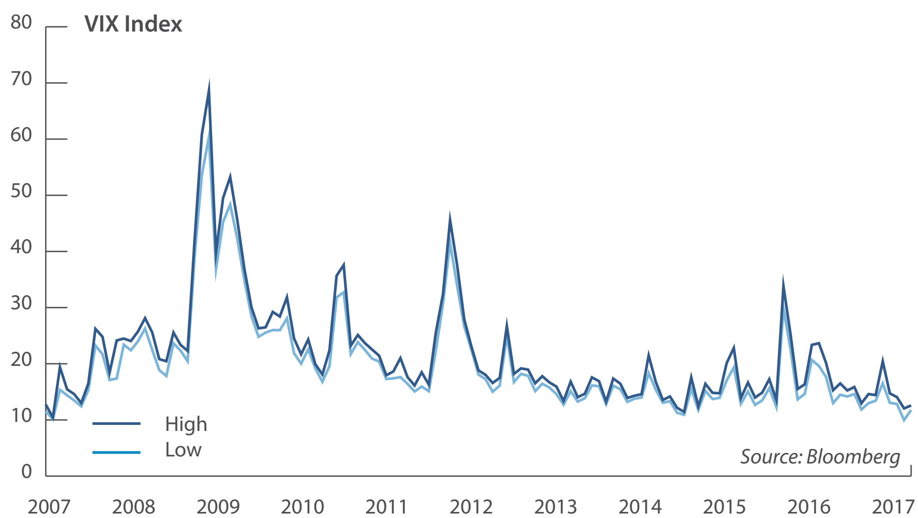
***Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about the Sextant Mutual Funds in a current prospectus or summary prospectus, please visit www.sextantfunds.com or call toll free 1-800-728-8762. Please read the prospectus or summary prospectus carefully before investing. Distributed by Saturna Brokerage Services, a wholly-owned subsidiary of Saturna Capital Corporation, investment adviser to the Sextant Mutual Funds.***

## Environment

***There's No News That's Bad News***

Major US market indices wrapped up the first quarter with gains that could be considered respectable for an entire year. The appreciation was remarkable considering the context in which it was accomplished. The three-month period featured the inauguration of a new president who quickly embarked on a series of rookie mistakes, another interest rate hike by the Federal Reserve with clear indications of further increases to come, the failure of the dysfunctional House of Representatives to pass a bill repealing/replacing the Affordable Care Act (Obamacare), and ominous signs that tax reform will not come as easily as many had hoped. There appears to be little capable of rattling investors, and the pervasive sanguinity has pushed volatility to all-time low levels, as illustrated in the flattening of the VIX Index.[1]

**Volatility Sinking – All News is Good News**




*Source: Bloomberg*

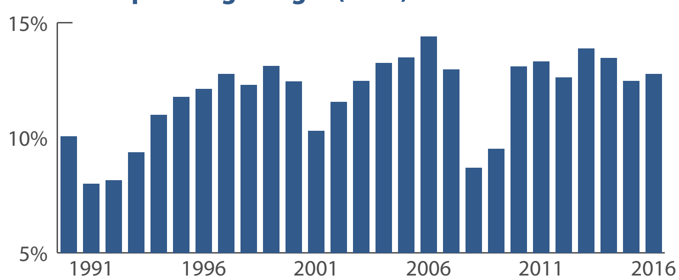
The market's first quarter advance was interesting. In the fourth quarter of 2016 the S&P 500 Financials Index soared 20.48%, with most of that gain coming in the weeks following the presidential election. No other sector came close, and the weight of financials meant the entire index was dragged along for the ride. Over the same period, the Information Technology Index scrapped out a 0.78% gain, while the Health Care Index shed -4.42%. We cannot say what changed politically, perceptually, or economically on the night of December 31, 2016, but something happened to cause a complete reversal of investor appetite for stocks in specific sectors. Two of the three top performing sectors in the first quarter of 2017 were Information Technology and Health Care; up 12.16% and 7.89%, respectively. Consumer Discretionary, also in the top three, gained 8.09%. Financials, meanwhile, fell toward the bottom of the list with appreciation of 2.08%. Clearly, such rapid and wide-ranging movements across entire sectors support our position that successful investors identify the best companies at reasonable valuations and hold them for the long term.

While US markets registered a solid quarter, international markets were even more buoyant, in several cases supported by the weakening of the US dollar since the New Year and/or the realization that many of the President's campaign promises would be difficult, if not impossible, to implement. How else to explain the 17% US-dollar return of the Mexican Bolsa IPC Index,[2] the 10% jump in Hong Kong's Hang Seng Index,[3] or the 14% rise in the Spanish IBEX 35 Index[4] during the quarter? The performance in Spain, and that of Europe overall, reminds us that American investors aren't the only ones who can shrug off worrisome developments and push stock prices higher. The United Kingdom's official triggering of Article 50, leading to its eventual exit from the EU, has been met largely with European yawns. The fact that the Dutch nativist Party for Freedom, led by the uniquely coiffed but commonly bigoted Geert Wilders, did not win the March 15 election outright was taken as a positive sign, even though the party achieved the second largest vote tally and gained five seats.[5] In France, anti-EU candidate Marine Le Pen's numbers have been faltering, but she has made it to the second and final round of voting.

## Outlook

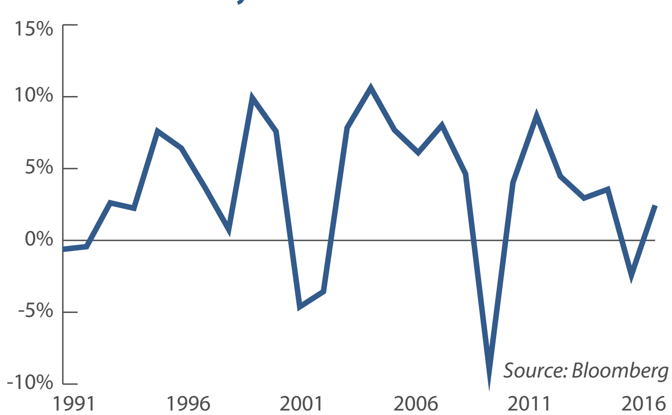
What can we expect for the remainder of the year? As economist Herbert Stein stated, "If something cannot go on forever, it will stop."[6] We have seen the aphorism proven in terms of S&P 500 aggregate operating margins. Following strong growth coming out of the Global Financial Crisis, margins peaked at 13.9% in 2013 and have subsequently been on a declining trend, despite a small recovery last year. The historical record indicates we should not expect much help from margins in driving earnings higher. The same has been true of revenue growth. Narrowing margins and tepid sales go some distance toward explaining the lackluster earnings growth experienced over the past few years, which we discussed last quarter.

**S&P 500: Operating Margin (EBIT)**




*Source: Bloomberg*

**S&P 500: Year-over-year Sales Growth**




So how do we re-ignite the earnings engine? The answer investors seem to favor is tax reform, which appears fully baked into expectations based on continued stock price appreciation in the face of uninspiring earnings. The shine appears to have come off expectations for infrastructure upgrades, but perhaps incidents such as the catastrophic March 30 bridge collapse in Atlanta will spur action.

Unfortunately, nobody has any inkling of what shape reform – tax or capital investment – may take. Powerful interests have organized their businesses to best exploit the tax system as it exists today. Any attempt to change that system leads to winners and losers, which is why true tax reform rarely succeeds. An argument can be made for reform that eliminates incentives to stash trillions of dollars overseas. Such arguments, however, are easily dashed against the rocks of recalcitrance that oppose other reform elements. Regarding infrastructure, the Republican party's commitment to fiscal virtue always seems more acute during Democratic administrations. Nonetheless, a successful rebuilding of America's physical plant requires more than a wall here or a highway there – it requires a comprehensive and coherent plan of action. In the wake of the American Health Care Act (Trumpcare) fiasco, we are not optimistic.

## Sextant Growth Fund

**As of March 31, 2017**

The Sextant Growth Fund appreciated 7.78% in the first quarter, well ahead of the S&P 500's 6.07% gain, but lagging the 8.91% rise in the Russell 1000 Growth Index. The Fund benefited from excellent performance across its Technology holdings but suffered from Consumer Discretionary positons that have subsequently been eliminated.

The FANGs returned in the first quarter, with Facebook, Amazon, Netflix and Google all performing well. We do not own Netflix due to its highly-inflated valuation but do own the other three. Alphabet's (Google) performance would have been stronger, except for a short-lived "scandal" regarding the appearance of ads on its YouTube site opposite objectionable content. Alphabet has already taken steps to address the issue, and we believe the negative impact will be short-lived. Apple continued the strong run it has been experiencing over the past year as excitement builds ahead of the launch of its 10-year anniversary iPhone.

While there were only five stocks experiencing negative returns, they managed to inflict damage, led by Signet and Under Armour. Signet's acquisition of Zales was an opportunity to bring its practices to bear at a firm that was significantly underperforming in terms of margins. Regardless, concerns over credit quality, slowing growth, and charges of management malfeasance weighed heavily on the stock, and we exited the position. While we still believe in the brand value of Under Armour, we have also exited that investment given management's demonstrated inability to anticipate sales and margin pressures even a short period into the future.

Last quarter JP Morgan Chase and Microsoft replaced Stanley Black & Decker and Adobe Systems among the top 10 holdings. This quarter the positions reversed and the latter two re-entered the top 10 list at the expense of the former two.

| 10 Largest Contributors | Return | Contribution |
|---|---|---|
| Apple | 24.57% | 1.38 |
| Facebook, Class A | 23.47% | 0.99 |
| Adobe Systems | 26.40% | 0.84 |
| Amazon.com | 18.23% | 0.59 |
| Stanley Black & Decker | 16.38% | 0.52 |
| Lowe's | 16.15% | 0.37 |
| Abbott Laboratories | 16.37% | 0.37 |
| Nike, Class B | 9.98% | 0.35 |
| Alphabet, Class A | 6.98% | 0.32 |
| Amgen | 12.99% | 0.29 |

| 10 Largest Detractors | Return | Contribution |
|---|---|---|
| Signet Jewelers | -14.87% | -0.40 |
| Under Armour, Class A | -27.44% | -0.30 |
| Emcor Group | -10.93% | -0.19 |
| Bristol-Myers Squibb | -6.33% | -0.12 |
| CVS Health | 0.09% | 0.00 |
| Ingredion | -0.13% | 0.00 |
| Edwards Lifesciences | 0.39% | 0.01 |
| Harman International | 0.62% | 0.02 |
| VF | 3.86% | 0.03 |
| Stryker | 5.02% | 0.05 |

| Top 10 Holdings | Portfolio Weight |
|---|---|
| Apple | 6.7% |
| TJX Companies | 5.1% |
| Facebook, Class A | 5.0% |
| Alphabet, Class A | 4.6% |
| Starbucks | 4.4% |
| Adobe Systems | 3.9% |
| Nike, Class B | 3.7% |
| Amazon.com | 3.7% |
| Stanley Black & Decker | 3.6% |
| RPM International | 3.5% |

## Sextant International Fund

As of March 31, 2017

The Sextant International Fund gained 7.20% in the first quarter; more than for all of 2016. While a good performance, it came in slightly behind the MSCI EAFE Index return of 7.39%. The Fund benefited from excellent returns across sectors, while Europe and Latin America were the best performing geographies. Technology, Transportation, Financials, Health Care, and Consumer Staples were all represented among the top performers, while only two stocks significantly detracted from returns.

We have written often of ASML and its dominance of the global lithography market (machines that make semiconductors). We have long believed its dominance would be cemented by the transition to Extreme Ultra Violet (EUV) lithography, and in the first quarter investors seem to have arrived at the same conclusion. Unilever benefited from an unsolicited bid from Kraft Heinz in February that drove the stock sharply higher. Better economic performance and strengthening currencies has helped Panamanian airline Copa, while the recoveries in Argentina and Brazil have boosted the fortunes of e-commerce firm MercadoLibre, which demonstrated the sharpest appreciation during the quarter.

Hotel company Belmond was among the top contributors last year but lackluster year-end earnings have led to recent share weakness. Toyota, meanwhile, has suffered from yen strengthening since the New Year and desultory sales performance in the United States.

During the quarter, there were no name changes to the top 10 holdings.

| 10 Largest Contributors | Return | Contribution |
|---|---|---|
| ASML Holding | 18.36% | 1.30 |
| Unilever ADR | 22.22% | 1.04 |
| Copa Holdings, Class A | 24.18% | 1.02 |
| MercadoLibre | 35.53% | 0.87 |
| Wolters Kluwer | 14.73% | 0.83 |
| Dassault Systemes | 13.52% | 0.65 |
| Fomento Economico Mexico | 16.15% | 0.57 |
| BASF ADS | 7.14% | 0.41 |
| Australia & New Zealand Banking Group ADR | 11.10% | 0.30 |
| Novartis ADS | 5.66% | 0.26 |

| 10 Largest Detractors | Return | Contribution |
|---|---|---|
| Belmond, Class A | -9.36% | -0.41 |
| Toyota Motor | -7.32% | -0.26 |
| Statoil ADS | -4.65% | -0.08 |
| Novo-Nordisk ADS | -2.47% | -0.07 |
| NICE Systems ADS | -0.91% | -0.05 |
| Potash Corp of Saskatchewan | -4.68% | -0.05 |
| Carrefour ADS | -2.48% | -0.03 |
| Toronto-Dominion Bank | 0.24% | 0.00 |
| Nidec | 5.93% | 0.01 |
| Total ADS | 0.21% | 0.01 |

| Top 10 Holdings | Portfolio Weight |
|---|---|
| ASML Holding | 7.6% |
| Wolters Kluwer | 6.4% |
| BASF ADS | 6.1% |
| Unilever ADS | 5.7% |
| Dassault Systemes ADR | 5.3% |
| NICE Systems ADS | 5.2% |
| Copa Holdings, Class A | 5.1% |
| Toronto-Dominion Bank | 5.1% |
| Novartis ADR | 4.5% |
| Belmond, Class A | 4.1% |

***Performance data quoted herein represents past performance and does not guarantee future results.***

## Sextant Global High Income Fund

As of March 31, 2017

The Sextant Global High Income Fund returned 5.83% in the first quarter of 2017, ending the period with $8.8 million in total net assets, which included 14% in cash. The high cash allocation was to a large extent the result of an infusion into the Fund on the final day of the quarter. March 30 marked the Fund's fifth full year of operations.

Fund performance trailed the S&P Global 1200 benchmark return of 6.78% during the quarter, but exceeded the Bloomberg Global Corporate High Yield index return of 2.98% and the Morningstar World Allocation peer group return of 4.23%.

Top performers during the quarter came from diverse areas: Apollo Global Management, an investment partnership specializing in distressed debt and corporate restructuring, returned 23.32%; computer equipment manufacturer HP returned 21.41%; and Brazilian bank Itau Unibanco returned 19.75%. We sold our position in Apollo near the end of the quarter as it reached our appraisal of fair value.

Detractors from performance during the quarter included oil companies Statoil (-4.65%) and CNOOC (-3.36%). Potash shares also fared poorly (-4.68%).

In addition to the sale of Apollo shares mentioned earlier, we also sold the Tenet Health Care bond we had purchased in the fourth quarter of 2016. Tenet is a hospital operator with high debt. We suspected the acceleration of the decline in its stock and bonds after the US election would be a good entry point amid the prevailing fear and uncertainty over health care legislation and regulation. Indeed, the bonds rallied sharply during the first quarter and we used the opportunity to sell the bond and reduce the Fund's credit risk.

The Fund purchased a US Treasury bond with 10 years to maturity. Longer-term US interest rates having risen to their highest levels in several years, and we remain pessimistic about the prospect of economic results sufficient to support the high valuations of stocks and high yield bonds. We therefore think the safety of government bonds provide a relatively attractive yield and a useful hedge against adverse outcomes.

| 10 Largest Contributors | Return | Contribution |
|---|---|---|
| Itau Unibanco ADR | 19.75% | 0.59 |
| Apollo Global Management, Class A | 23.32% | 0.51 |
| Microchip Technology | 15.59% | 0.50 |
| Mexico Bonos Desarrollo | 12.55% | 0.43 |
| HP | 21.41% | 0.39 |
| Federal Republic of Brazil | 12.42% | 0.33 |
| SK Telecom ADS | 20.48% | 0.33 |
| CCR | 16.00% | 0.30 |
| Tenet Health Care | 10.92% | 0.27 |
| Skandinaviska Enskilda Banken | 12.03% | 0.21 |

| 10 Largest Detractors | Return | Contribution |
|---|---|---|
| Statoil ADS | -4.65% | -0.10 |
| Potash Corp Of Saskatchewan | -4.68% | -0.08 |
| CNOOC ADR | -3.36% | -0.07 |
| Rent A Center *6.625% 11/15/2020* | -2.36% | -0.06 |
| PPuerto Rico Aqueduct & Sewer Rev *5.00% 07/01/2019* | -4.11% | -0.03 |
| Royal Dutch Shell ADS, Class A | -1.33% | -0.03 |
| Goodrich Petroleum | 10.16% | 0.00 |
| Total ADS | 0.21% | 0.00 |
| Colony Texas NFM Sales Tax Revenue *7.00% 10/01/2027* | 1.54% | 0.02 |
| Colony Texas NFM Sales Tax Revenue *7.25% 10/01/2033* | 2.53% | 0.02 |

| Top 10 Holdings | | Portfolio Weight |
|---|---|---|
| US Treasury Bond *6.125% 11/15/2027* | *Bond* | 7.7% |
| Mexico Bonos Desarrollo *6.50% 06/10/2021* | *Bond* | 3.6% |
| Microchip Technology | *Equity* | 3.4% |
| T-Mobile *6.50% 01/15/2026* | *Bond* | 3.1% |
| Jefferies Group *5.125% 01/20/2023* | *Bond* | 3.1% |
| Itau Unibanco Holding ADS | *Equity* | 3.0% |
| Federal Republic of Brazil *8.50% 01/05/2024* | *Bond* | 2.6% |
| Burlington Northern Santa Fe *5.05% 03/01/2041* | *Bond* | 2.6% |
| BHP Billiton ADS | *Equity* | 2.5% |
| Royal Bank of Scotland Bond *6.125% 12/15/2022* | *Bond* | 2.4% |

## Sextant Short-Term Bond Fund, Sextant Bond Income Fund, and Sextant Core Fund

What is the top priority of the world's central banks?

Not being able to pay a home mortgage is financially threatening to both the lender and the borrower. Failure to make full payment on settled derivative contracts is an equivalent threat to the contracted parties. From 1998 to 2009, the notional value – the total underlying asset value – of over-the-counter derivative securities outstanding in the world rose from 260% of world GDP to 1100%. From 1998 to 2009 global debt rose from 185% of global GDP to 280% of global GDP.[7] The greater systemic risk to the global financial system in 2009 was from derivatives. To date, central bank policies have succeeded in reducing the ratio of the notional value of derivatives to global GDP to about 700%. However, this ratio remains nearly triple what it was in 1998.[8] Overall financial leverage, including both derivatives and bonds, has declined from 1285% of global GDP in 2008 to 1000% today. This ratio remains exceptionally high by historic standards.

While the notional value of derivative contracts has been declining, the amount of high quality assets pledged as collateral against these derivatives has declined even faster, causing overall systemic leverage to increase over the last eight years. If managing systemic financial risks posed by the massive stock of derivatives and debt is in fact central bankers' single top priority, they appear a long way from reducing leverage to tolerable levels.

The still-elevated leverage in the global financial system requires central banks to quash spikes in volatility. Volatility is the origin of risk in derivatives pricing.[9] Going forward, central banks will limit the price volatility and support the value of the high-quality assets pledged as collateral against all these derivative contracts to unwind systemic leverage safely. The 2013 US "taper tantrum" and January 2016 stock market selloff have already demonstrated how quickly the US Fed may halt its recent normalization effort. Central banks' explicit protection of financial markets is set to continue.

The aging demographic profile of the US population implies an increased saving motive and rising demand for high quality bonds in an ongoing yield famine. Any increase in yields will be welcomed by grossly underfunded pensions.

The misallocation of capital, subpar economic growth, low productivity, declining velocity of money, and slow inflation that have accompanied hyper-easy monetary policies are likely to continue. Today, as in 2008, a yield spike would also be highly problematic for borrowers who have pushed the ratio of global debt to global GDP up to 300%.

For bond investors, falling financial leverage in the global financial system is more likely to be a deflationary influence on the economy and yields. Yield increases will continue to be modest and fleeting.

The Fed's economic reflation narrative has yet to influence long-term inflation expectations. The Federal Reserve's 5-year/5-year trailing inflation rate was unchanged during the quarter while the 30-year US Treasury yield declined five basis points. The yield spread between 30-year US Treasury bonds and 2-year US Treasury notes declined 18 basis points to 169 basis points. The April 7 Federal Reserve Bank of Atlanta Q1 2017 GDPNow forecast recently fell by half to 0.6%.[10]

Sextant Short term Bond Fund returned 0.34% for the quarter. The Fund has significant maturities during the next 12 months. Should the Federal Reserve Bank continue to raise rates, the Fund may have opportunities to reinvest maturing issues at higher yields.

Sextant Bond Income Fund with its long average duration returned 1.19% for the quarter as longer-term yields declined slightly.

Sextant Core Fund returned 4.47% for the quarter, slightly outpacing the 4.42% return of its Dow Jones Moderate Portfolio Index benchmark.

| Sextant Short-Term Bond Fund<br>Top 10 Holdings | Portfolio Weight |
|---|---|
| Adobe Systems | 3.8% |
| Gilead Sciences | 3.8% |
| Abbott Laboratories | 3.7% |
| Snap-On | 3.6% |
| Teva Pharmaceutical | 3.4% |
| BHP Billiton Finance USA | 3.3% |
| Emerson Electric | 3.1% |
| US Treasury Note *2.25% 07/31/2018* | 2.9% |
| US Treasury Note *2.00% 09/30/2020* | 2.9% |
| Berkshire Hathaway Finance | 2.9% |

| Sextant Bond Income Fund<br>Top 10 Holdings | Portfolio Weight |
|---|---|
| US Treasury Bond *5.375% 02/15/2031* | 5.8% |
| Apple | 4.1% |
| Intel | 4.1% |
| Microsoft | 4.0% |
| Cincinnati Financial | 3.4% |
| Becton Dickinson | 3.3% |
| Statoil ASA (Norsk Hydro Yankee) | 3.2% |
| Puget Sound Energy | 3.2% |
| Merck & Co. (Schering) | 3.0% |
| Boeing | 3.0% |

| Sextant Core Fund<br>10 Largest Contributors | Return | Contribution |
|---|---|---|
| Apple | 24.57% | 0.44 |
| Lowe's | 16.15% | 0.35 |
| Unilever ADS | 22.22% | 0.26 |
| HP | 21.41% | 0.25 |
| SAP ADS | 13.58% | 0.22 |
| Taiwan Semiconductor ADS | 14.23% | 0.21 |
| Skandinaviska Enskilda Banken, Class A | 11.72% | 0.18 |
| Oracle | 16.47% | 0.17 |
| Nestle ADS | 7.19% | 0.16 |
| Parker Hannifin | 15.03% | 0.15 |

| Sextant Core Fund<br>10 Largest Detractors | Return | Contribution |
|---|---|---|
| Anadarko Petroleum | -12.78% | -0.09 |
| Devon Energy | -8.52% | -0.08 |
| Delta Air Lines | -6.19% | -0.07 |
| Xilinx | -3.56% | -0.06 |
| CNOOC ADR | -5.59% | -0.04 |
| Biogen | -2.65% | -0.03 |
| Ally Financial | -3.88% | -0.02 |
| Ross Stores | -2.63% | -0.02 |
| Carlisle | -1.85% | -0.01 |
| Mitsubishi UFJ Financial ADR | 0.00% | -0.01 |

| Sextant Core Fund<br>Top 10 Holdings | | Portfolio Weight |
|---|---|---|
| Gilead Sciences *3.70% 04/01/2024* | *Bond* | 2.4% |
| US Treasury Note *2.00% 11/30/2022* | *Bond* | 2.4% |
| NXP Semiconductors | *Equity* | 2.4% |
| Lowe's | *Equity* | 2.3% |
| Nestle ADS | *Equity* | 2.2% |
| Apple | *Equity* | 2.0% |
| Republic of Chile *3.875% 08/5/2020* | *Bond* | 2.0% |
| Vodafone *4.625% 07/15/2018* | *Bond* | 2.0% |
| Jefferies Group *5.125% 04/13/2018* | *Bond* | 2.0% |
| PepsiCo | *Equity* | 1.9% |

***Performance data quoted herein represents past performance and does not guarantee future results.***

## Morningstar Sustainability Ratings™

### Sextant Growth Fund

**SSGFX**

*Among 1,306 Large Growth Funds*

### Sextant International Fund

**SSIFX**

*Among 586 Foreign Large Blend Funds*

### Sextant Core Fund

**SCORX**

*Among 721 Allocation 50% – 70% Equity Funds*

### Sextant Short-Term Bond Fund

**STBFX**

*Among 444 Short-Term Bond Funds*

### Sextant Global High Income Fund

**SGHIX**

*Among 396 World Allocation Funds*

*The Sextant Bond Income Fund has not yet received a Sustainability Rating.*

***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").***



*Morningstar Sustainability Ratings are as of March 31, 2017, and Portfolio Sustainability Scores are as of February 28, 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 Funds were rated on the following percentages of Assets Under Management:*

| | |
|---|---|
| *Sextant Growth Fund* | *91%* |
| *Sextant International Fund* | *91%* |
| *Sextant Core Fund* | *78%* |
| *Sextant Short-Term Bond Fund* | *63%* |
| *Sextant Global High Income Fund* | *54%* |

*The Morningstar Portfolio Sustainability Scores and Morningstar Sustainability Ratings are new and it is anticipated that Morningstar will issue the scores and ratings monthly. The Funds' portfolios are actively managed and is subject to change, which may result in a different Morningstar Sustainability Score and Rating.*

## Performance Summary

**As of March 31, 2017**

| **Average Annual Total Returns** (Before Taxes) | **1 Year** | **3 Year** | **5 Year** | **10 Year** | **Expense Ratio** *Gross*[A] | **Expense Ratio** *Net* |
|---|---|---|---|---|---|---|
| **Sextant Growth** (SSGFX) | 10.67% ▲ | 5.01% ▲ | 9.51% ▲ | 5.96% ▲ | 0.76% | 0.76% |
| S&P 500 Index | 17.17% ▲ | 10.36% ▲ | 13.28% ▲ | 7.50% ▲ | n/a | |
| **Sextant International** (SSIFX) | 12.22% ▲ | 1.52% ▲ | 2.51% ▲ | 2.45% ▲ | 1.00% | 1.00% |
| MSCI EAFE Index | 12.25% ▲ | 0.96% ▲ | 6.31% ▲ | 1.53% ▲ | n/a | |
| **Sextant Core Fund** (SCORX) | 8.19% ▲ | 2.65% ▲ | 4.33% ▲ | 3.92% ▲ | 1.05% | 1.04% |
| Dow Jones Moderate Portfolio Index | 9.79% ▲ | 4.72% ▲ | 6.77% ▲ | 5.29% ▲ | n/a | |
| **Sextant Global High Income Fund** (SGHIX)[B] | 20.72% ▲ | 3.07% ▲ | 4.80% ▲ | n/a | 1.17% | 0.90% |
| S&P Global 1200 Index | 16.06% ▲ | 6.26% ▲ | 9.89% ▲ | 4.95% ▲ | n/a | |
| Bloomberg Global High Yield Corporate Bond Index | 13.57% ▲ | 2.97% ▲ | 5.87% ▲ | n/a | n/a | |
| **Sextant Short-Term Bond** (STBFX) | 0.92% ▲ | 1.03% ▲ | 0.89% ▲ | 2.28% ▲ | 1.15% | 0.75% |
| Citi USBIG Govt/Corp 1-3 Year Index | 0.71% ▲ | 0.92% ▲ | 0.89% ▲ | 2.31% ▲ | n/a | |
| **Sextant Bond Income** (SBIFX) | 1.33% ▲ | 2.87% ▲ | 2.67% ▲ | 4.23% ▲ | 1.01% | 0.88% |
| Citi US Broad Investment-Grade Bond Index | 0.48% ▲ | 2.68% ▲ | 2.34% ▲ | 4.36% ▲ | n/a | |

***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.sextantfunds.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.*

*[A] By regulation, gross expense ratios shown are as stated in a Fund's most recent prospectus or summary prospectus, dated March 27, 2017, and incorporate results from the fiscal year ended November 30, 2016. Higher expense ratios may indicate higher returns relative to a Fund's benchmark. The Adviser has voluntarily capped actual expenses of Sextant Short-Term Bond at 0.75% and actual expenses of Sextant Bond Income and Sextant Global High Income at 0.90% through March 31, 2018.*

*[B] Sextant Global High Income Fund began operations March 30, 2012.*

*The S&P 500 Index is an index comprised of 500 widely held common stocks considered to be representative of the US stock market in general. The MSCI EAFE Index is an international index focused on Europe, Australasia, and the Far East. The S&P Global 1200 Index is a global stock market index covering nearly 70% of the world's equity markets. The Bloomberg Global High Yield Corporate Bond Index is a rules-based, market-value weighted index engineered to measure the non-investment grade, fixed-rate, taxable, global corporate bond market. The Dow Jones Moderate Portfolio Index is a broad-based index of stock and bond prices. The Citi USBIG Govt/Corp 1-3 Year Index is a broad-based index of shorter-term investment grade US government and corporate bond prices. The Citi US Broad Investment-Grade Bond Index is a broad-based index of medium and long-term investment grade bond prices. Investors cannot invest directly in the indices.*

## *Important Disclaimers and Disclosure*

*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.*

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### *A Few Words About Risk*

*The **Growth Fund** may invest in smaller companies, which involve higher investment risks in that they often have limited product lines, markets and resources, or their securities may trade less frequently and have greater price fluctuation than those of larger companies.*

*The **International Fund** involves risks not typically associated with investing in US securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and lack of uniform financial, social, and political standards.*

*The **Core Fund** involves the risks of both equity and debt investing, although it seeks to mitigate these risks by maintaining a widely diversified portfolio that includes domestic stocks, foreign stocks, short and long-term bonds, and money market instruments.*

*Investment in the **Global High Income Fund** entails the risks of both equity and debt securities, although it seeks to mitigate these risks through a widely diversified portfolio that includes foreign and domestic stocks and bonds. Issuers of high-yield securities are generally not as strong financially as those issuing higher quality securities. Investments in high-yield securities can be speculative in nature. High-yield bonds may have low or no ratings and may be considered "junk bonds."*

*The risks inherent in the **Short-Term Bond** and **Bond Income Funds** depend primarily on the terms and quality of the obligations in their portfolios, as well as on bond market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices rise. Bonds with longer maturities (such as those held by the Bond Income Fund) usually are more sensitive to interest rate changes than bonds with shorter maturities (such as those held by the Short-Term Bond Fund). The Funds entail credit risk, which is the possibility that a bond will not be able to pay interest or principal when due. If the credit quality of a bond is perceived to decline, investors will demand a higher yield, which means a lower price on that bond to compensate for the higher level of risk.*

### *Footnotes*

*[1] The Chicago Board Options Exchange Volatility Index® (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. Since its introduction in 1993, the VIX Index is considered by many to be a barometer of investor sentiment and market volatility.*

*[2] The Mexican IPC index (Indice de Precios y Cotizaciones) is a capitalization weighted index of the leading stocks traded on the Mexican Stock Exchange. The index was developed with a base level of .78 as of October 30, 1978.*

*[3] The 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.*

*[4] The IBEX 35 is the official index of the Spanish Continuous Market. The index is comprised of the 35 most liquid stocks traded on the Continuous market.*

*[5] Khan, Mehreen. Dutch election: everything you need to know as tricky coalition talks loom, Financial Times, March 16, 2017. https://www.ft.com/content/10cb2c91-7f9b-32a0-99a8-ebb43574e9ca*

*[6] Stein, Herbert. Herb Stein's Unfamiliar Quotations, On money, madness, and making mistakes, Slate.com, May 16, 1997. http://www.slate.com/articles/business/it_seems_to_me/1997/05/herb_steins_unfamiliar_quotations.html*

*[7] "Perspective Around Global Monetary Policy." Narr. by Daniel Want. Prerequisite Capital Management, July 2016. https://www.realvision.com/landing/tv/cfaderivatives (8:58)*

*[8] Ibid. (8:29)*

*[9] Blundell-Wignall, A., Atkinson, P., and Roulet, C. The Business Models of Large Interconnected Banks and the Lessons of the Financial Crisis, National Institute Economic Review, July 2012.*

*[10] GDPNow Model Data and Historical Forecasts, Federal Reserve Bank of Atlanta, April 7, 2017. https://www.frbatlanta.org/cqer/research/gdpnow.aspx?panel=1*

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