Fund Commentary

Q3 2019

Amana Mutual Funds Trust

Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about Amana Funds in a current prospectus or summary prospectus, please visit www.amanafunds.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 Amana Funds.

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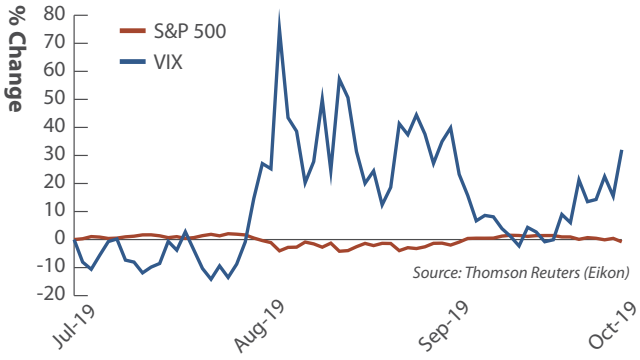
Rocky Waters

Volatility reared its head in August after the S&P 500 Index surged to new highs in July. With a dovish Federal Reserve lowering interest rates and a strong economy led by American consumers, the S&P 500 peaked on July 26, 2019 above 3,025. These gains soon evaporated with the Index falling more than -6% over the next two weeks as investor concern was reignited over the simmering US-China trade war. While the S&P was selling off, the VIX, a gauge of US equity market volatility, reached highs not seen since last December's market tumble.

When equity markets suddenly change tone, pulling back the curtains and looking into developments in the fixed-income markets can provide useful clarity. The performance of sukuk and other Islamic income-producing securities tends to be more closely correlated with traditional fixed-income markets. As the Amana Participation Fund approaches the significant milestone of reaching $100 million in assets, examining developments in the fixed-income markets seemed like a timely endeavor.

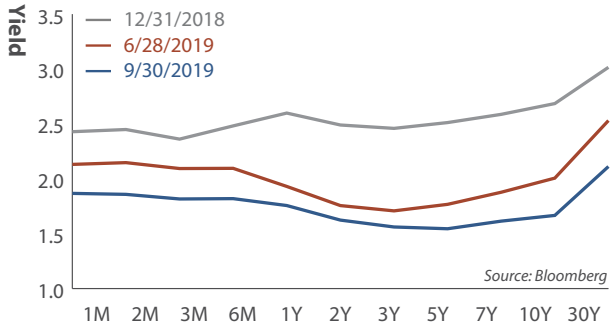
Equity market volatility was equally reflected in fixed-income markets. During the third quarter, the US Treasury market experienced a level of volatility not seen since 2016. The 10-year US Treasury had an especially wild ride as yields dropped to a three-year low of 1.43% on September 3rd while August brought the biggest monthly gain for Treasurys since 2008. Treasury yields tumbled on the back of sliding yields in Europe, and US-China trade war[1] concerns. However, the rally ended abruptly as stronger than expected economic data indicated a possibility of slower rate cuts. Consumer price data came in above forecasts as well. Both 10-year and 30-year Treasury yields jumped 35 basis points the week of September 9th, which then saw the 10-year ending the week at 1.90%, and the 30-year yield at 2.37%, their worst week since 2016.[2]

S&P 500 versus CBOE VIX



10-Year Treasury Yield

US Treasury Yield Curves



Overall, the entire Treasury curve moved downward during the quarter. As of September 30th, the 10-year had fallen back down to 1.67% due to investor fears that a contraction in September's ISM manufacturing report meant the manufacturing sector was heading for a recession. Year-to-date, there have been 22 days with a 10 basis point or more move in the 10-year yield. In 2018 and 2017 there were only eight such moves the entire year. The last comparable year was 2016, which saw 39 big moves.[3]

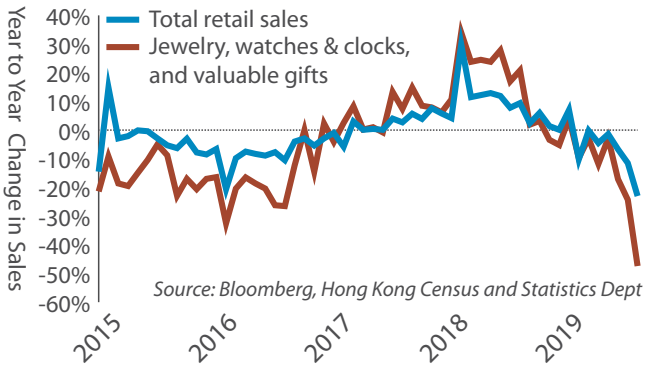
Political Unrest

Volatility in the third quarter wasn't limited to markets, as political unrest cropped up around the globe. Among the most heated issues, protests in Hong Kong have captured the world's attention. The protests, which have been simmering since March, exploded on June 9th when half a million demonstrators took to the streets demanding the repeal of a proposed extradition bill. Quickly after this ramp up in protests, Hong Kong Chief Executive Carry Lam indefinitely delayed the bill that would have allowed for the extradition of individuals to mainland China.

When protesters stormed the city's Legislative Council on July 1st, the 22nd anniversary of Hong Kong's handover from Britain, it became clear that the protests were about more than one extradition bill. They were about the city's sovereignty and its demands for greater democratic freedoms. Protests further escalated on October 1st, the 70th anniversary of the founding of the People's Republic of China, with police using live ammunition to deter demonstrators.

While the chaos in Hong Kong may not have immediate implications for the global economy, it has significantly slowed the city's economy. At the end of August, year-on-year retail sales were down 23% and sales of luxury items were down 47%. These sales declines are enough to slow the growth of the global luxury sector and have caused some retailers to shut their doors and focus marketing on mainland China. In addition to retail, Hong Kong's presence as a financial center is being challenged, and in August, Ali Baba decided to delay its $15 billion listing on the city's exchange.

Hong Kong Retail Sales



Beyond Hong Kong, political tensions have been on the rise across the globe. In August approximately 50,000 people gathered in Moscow, protesting against political repression and for fair elections. Then in September, attacks on key oil installations in Saudi Arabia crippled the country's oil production, temporarily sending oil prices to a three-month high. Meanwhile, here we are at the start of the fourth quarter and Britain is as divided as ever in how to exit the European Union. With an October 31 deadline looming, prudence suggests we bundle up and prepare for a hard Brexit.

Carbon Risks

Climate change continues to be a focus for Saturna Capital. As data emerges about the dangers related to rising temperatures, it's becoming more important than ever to identify risks and opportunities in our investments. Carbon risk is one component of the overall environmental, social, and governance (ESG) analysis conducted on each holding. Corporations in carbon-intensive industries, and financial institutions that have exposure to carbon-intensive industries such as power generation, mining, or energy-intensive firms, are exposed to transition risk, which refers to the impact of regulation changes, reputational risk, and potential shifts in consumer preferences during the transition to a low-carbon economy. Unexpected regulatory change can quickly alter the value of a business's assets, some of which may become economically unviable or "stranded." Transition risks can also arise if new technologies displace high-emitting current technology, or, if consumer preferences shift towards green products.

The Reserve Bank of Australia recently released a publication that explores how climate change is posing increasing risk to financial stability. While the report specifically speaks to Australia, the assertions are true globally. They state that, "Transition risk will be greatest for banks that lend to firms in carbon-intensive industries and to individuals or businesses that are reliant on these firms. Other financial institutions investing in carbon-intensive industries, such as superannuation and investment funds, are also exposed to the risk that climate change will diminish the value of their investments. This could occur both through direct investments in carbon-intensive industries, or indirect investments in banks that lend to these industries."[4]

A New Business Roundtable

On August 19, the Business Roundtable, a group of 181 CEOs from America's largest companies, made waves for releasing a statement that seemed to fly in the face of shareholder primacy. The *Statement on the Purpose of a Corporation* outlined a "fundamental commitment to all of our stakeholders" and members committed to "delivering value to our customers," "investing in our employees," "dealing fairly and ethically with our suppliers," "supporting the communities in which we work," and, last but not least, "generating long-term value for our shareholders."

At Saturna, this change in approach aligns with our values. After all, to maximize profits necessarily means considering the needs of stakeholders. Businesses create value through offering products that address customer needs and wants. They benefit from smoother and more efficient operations by dealing fairly with their suppliers and local communities. Through fulfilling these commitments, companies can generate long-term shareholder value.

We believe that companies proactively managing business risks relating to ESG issues make better contributions to the global economy and are more resilient. Saturna is thoughtful about how we construct our portfolios and we believe truly value-added strategies require active management with robust qualitative and quantitative analysis.

Amana Income Fund

In the third quarter, the Amana Income Investor Shares returned 1.25%, trailing the 1.70% gain of the S&P 500 Index. Through the first nine months of the year, the Fund returned 14.33% against 20.55% for the S&P 500. The Fund has enjoyed solid contributions from companies representing Technology, Industrials, and Consumer Staples. In the third quarter, as in the second quarter, however, these gains were eroded by losses in Healthcare and other Industrial companies, leading to flat performance.

Third quarter momentum was more modest than during the first half of the year, but it's interesting to note the improved performance of several Technology stocks that had been lagging. While Microsoft has been among the top performers throughout the year, Taiwan Semiconductor and Intel have been weak. Microchip has been resilient, and its performance was also a step up from previous quarters. Whether this change in investor sentiment reflected a more sanguine attitude regarding US-China trade relations, or the realization that a variety of developments in telecommunications, automation, and the Internet of Things will drive semiconductor demand sharply higher over the next decade, we cannot say. With Parker Hannifin, Grainger, Illinois Tool Works, and Carlisle, there were as many top performers from the Industrial sector as from Technology, perhaps indicating that trade relations were the driving factor. Bristol-Myers was the only Healthcare company to appear, as its immuno-oncology drug Keytruda continued to score trial wins in treating various forms of cancer. Kimberly-Clark made a second consecutive appearance among the top performers.

Last quarter Eli Lilly was the largest detractor, while in the third quarter Pfizer and Johnson & Johnson appear at the top of the list. Pfizer suffered a number of wounds during the quarter, some of which were self-inflected. In late July, the FDA required two box warnings for thrombosis and mortality be added to its rheumatoid arthritis drug Xeljanz. That was followed by a modest second quarter result that included an announcement of a reverse Morris Trust combination of Pfizer's generic unit Upjohn with Mylan; a plan that did not excite investors. Johnson & Johnson, meanwhile, has long held an enviable position as one of the most admired companies in America. That reputation, however, has suffered due to the lawsuits accusing the company of knowingly selling baby powder containing asbestos and the recent $572 million judgement levied in a case brought by the

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As of September 30, 2019

10 Largest Contributors	Return	Contribution
Taiwan Semiconductor ADS	19.51%	0.50
Bristol-Myers Squibb	12.80%	0.29
Intel	8.37%	0.27
Microchip Technology	7.60%	0.25
Parker Hannifin	6.83%	0.24
Microsoft	4.14%	0.23
W.W. Grainger	11.38%	0.18
Kimberly-Clark	7.37%	0.17
Illinois Tool Works	4.48%	0.15
Carlisle	4.02%	0.14

10 Largest Detractors	Return	Contribution
Pfizer	-16.28%	-0.60
Johnson & Johnson	-6.42%	-0.15
Methanex	-15.43%	-0.15
3M	-4.29%	-0.12
Honeywell International	-2.60%	-0.10
Canadian National Railway	-2.64%	-0.10
Genuine Parts	-3.07%	-0.09
Novartis ADR	-4.83%	-0.08
Dow	-1.77%	-0.08
Linde	-3.08%	-0.07

Top 10 Holdings	Portfolio Weight
Microsoft	5.78%
Eli Lilly	5.24%
McCormick & Co	4.13%
Honeywell International	3.83%
Rockwell Automation	3.73%
Carlisle	3.63%
PPG Industries	3.58%
Illinois Tool Works	3.55%
Microchip Technology	3.54%
Intel	3.50%

30-Day Yield	
Investor Shares (AMANX):	1.97%
Institutional Shares (AMINX):	2.01%

Asset-weighted average debt to market cap: 17.8%

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

Amana Growth Fund

The third quarter saw the Amana Growth Fund Investor Shares gain 0.90% versus the 1.70% return in the S&P 500 Index. Year-to-date, the Fund continues to outpace the Index, having returned 22.57%, versus the benchmark S&P 500's 20.55%. Technology held its place as the leading contributor to Fund performance but in the third quarter several other sectors made positive contributions as well.

Perennial top contributor Apple once again led the charge owing to a large position size and double-digit returns. Apple's services businesses have developed into meaningful contributors to sales, with highly attractive margins. Global lithography leader ASML and the world's leading foundry Taiwan Semiconductor followed with nearly 20% returns during the quarter. Estée Lauder, TJX, and Lowe's all benefitted from a buoyant consumer and excellent quarterly reports that pushed the shares higher. We are particularly excited about the opportunity for Lowe's to improve its results under new leadership. Amgen rebounded slightly following a period of weak performance, while Stryker's Mako robotic assisted knee replacement system continues to gain momentum as the company also expands its offerings across a variety of medical specialty products.

As was the case last quarter, performance across the Technology sector was not uniform, as chip-maker Xilinx, along with Cisco, Adobe, Trimble, SAP, and Gartner all detracted from Fund returns. Regardless, we remain committed to the investment thesis for each. Rail companies Norfolk Southern and Union Pacific have suffered from weakening economic activity and lower rail car loadings. Johnson & Johnson has been implicated in the opioid crisis, losing a major case in Oklahoma and suffering a $572 million judgement. While a slowing economy has implications for the construction activity that drives EMCOR, the services business provides stability and the stock was little changed despite appearing among top detractors.

During the third quarter Agilent and ASML replaced Xilinx and Trimble among the top 10 holdings.

As of September 30, 2019

10 Largest Contributors	Return	Contribution
Apple	13.60%	0.64
ASML Holding	19.47%	0.59
Taiwan Semiconductor ADS	19.51%	0.44
L3Harris Technologies	10.71%	0.37
Estée Lauder, Class A	8.88%	0.36
TJX Companies	5.88%	0.20
Amgen	5.77%	0.19
Lowe's	9.55%	0.18
Keysight Technologies	8.28%	0.17
Stryker	5.47%	0.16

10 Largest Detractors	Return	Contribution
Xilinx	-18.39%	-0.61
Trimble	-13.97%	-0.44
Cisco Systems	-9.16%	-0.37
Adobe	-6.24%	-0.36
SAP ADS	-13.84%	-0.28
Norfolk Southern	-9.40%	-0.27
Johnson & Johnson	-6.42%	-0.18
Gartner	-11.15%	-0.15
Union Pacific	-3.64%	-0.09
EMCOR Group	-2.16%	-0.06

Top 10 Holdings	Portfolio Weight
Intuit	5.63%
Apple	5.31%
Adobe	5.20%
Estée Lauder, Class A	4.29%
Church & Dwight	4.25%
L3Harris Technologies	3.83%
TJX Companies	3.67%
ASML Holding	3.60%
Cisco Systems	3.49%
Agilent Technologies	3.24%

Asset-weighted average debt to market cap: 11.2%

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

1300 North State Street Bellingham, WA 98225 1-800-728-8762 www.amanafunds.com

Amana Developing World Fund

During the second quarter the Amana Developing World Fund declined -0.60%, significantly less than the -4.25% decline in the MSCI Emerging Markets Index. Through the first nine months of the year, the Fund has returned 9.90% against 5.89% for the Index. During the quarter, emerging markets bore the brunt of Amazonian wildfires, continued weakening in Argentina, US-China trade friction, a diplomatic spat between South Korea and Japan that has affected trade flow, and modest economic growth throughout SE Asia, with the exception of Vietnam, which has become the clearest beneficiary of export activities moving out of China.

For the second consecutive quarter, Taiwanese electronics company Silergy provided the greatest returns. Silergy manufactures power integrated circuits that are used in consumer, industrial, communications, and computer products. Year-to-date, the shares have provided a total return of 68.84%. Taiwan was well-represented during the quarter with Taiwan Semiconductor, network and communications supplier Sercomm, and industrial computer manufacturer Advantech all among the top contributors. Hong Kong-based ASM Pacific has also performed well despite its heavy exposure to China-based production. Instant noodle leader Indofood rebounded after an extended period of underperformance, and we are seeking alternatives in Indonesia. Expectations of further rate cuts have pushed gold prices higher to the benefit of Barrick Gold. In a world of negative yields, the lack of income from holding gold becomes irrelevant. After a rough going earlier in the year, Kansas City Southern, which has an extensive network in Mexico, is back on track as the tentative US-Mexico-Canada-Agreement (USMCA) has muted trade tensions.

Samsonite again led detractors due to poor performance around weakening global travel activity, especially outbound from China. We have eliminated the position. Other China-related companies that dented returns include Tencent, HK & China Gas, Baidu, Techtronic, and Kerry Logistics. Tencent's highly profitable mobile game business continues to suffer from a heavy regulatory hand. The Hong Kong protests have clearly had a deleterious effect on market performance there, affecting HK & China Gas. Baidu's advertising business has come under some pressure,

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As of September 30, 2019

10 Largest Contributors	Return	Contribution
Silergy	27.54%	0.69
Taiwan Semiconductor ADS	19.51%	0.50
Sercomm	21.61%	0.37
ASM Pacific Technology	20.95%	0.35
Indofood CBP Sukses Makmur	17.90%	0.32
Barrick Gold	9.68%	0.30
Kansas City Southern	9.49%	0.23
Micron Technology	11.04%	0.23
Advantech	5.96%	0.14
Colgate-Palmolive	3.17%	0.09

10 Largest Detractors	Return	Contribution
Samsonite International	-22.86%	-0.42
Tencent Holdings ADR	-8.02%	-0.41
Hong Kong & China Gas	-11.42%	-0.37
International Flavors & Fragrances	-14.91%	-0.35
Baidu ADS	-12.44%	-0.29
Techtronic Industries	-8.37%	-0.28
Ramayana Lestari Sentosa	-14.95%	-0.28
BIMB Holdings	-14.44%	-0.26
Kerry Logistics Network	-8.26%	-0.18
M. Dias Branco	-17.33%	-0.16

Top 10 Holdings	Portfolio Weight
Tencent Holdings ADR	4.59%
SM Prime Holdings	3.54%
Clicks Group	3.39%
VF	3.27%
Barrick Gold	3.17%
Silergy	3.15%
Taiwan Semiconductor ADS	2.99%
Samsung Electronics	2.99%
Techtronic Industries	2.99%
Colgate-Palmolive	2.84%

Asset-weighted average debt to market cap: 14.3%

Amana Participation Fund

Year-to-date, the Amana Participation Institutional Fund and Amana Participation Investor Fund returned 6.75% and 6.58%, respectively, compared to the FTSE Sukuk Index, which returned 10.04%. For the trailing 12 months ending the third quarter of 2019, the Amana Participation Institutional Fund and the Amana Participation Investor Fund returned 7.05% and 6.92%, respectively. The Funds' performance can be attributed, in part, to the GCC region's favorable investment climate but also to our investment process that emphasizes the ownership of high-quality issuers, led by issuers with management teams exercising prudence and demonstrating sound long-term financial practices.

The Institutional Shares provided a SEC 30-day yield of 2.32%, with the Investor Shares offering a SEC 30-day yield of 2.08%. The Amana Participation Fund reported a modified duration of 3.46 years. The Fund is invested among 30 separate issues to meet its investment objective of capital preservation and current income while being entirely invested in US dollar denominated securities.

The end of the third quarter of 2019 marks an important and significant milestone as it represents the Amana Participation Fund's four-year anniversary. We are also extremely pleased to share that the Fund is within reach of surpassing $100 million in assets under management (AUM) – a momentous accomplishment when the Fund began with a little over $5.0 million AUM back in September of 2015. As of the third quarter of 2019, the Amana Participation Fund reported AUM in excess of $97.4 million! We want to sincerely thank our investors, as we continue to build on our successes in offering the first and only entirely dedicated Shariah-compliant non-equity income producing fund in the United States. We are both delighted and humbled in our role of serving *halal* investors.

2019 continues to reward sukuk investors, particularly issues originating from the Gulf Cooperative Council (GCC)[5] region, despite recent geopolitical risks taking center stage on September 14th with drone attacks severely damaging Saudi Aramco's oil processing facilities in Abqaiq. Outside of recent geopolitical events, the factors that have promoted an investor friendly climate continue to be supportive. Among

Continued on page 13

As of September 30, 2019

Top 10 Holdings	Portfolio Weight
Oman Sovereign Sukuk	4.66%
NMC Health Sukuk	4.35%
Equate Sukuk	4.28%
DP World Crescent	4.24%
Noor Sukuk	4.12%
QIB Sukuk	4.07%
KSA Sukuk	3.83%
DIFC Sukuk	3.79%
EMG Sukuk	3.78%
EIB Sukuk	3.65%

30-Day Yield	
Investor Shares (AMAPX):	2.08%
Institutional Shares (AMIPX):	2.32%

Credit Profile	
AA	3.47%
A	16.38%
BBB	41.54%
BB	4.35%
Not rated	25.45%
Cash and equivalents	8.81%

Credit ratings are the lesser of S&P Global Ratings or Moody's Investors Service. If neither S&P nor Moody's rate a particular security, that security is categorized as not rated (except for US Treasury securities and securities issued or backed by US agencies which inherit the credit rating for the US government). Ratings range from AAA (highest) to D (lowest). Bonds rated BBB or above are considered investment grade. Credit ratings BB and below are lower-rated securities (junk bonds). Ratings apply to the creditworthiness of the issuers of the underlying securities and not the Fund or its shares. Ratings may be subject to change.

Performance Summary

As of September 30, 2019

Average Annual Total Returns *(Before Taxes)*	YTD	1 Year	3 Year	5 Year	10 Year	15 Year	Expense Ratio
Income Fund Investor Shares (AMANX)	14.33%	3.88%	9.60%	7.92%	10.26%	9.81%	1.06%
Income Fund Institutional Shares (AMINX)	14.53%	4.13%	9.86%	8.18%	n/a	n/a	0.82%
S&P 500 Index	20.55%	4.25%	13.39%	10.83%	13.23%	9.00%	n/a
Growth Fund Investor Shares (AMAGX)	22.57%	7.43%	17.34%	13.09%	12.78%	11.48%	1.03%
Growth Fund Institutional Shares (AMIGX)	22.78%	7.69%	17.61%	13.34%	n/a	n/a	0.79%
S&P 500 Index	20.55%	4.25%	13.39%	10.83%	13.23%	9.00%	n/a
Developing World Fund Investor Shares (AMDWX)	9.90%	3.76%	0.70%	-1.71%	0.10%	n/a	1.31%
Developing World Fund Institutional Shares (AMIDX)	10.09%	4.06%	0.88%	-1.48%	n/a	n/a	1.14%
MSCI Emerging Markets Index	5.89%	-2.02%	5.97%	2.33%	3.37%	7.82%	n/a
Participation Fund Investor Shares (AMAPX)	6.58%	6.92%	2.45%	n/a	n/a	n/a	0.88%
Participation Fund Institutional Shares (AMIPX)	6.75%	7.05%	2.65%	n/a	n/a	n/a	0.64%
FTSE Sukuk Index	10.04%	10.73%	4.20%	4.21%	4.10%	n/a	n/a

Expense ratios shown are as stated in the Funds' most recent Prospectus dated September 27, 2019.

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 FTSE Sukuk Index measures the performance of global Islamic fixed income securities, also known as sukuk. The CBOE Volatility Index, known by its ticker symbol VIX, is a popular measure of the stock market's expectation of volatility implied by S&P 500 index options. 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 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 September 30, 2019

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	41	86	77	86	3
Institutional Shares (AMINX)	★★	n/a	★★	★★	☆☆	🌐🌐🌐🌐🌐
% Rank in Category	n/a	36	83	73	85	3
Number of Funds in Category	1,222	1,423	1,222	1,086	825	1,209
Amana Growth Fund – "Large Growth" Category						
Investor Shares (AMAGX)	★★★★	n/a	★★★★	★★★★	★★★	🌐🌐🌐🌐🌐
% Rank in Category	n/a	12	17	21	62	1
Institutional Shares (AMIGX)	★★★★	n/a	★★★★★	★★★★	☆☆☆	🌐🌐🌐🌐🌐
% Rank in Category	n/a	11	14	17	58	1
Number of Funds in Category	1,243	1,388	1,243	1,110	822	1,236
Amana Developing World Fund – "Diversified Emerging Markets" Category						
Investor Shares (AMDWX)	★★	n/a	★	★	★★	🌐🌐🌐🌐
% Rank in Category	n/a	19	96	96	99	20
Institutional Shares (AMIDX)	★★	n/a	★	★★	☆☆	🌐🌐🌐🌐
% Rank in Category	n/a	16	96	95	98	20
Number of Funds in Category	701	839	701	569	243	708
Amana Participation Fund – "Emerging Markets Bond" Category						
Investor Shares (AMAPX)	★★	n/a	★★	n/a	n/a	n/a
% Rank in Category	n/a	77	84	n/a	n/a	n/a
Institutional Shares (AMIPX)	★★	n/a	★★	n/a	n/a	n/a
% Rank in Category	n/a	76	80	n/a	n/a	n/a
Number of Funds in Category	252	296	252	n/a	n/a	n/a

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").

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[A] *Morningstar Ratings™ ("Star Ratings") are as of September 30, 2019. 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.*

[B] *Morningstar Sustainability Ratings are as of August 31, 2019. 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	*97%*
Amana Growth Fund	*87%*
Amana Developing World Fund	*79%*

As of August 31, 2019, the Amana Participation Fund had not received a Sustainability Rating.

% 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.

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

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

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Amana Income Fund *Continued from page 6*

state of Oklahoma against the company for its role in the opioid crisis. Johnson will appeal and it will be years before an ultimate decision, but the reputational damage remains. Industrials Honeywell, 3M, and Canadian National Railway all suffered from weak quarterly reports, although the share price moves were not significant. Novartis, which we had considered an improving ESG actor, became engaged in a controversy over falsified data submitted to the FDA with a drug application. Although the FDA, did not remove the drug's approval, Novartis management responded poorly, and we are monitoring their actions for signs of lessons learned.

There was significant turnover among the top 10 holdings during the quarter. Pfizer, Canadian National Railway, and Parker Hannifin all dropped out of the top 10 holdings list. They were replaced by Intel, Microchip, and Illinois Tool Works.

Amana Developing World Fund *Continued from page 8*

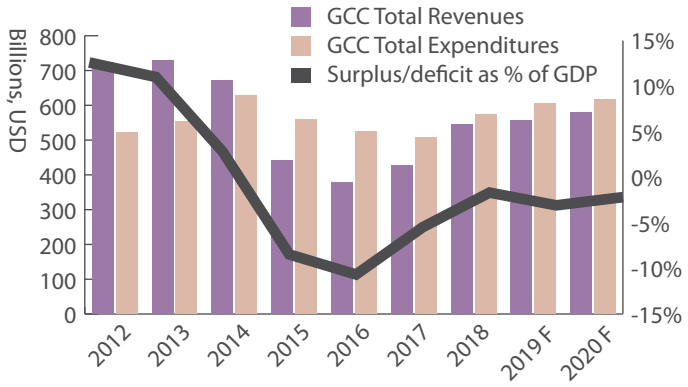
while Techtronic is subject to the vagaries of tariff discussions. Kerry Logistics is exposed to China trade activity. In South America, performance of Brazilian pasta and bakery leader M. Dias Branco suffered from a sharp decline in the value of the Brazilian real versus the US dollar.

The weak performance of HK & China Gas caused it to drop out of the top 10 holdings, as did Unilever. They were replaced by Taiwan Semiconductor and Silergy.

some of these factors are an improving economic outlook, low inflation, government backed fiscal stimulus, government reforms, and increasing foreign direct investments.

GCC members' fiscal programs continue to help stimulate regional economies as they shift away from their overdependence on the hydrocarbon industry. For example, based on research provided by KAMCO, a Kuwaiti investment research firm, fiscal expenditures in the GCC region are forecasted to increase by almost 5.5% in 2019 to USD 605.6 billion. Despite the increase in government spending, the GCC region is not projected to see deficits rise but rather decline, as fiscal reforms and higher oil prices have helped offset the budget gaps. The GCC region is forecasted to experience a budget deficit of -3.1% in 2019, expressed as percentage of GDP, down from its high of -10.7% posted in 2016. Some of the region's fiscal reforms include a reduction of subsidies and, for some GCC members, an adoption of a value added tax (VAT). The UAE adopted a VAT in January of 2018 and collected AED 27bn ($7.4 billion) compared to original projections of AED 12bn ($3.3 billion), representing a 125.0% increase above initial estimates.[6] Details are provided in the accompanying illustration.

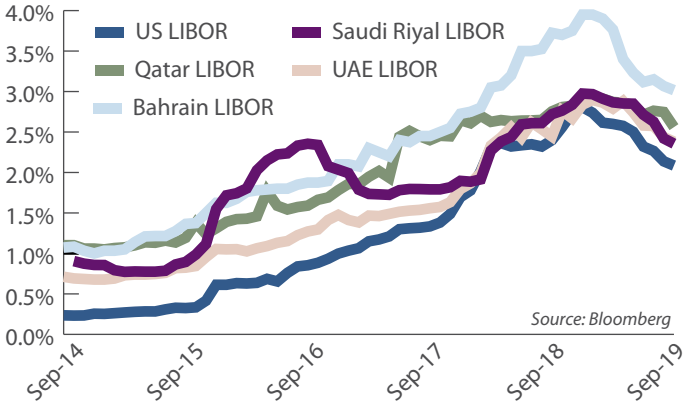
GCC Revenues and Expenses



Source: KAMCO - GCC Economic Update

Further supporting the region's economies, US Federal Reserve Chairman, Jerome Powell, decided to lower interest rates by 25 bps on September 18th. The Fed's decision to reduce its interest rate policy from the 1.75% – 2.00% range to 1.50% – 1.75% reduces interest rate costs for countries, such as members of the GCC, that peg their currency to the US dollar. This, in turn, helps reduce borrowing costs, and is viewed as stimulative. The accompanying illustration provides an overview of the benchmark interest rates in the US, shown as the 3-Month LIBOR rate, and selected GCC members over the past five years.

Selected GCC Member Interbank Rates vs US LIBOR



The top two performing issues during the third quarter of 2019 include Dubai headquartered retail giant, Majid Al Futtaim, and Saudi Arabia's sovereign sukuk, each returning 5.11% and 3.83%, respectively. The two worst-performing issues over the quarter include Investment Corporation of Dubai, Dubai's sovereign wealth fund, and Malaysia's petroleum giant Petronas, generating a return of 0.00% and 0.66%, respectively. It should be noted that investment in Investment Corporation of Dubai just began in late August of 2019.

Over the remaining quarter of the year we continue to anticipate a supportive investment climate for sukuk investors.

About The Authors

Scott Klimo CFA
Chief Investment Officer
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 30 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 20 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.

Patrick Drum MBA, CFA, CFP®
Senior Investment Analyst
Amana Participation Fund Portfolio Manager

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.

Elizabeth Alm CFA®
Senior Investment Analyst
Amana Participation Fund Deputy Portfolio Manager

Elizabeth Alm CFA, Investment Analyst, joined Saturna Capital in April of 2018. Originally from Connecticut, she graduated from New York University with degrees in Economics and Anthropology including field work completed in Luxor, Egypt. Prior to joining Saturna, Ms. Alm spent 11 years at Wells Fargo Asset Management as a senior research analyst focusing on high-yield municipal bonds. As part of her previous role, she also worked on the management of several municipal SMA strategies. Ms. Alm is a Chartered Financial Analyst (CFA) charterholder.

Levi Stewart Zurbrugg MBA, CPA®
Senior Investment Analyst

Levi Stewart Zurbrugg, Senior Investment Analyst, joined Saturna in June 2019. He graduated from Western Washington University with a BA in Business Administration and has an MBA from the University of Washington's Foster School of Business. Prior to Saturna, Levi worked at the Sustainability Accounting Standards Board as a Sector Analyst for the Consumer Staples sector. He is a Certified Public Accountant and is currently a Level III candidate in the Chartered Financial Analyst (CFA) program.

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***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.*

We note that unlike many funds, the Amana Funds' expenses are not subsidized by its adviser, Saturna Capital, therefore the 30-Day Yields presented are actual, according to the SEC's calculation methodology.

Footnotes to commentary:

[1] *Chen, Lou Vivien. Treasuries Dive, Sending 10-Year Yield to Highest in Six Weeks, Bloomberg, September 13, 2019. https://www.bloomberg.com/news/articles/2019-09-13/treasuries-dive-sending-10-year-yield-to-highest-in-six-weeks*

[2] *Wells, Peter. Treasuries Notch Biggest Weekly Drop Since 2016 As Rotation Hits, Financial Times, September 13, 2019. https://www.ft.com/content/27594466-d64a-11e9-8367-807ebd53ab77*

[3] *Domm, Patti. The Bond Market's Roller Coaster Ride Could Continue Until There's a Clear Signal Either Way on Recession, CNBC, October 1, 2019. https://www.cnbc.com/2019/10/01/the-bond-markets-roller-coaster-ride-could-continue.html*

[4] *Financial Stability Risks from Climate Change, Reserve Bank of Australia Financial Stability Review, October 2019. https://www.rba.gov.au/publications/fsr/2019/oct/box-c-financial-stability-risks-from-climate-change.html*

[5] *GCC member states are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates*

[6] *Townsend, Sarah. UAE'S VAT Revenue Beat Estimates, Moody's Says, the National, June 26, 2019. https://www.thenational.ae/business/economy/uae-s-vat-revenues-beat-estimates-moody-s-says-1.879175*

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