Fund Commentary

Q2 2019

Saturna Capital

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.

Something Wicked This Way Comes?

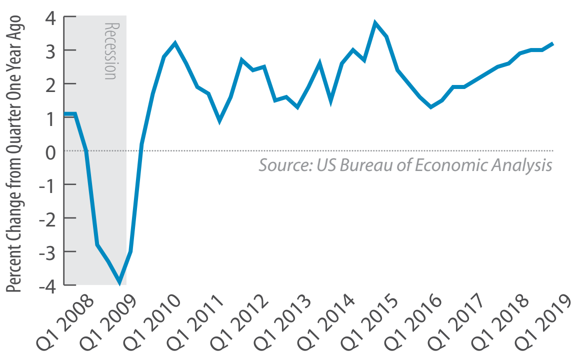
Looking at the 18.54% total return for the S&P 500 through the first half of the year, the 14.49% return for the MSCI EAFE Index (non-US developed world), or the 10.58% gain for the MSCI Emerging Markets ETF, one could be forgiven for believing world economies and corporate profitability have entered a Golden Era of buoyant confidence, linear expansion, and wisely benign governance. If only we were so lucky.

We believed the market sell-off in the fourth quarter of 2018 was overdone and expected a rebound. Six-month double-digit returns, however, were not anticipated providing a timely reminder of the need to remain fully invested. In September of last year, who predicted markets would nose dive the final three months and then reverse to become the bull market we have experienced year-to-date? Investors scared out of the market during the downturn are unlikely to have picked the bottom to re-establish positions and, as a result, their returns may have suffered. As Charlie Munger said, "The big money is not in the buying or the selling, but in the waiting."

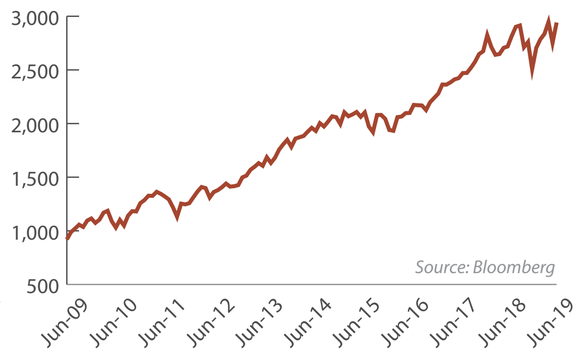
We recognize it can be difficult to avoid the temptation of market timing, especially today as the US economy sets records for the longest expansion and the S&P 500 has moved back into all-time high territory. Meanwhile, macroeconomic indicators largely tell a story of slowing economies and coming recession and companies are busily downgrading their earnings growth expectations. We believe the Amana Funds are positioned to perform well in both up and down markets.

US Economic Expansion Setting Records

Real Gross Domestic Product



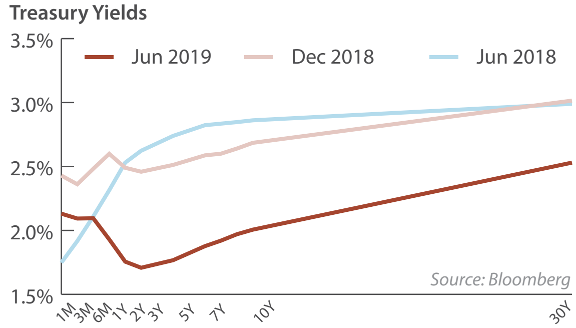
S&P 500 Index



A continuously rising stock market during a period of uninterrupted economic growth comes as no surprise, but stocks are supposed to discount future developments. The indications of economic growth provided by the fixed-income market are unenthusiastic. One of the most potent predictors of future economic performance has been the yield curve. While not technically inverted at the classic two-year and 10-year maturities, the curve has been trending in that direction. Through the first half, the yield on the 10-year Treasury dropped from 2.75% to 2% and sunk below 2% at the start of July; perilously close to the two-year T-bill yield of 1.77%. We should note, however, that yield curve inversion generally precedes a recession by a year or more.

Yield Curve Inverting?

Treasury Yields

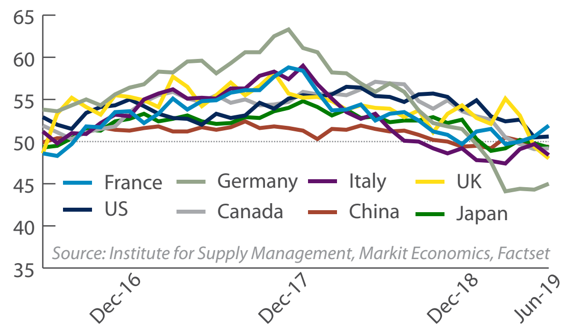


The Federal Reserve bolstered the bond market's message by indicating recently that weak economic performance made it likely that rates will be cut this year. Futures markets currently anticipate at least two rate cuts in 2019.[1]

Another important indicator of the economic outlook is the Purchasing Managers Index or PMI. Manufacturing PMIs have been declining around the world. PMIs are diffusion indices, meaning that any number above 50 represents expansion, while a number below indicates contraction. The manufacturing PMI for the US remains in positive, albeit less buoyant territory, while PMIs across Europe and Japan have moved into contraction.

Heading into Contraction Territory?

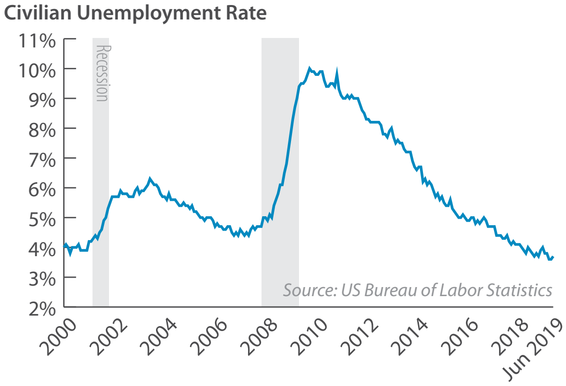
Selected Global PMIs



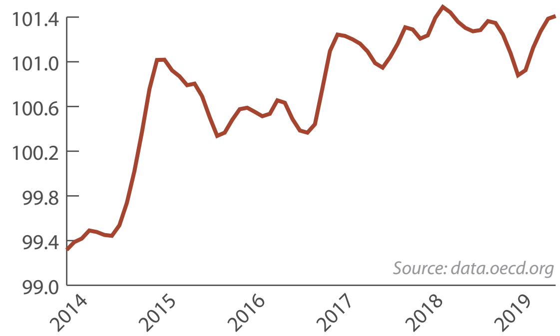
Developed market economies are driven by services and consumption. Here the picture is robust with unemployment at multi-decade lows, leading to higher consumer confidence. These are coincident indicators rather than leading.

Unemployment at Multi-Decade Lows, Leading to Higher Consumer Confidence

Civilian Unemployment Rate



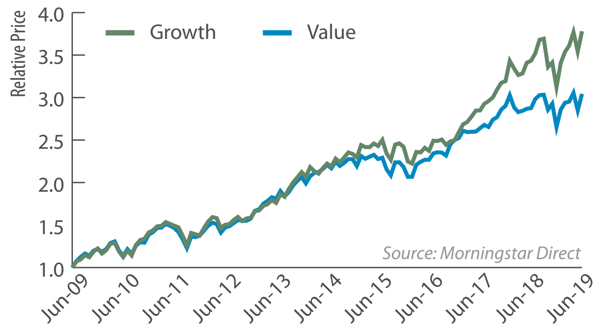
Consumer Confidence Index



Growth or Value?

Nobody can predict with any certainty how the market will perform over the coming quarters. One driving force may be the dearth of attractive alternatives. Interest rates are low and an unprecedented portion of fixed income securities offer negative yields, especially in Europe. Apart from the general direction of the market, another question is what types of stocks might attract investor attention? We can review how different types of stocks have performed over the past several years, which may provide guidance for positioning going forward. The most obvious differentiation over the past decade has been between growth and value, as illustrated in the chart below. With market titans such as Apple, Microsoft, Google, and Amazon leading the way, technology stocks (which, in most cases if not all, fall into the growth category) have provided most of the impetus behind ever-climbing market indices. In an economic downturn does growth continue as the favored choice of equity investors? If the indications from the bond market and developments in the Purchasing Managers Index are correct, value may once again have its day in the sun.

Growth versus Value: 2009 – 2019



Amana Income Fund

As of June 30, 2019

In the second quarter the Amana Income Investor Shares returned 1.12%, trailing the 4.30% return of the S&P 500 Index. Through the first half of the year, the Fund returned 12.91% against the 18.54% return of the S&P 500. While the Fund has seen good contributions from companies representing a wide variety of sectors, including Technology, Industrials, and Consumer Staples, these have largely been offset by declines in Healthcare, and other Industrial companies, leading to flat performance.

For the second consecutive quarter, Microsoft was the largest contributor to Fund returns, a phenomenon we attribute to the continuing success of its cloud offering and building momentum within hardware. Industrial companies such as Honeywell and Illinois Tools Works performed well as statements from the US administration during the quarter ameliorated fears of an all-out trade war between China and the US. Unfortunately, we do not believe the problem has been settled, and a long-term realignment of trade patterns is a very possible outcome. In the Consumer Staples sector, PepsiCo has done well this year after several years of desultory performance. The ascension of a new CEO has given rise to hopes of corporate restructuring that could unlock value within the company. German industrial gases firm Linde may not be familiar to many readers. It became part of the portfolio following its acquisition of Praxair, which we had owned for many years. Given its strong performance, along with that of Air Products, the industry clearly has momentum.

Health Care stocks accounted for half of the largest detractors in the first quarter (although some provided a positive return due to the strong market) and a third in the second quarter. These companies are suffering from concerns regarding R&D productivity, which has led to aggressive M&A activity; the most recent example being AbbVie's roughly $63 billion announced acquisition of Allergan. In reaction, the stock dropped by -16% on the day. Although subsequently recovering, it still detracted from Fund performance. Bristol-Myers' own large acquisition of Celgene led to a sell-off when authorities required it to dispose of Celgene's psoriasis drug Otezla as a condition for allowing the merger to proceed. If 2016 provides any guidance, the entire sector may remain under pressure as the presidential campaign season gains momentum. Drug pricing appears to be a favorite target of the Democrats and President Trump, and the uncertainty will likely weigh on stock prices. Methanol

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10 Largest Contributors	Return	Contribution
Microsoft	14.00%	0.67
Air Products & Chemicals	19.15%	0.55
Carlisle	14.85%	0.44
Honeywell International	10.40%	0.37
Linde	14.69%	0.32
Illinois Tool Works	5.78%	0.18
PepsiCo	7.78%	0.18
Kimberly-Clark	8.40%	0.18
Johnson Controls International	12.56%	0.17
Microchip Technology	4.99%	0.14

10 Largest Detractors	Return	Contribution
Eli Lilly	-14.15%	-0.83
3M	-15.85%	-0.49
Intel	-10.31%	-0.37
Rockwell Automation	-6.08%	-0.25
Methanex	-19.41%	-0.25
Genuine Parts	-6.84%	-0.21
AbbVie	-8.57%	-0.19
W.W. Grainger	-10.39%	-0.18
Dow	-10.88%	-0.10
Bristol-Myers Squibb	-4.11%	-0.09

Top 10 Holdings	Portfolio Weight
Microsoft	5.49%
Eli Lilly	5.12%
McCormick & Co	4.05%
Honeywell International	3.91%
Pfizer	3.72%
Canadian National Railway	3.68%
Rockwell Automation	3.67%
Parker Hannifin	3.49%
PPG Industries	3.48%
Carlisle	3.46%

30-Day Yield	
Investor Shares (AMANX):	1.33%
Institutional Shares (AMINX):	1.57%

Asset-weighted average debt to market cap: 17.6%

Amana Growth Fund

The second quarter saw the Amana Growth Fund Investor Shares surrender some of their lead over the Index, rising 3.42% versus the 4.30% rise in the S&P 500. Year-to-date, the Fund continues to outpace the Index, having returned 21.47%, while the benchmark S&P 500 has returned 18.54%. As has been the case for the market as a whole over the past several years, Technology continues to be the driving force behind Fund returns.

Apart from construction company EMCOR, cosmetics firm Estée Lauder, and rail transport leader Norfolk Southern, Technology dominated the top contributors. Qualcomm ha an incredibly volatile quarter, soaring in the wake of the patent licensing settlement with Apple, dropping with the US government imposing sanctions on Chinese telecom equipment manufacturer Huawei, and then recovering into the end of the quarter. While it's been a wild ride, Qualcom continues to have the most dominant 5G IP portfolio. Adobe, ASML, and Apple are perennial presences among top contributors, while SAP has regained momentum this year after a period of directionless trading. Estée Lauder represents our favorite segment of the Consumer Staples sector. Their products are highly defensive in a downturn, yet participate in more bullish environments as consumers migrate to premium products. Estée Lauder reported strong third quarter (financial year) results, despite a slight sales contraction in the Americas. That contraction was overwhelmed by the 25% reported sales growth registered in the Asia-Pacific region.

Although Technology was strong, it wasn't bulletproof. Previously buoyant chip companies Xilinx and Taiwan Semiconductor continued to give back some of their gains from earlier in the year, both victims of the aforementioned Huawei fallout. Concerns are growing that Google and others may face anti-competitive regulation. Like drug pricing, this appears to be an area where the Democrats and the President agree. Speaking of drug pricing, Health Care was negative for returns. Novo Nordisk has had solid pipeline wins of late, but insulin pricing has been a key focus of political commentary. Lilly has been surrendering gains earned during an incredibly strong run from early 2018 through the first quarter of 2019, when it nearly doubled. Like Novo Nordisk, concerns over potential political involvement in drug (insulin) pricing may be eroding enthusiasm. Lowe's first quarter results were disappointing, but we still have confidence in the "work

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As of June 30, 2019

10 Largest Contributors	Return	Contribution
Qualcomm	34.62%	0.72
Adobe	10.57%	0.59
EMCOR Group	20.68%	0.50
Estée Lauder, Class A	10.89%	0.40
Trimble Inc	11.66%	0.34
SAP ADR	20.02%	0.34
ASML Holding	11.82%	0.32
L3Harris Technologies	7.62%	0.21
Apple	4.60%	0.19
Norfolk Southern	7.11%	0.19

10 Largest Detractors	Return	Contribution
Eli Lilly	-14.15%	-0.31
Agilent Technologies	-6.92%	-0.26
Xilinx	-6.70%	-0.25
Lowe's	-7.43%	-0.17
Alphabet, Class A	-11.24%	-0.17
Amgen	-2.17%	-0.07
Clorox Company	-3.98%	-0.07
Novo-Nordisk ADR	-2.43%	-0.06
Taiwan Semiconductor ADR	-1.32%	-0.04
TJX Companies	-0.18%	-0.02

Top 10 Holdings	Portfolio Weight
Adobe	6.26%
Intuit	5.55%
Apple	4.71%
Church & Dwight	4.14%
Estée Lauder, Class A	3.96%
Cisco Systems	3.88%
TJX Companies	3.49%
L3Harris Technologies	3.48%
Xilinx	3.34%
Trimble	3.19%

Asset-weighted average debt to market cap: 11.3%

Amana Developing World Fund

The Amana Developing World Fund Investor Shares handily outpaced the MSCI Emerging Markets Index in the second quarter, appreciating 2.58% against 0.61% for the Index. Year-to-date, the Fund and the Index have performed in line with each other, returning 10.57% and 10.58% respectively. Emerging Markets remain a story featuring widely divergent chapters. Southeast Asia continues as one of the bright spots and is often pointed out as a beneficiary of US-China trade friction. One also questions the effect Hong Kong's recent disturbances may have on the desire of the entrepôt's managerial class to explore other geographic options. While Argentina has shown some mild signs of economic recovery and the stock market has been pulled higher by MercadoLibre's strong run, South America, excluding Brazil, provides limited opportunities. The Russian market has demonstrated strength but what can one really know of Russian companies? Of course, the giant in the Index is China, which has clearly suffered more significantly than most other regions in terms of index performance due to trade friction with the US and, arguably, an ever-growing debt burden.

From geographic and industry perspectives, the Fund's top contributors were as diverse as possible. Taiwan, South Africa, Turkey, Hong Kong, Thailand, Indonesia, the US, the UK, Canada, and Panama were all represented. Developed country representation features companies that have either a majority of their operations or sales in the developing world. Looking at industries, Silergy of Taiwan was the only Technology representative. Click's operates in the difficult environment of South Africa but is an incredibly professional retailer. Turkey's Ford Otomotive potentially benefits from the weakening of the Turkish lira as it exports much of its production to Europe. Hong Kong-based power tool manufacturer Techtronic has overcome the threat of US tariffs, perhaps because of the generally strong housing market. Thai telecommunications leader Advanced Info has rebounded following the results of spectrum auctions. Expectations of rate cuts drove gold prices sharply higher, pulling along Barrick Gold.

Samsonite has been troubled with changes in the executive suite, execution, and a political environment that is having some effect on travel patterns. We are

Continued on page 12

As of June 30, 2019

10 Largest Contributors	Return	Contribution
Silergy	31.49%	0.61
Clicks Group	14.68%	0.48
Ford Otomotiv Sanayi	31.77%	0.46
Techtronic Industries	15.07%	0.46
Advanced Info Service	22.50%	0.42
Barrick Gold	15.74%	0.42
Telekomunik Indonesia ADR	11.02%	0.30
International Flavors & Fragrances	13.22%	0.29
VF	7.42%	0.24
Copa Holdings, Class A	21.91%	0.23

10 Largest Detractors	Return	Contribution
Samsonite International	-25.28%	-0.72
Baidu ADR	-28.81%	-0.62
Micron Technology	-6.63%	-0.17
SM Prime Holdings	-3.91%	-0.15
Ramayana Lestari Sentosa	-14.13%	-0.12
M Dias Branco	-8.95%	-0.10
KPJ Healthcare	-5.38%	-0.10
Tencent Holdings ADR	-1.30%	-0.08
Taiwan Semiconductor ADR	-1.32%	-0.04
Kontoor Brands	-10.05%	-0.02

Top 10 Holdings	Portfolio Weight
Tencent Holdings ADR	5.05%
SM Prime Holdings	3.62%
Clicks Group	3.52%
Techtronic Industries	3.33%
VF	3.25%
Hong Kong & China Gas	3.19%
Samsung Electronics	3.01%
Barrick Gold	2.92%
Unilever ADR	2.83%
Colgate-Palmolive	2.80%

Asset-weighted average debt to market cap: 15.2%

Amana Participation Fund

Year-to-date, the Amana Participation Fund Institutional Shares and the Amana Participation Investor Shares returned 4.56% and 4.46%, respectively, compared to the FTSE Sukuk Index which returned 6.98%. For the trailing 12 months ending the second quarter of 2019, the Amana Participation Fund Institutional Shares and the Amana Participation Investor Shares returned 5.65% and 5.53%, respectively. The Fund's performance can be attributed, in part, to the Gulf Cooperative Council (GCC)[2] region's favorable investment climate but also to our allocation to higher-quality issuers led by management teams exercising prudence and demonstrating sound long-term financial practices.

The Institutional Shares provided a SEC 30-day yield of 2.69%, with the Investor Shares offering a SEC 30-day yield of 2.45%. The Amana Participation Fund reported an effective duration of 3.19 years. The Fund is diversified among 28 separate issues to meet its investment objective of capital preservation and current income while being entirely invested in US dollar denominated securities.

The first half of 2019 has rewarded sukuk investors, particularly issues originating from the GCC region. Some of the factors promoting the friendly investment climate include an improving economic outlook, low inflation, government-backed fiscal stimulus, and increasing foreign direct investments.

On May 1, 2019, the World Bank updated their economic growth forecasts for the GCC region projecting GDP increase from 2.0% to 2.1% in 2019, while anticipating growth to accelerate to 3.2% in 2020, and then stabilizing at 2.7% in 2021.[3] Low inflation is helping to support these favorable growth projections by keeping price pressures in check. For example, the average inflation rates among GCC members for the first four months of 2019 have all been negative, with the lowest average rate of -0.76% occurring in the month of February, and the highest inflation rate of -0.38% reported in April. A summary overview of the region's inflation trends can be found in the accompanying illustration.[4]

The combination of favorable growth projections and low inflation is helping to attract foreign investment to

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As of June 30, 2019

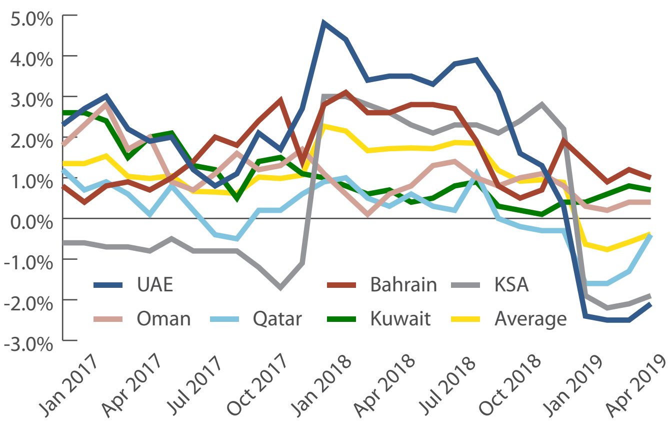
Top 10 Holdings	Portfolio Weight
EMG Sukuk	4.46%
KSA Sukuk	4.46%
Equate Sukuk Spc	4.43%
Oman Sovereign Sukuk	4.19%
MAF Sukuk	4.18%
MAF Sukuk	4.17%
SOQ Sukuk A	4.12%
EIB Sukuk	4.04%
QIB Sukuk	4.01%
Al Shindagha Sukuk	4.00%

30-Day Yield	
Investor Shares (AMAPX):	2.45%
Institutional Shares (AMIPX):	2.69%

Credit Profile	
AA	4.12%
A	19.44%
BBB	41.84%
BB	3.24%
Not rated	25.39%
Cash and equivalents	5.96%

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.

Gulf Cooperation Council Inflation



Source: Bloomberg

Performance Summary

As of June 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)	12.91%	11.37%	9.74%	7.33%	11.28%	10.17%	1.10%
Income Fund Institutional Shares (AMINX)	13.06%	11.66%	10.00%	7.59%	n/a	n/a	0.87%
S&P 500 Index	18.54%	10.42%	14.22%	10.72%	14.70%	8.75%	n/a
Growth Fund Investor Shares (AMAGX)	21.47%	20.01%	18.38%	13.03%	13.94%	11.55%	1.08%
Growth Fund Institutional Shares (AMIGX)	21.63%	20.28%	18.65%	13.29%	n/a	n/a	0.85%
S&P 500 Index	18.54%	10.42%	14.22%	10.72%	14.70%	8.75%	n/a
Developing World Fund Investor Shares (AMDWX)	10.57%	2.36%	1.42%	-1.88%	n/a	n/a	1.31%
Developing World Fund Institutional Shares (AMIDX)	10.64%	2.56%	1.64%	-1.65%	n/a	n/a	1.13%
MSCI Emerging Markets Index	10.58%	1.21%	10.68%	2.49%	5.81%	8.70%	n/a
Participation Fund Investor Shares (AMAPX)	4.46%	5.53%	2.11%	n/a	n/a	n/a	0.87%
Participation Fund Institutional Shares (AMIPX)	4.56%	5.65%	2.31%	n/a	n/a	n/a	0.62%
FTSE Sukuk Index	6.98%	8.74%	3.73%	3.81%	4.88%	n/a	n/a

Expense ratios shown are as stated in the Funds' most recent Prospectus dated September 28, 2018.

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. 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 June 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	20	90	82	91	3
Institutional Shares (AMINX)	★★	n/a	★★	★★	☆☆	🌐🌐🌐🌐🌐
% Rank in Category	n/a	18	89	79	89	3
Number of Funds in Category	1,205	1,408	1,205	1,066	809	1,197
Amana Growth Fund – "Large Growth" Category						
Investor Shares (AMAGX)	★★★★	n/a	★★★★	★★★★	★★★	🌐🌐🌐🌐🌐
% Rank in Category	n/a	3	32	28	70	1
Institutional Shares (AMIGX)	★★★★	n/a	★★★★	★★★★	☆☆☆	🌐🌐🌐🌐🌐
% Rank in Category	n/a	3	31	24	66	1
Number of Funds in Category	1,235	1,383	1,235	1,100	812	1,229
Amana Developing World Fund – "Diversified Emerging Markets" Category						
Investor Shares (AMDWX)	★	n/a	★	★	n/a	🌐🌐🌐🌐
% Rank in Category	n/a	37	99	97	n/a	20
Institutional Shares (AMIDX)	★	n/a	★	★	n/a	🌐🌐🌐🌐
% Rank in Category	n/a	35	99	95	n/a	20
Number of Funds in Category	712	837	712	560	n/a	711
Amana Participation Fund – "Emerging Markets Bond" Category						
Investor Shares (AMAPX)	★	n/a	★	n/a	n/a	n/a
% Rank in Category	n/a	95	96	n/a	n/a	n/a
Institutional Shares (AMIPX)	★	n/a	★	n/a	n/a	n/a
% Rank in Category	n/a	94	95	n/a	n/a	n/a
Number of Funds in Category	236	294	236	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").

[A] Morningstar Ratings™ ("Star Ratings") are as of June 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 May 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	*95%*
Amana Growth Fund	*92%*
Amana Developing World Fund	*76%*

As of May 31, 2019, the Amana Participation Fund did not receive 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.

Amana Income Fund *Continued from page 6*

producer Methanex has suffered from a volatile pricing environment for its product. Weaker economic activity has weighed on pricing and margins. 3M has been a long-term outperformer, but first quarter results were disappointing due to weakness in end markets. The company has also been troubled by environment-related charges.

Carlisle's strong performance led to its inclusion in the top 10 holdings and Intel's ouster.

Amana Growth Fund *Continued from page 7*

in progress" thesis under new management.

During the second quarter L3Harris and Trimble replaced Agilent and Amgen among the top 10 holdings.

Amana Developing World Fund *Continued from page 8*

evaluating the position for continued inclusion in the Fund. Baidu also had a difficult quarter, although we're inclined to view that as more of an opportunity. Baidu has been affected by domestic macroeconomic conditions in China and increasing competition, but its AI capabilities are strong and growing. Indonesian discount retailer Ramayana is a new position that we initiated on a downdraft in the stock but were a bit early. Kontoor Brands was spun out of VF Corp and represents the Lee and Wrangler jeans businesses. We do not anticipate holding it going forward.

Barrick Gold has been bouncing in and out of the top 10 list the past couple of quarters and returned this quarter on a sharply appreciating gold price. It supplanted Taiwan Semiconductor.

Amana Participation Fund *Continued from page 9*

the region, as GCC governments have been sponsoring various fiscal stimulus programs to help ensure that growth doesn't falter. On June 25, 2019, the Abu Dhabi government announced an eight-point, multi-year program designed to support existing companies and attract more investment to the emirate. The fiscal stimulus strategy is part of a wide-ranging AED$ 50 billion (US$ 13.6 billion) investment and reform program, known as Ghadan 21. These programs appear to be working while attracting foreign capital. In recent data released from the Saudi Arabian Monetary Authority, the Saudi Arabian government identified that foreign investments in Saudi Arabia rose by SR$ 268.0 billion (US$ 71.5 billion), or 19.7%, year-on-year during the first quarter of 2019. Overall foreign investment in the Kingdom hit its highest level ever, registering SR$ 1.6 trillion (US$ 434.1 billion) in the first quarter of 2019, compared to SR$ 1.4 trillion (US$ 362.6 billion) in the year-ago similar period. Part of this large increase in foreign directed investments to the GCC region can be explained by the large index providers, such as JP Morgan and MSCI, including GCC sukuk, debt, and equities in their benchmarks in recent years.

The top-performing issues for the first half of 2019 include Oman's sovereign sukuk and Indonesia's sovereign sukuk, both experiencing a return of 9.83%. The two worst-performing issues over the quarter include Emirates Islamic Bank and a separate Indonesian sovereign sukuk returning 0.42% and 0.73%, respectively. Both matured during the first quarter of 2019 which, in part, explains the lower ranking performance.

Over the second half of the upcoming year, we anticipate the Federal Reserve to reduce interest rates which we view as being supportive to investments in the GCC region.

About The Authors

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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
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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.

Footnotes to commentary:

[1] *Grocer, Stephen. Why Stocks Are Hitting Records as Economic Fears Rise: 'There Is No Alternative,' New York Times, July 11, 2019. https://www.nytimes.com/2019/07/11/business/stock-market-record.html?nl=todaysheadlines&emc=edit_th_190712*

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

[3] *Building the Foundations for Economic Sustainability: Human Capital and Growth in the GCC, Gulf Economic Monitor, May 1, 2019. https://www.worldbank.org/en/country/gcc/publication/gulf-economic-monitor-april-2019*

[4] *Gulf Cooperation Council Statistical Center. http://dp.gccstat.org/en/DataAnalysis?GMcNDRPzUuwnujIcx2FsQ*

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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.

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