Fund Commentary Q1 2019

SATURNA CAPITAL

SATURNA
SUSTAINABLE FUNDS

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

ESG Issues Move Beyond the Investment Sphere, Further Emphasizing Their Importance

Prudent investing requires a thoughtful look at the business-related risks underlying any investment. While "risk" has traditionally focused on a number of economic and financial metrics, proactive risk management around environmental, social, and governance (ESG) issues is proving to be critical for successful business operations.

In the past year, we have seen examples of how poor performance on social and governance issues has translated to reputational and regulatory risk for major tech companies. Facebook, long seen as a governance pariah due to its dual class share structure allowing Mark Zuckerberg to control a majority of the voting rights with a minority of the economic interest, saw its stock price collapse 40% between July and December 2018, partially due to poor second quarter financial performance, but also resulting from a larger set of issues the company faces and will continue to face: Facebook users and investors have lost faith in the company's ability to manage the profusion of privacy and content controversies that occur on a near-weekly basis. Though Zuckerberg himself recently opined on the need for outside regulation of the Internet,[1] one must question his conversion. Is he trying to get ahead of inevitable regulatory action in the hopes of shaping it? Maybe he believes government regulation could choke off future competition. Perhaps he's hoping to avoid the fate of others in his industry – namely Google, which has now paid fines to the European Union totaling $9.3 billion[2] due to its advertising practices. These developments manifestly affect consumer perceptions of the business, as shown in the chart below. Unsurprisingly, Facebook led the pack in reputational damage. Elon Musk's Twitter account clearly affected Tesla, while sexual discrimination/harassment issues took Nike down several points.

Brand Reputations That Took a Hit In 2019

Biggest drops in brand rating between 2018 and 2019

facebook	TESLA		TARGET	
2019 Rank	2019 Rank	2019 Rank	2019 Rank	2019 Rank
94	42	88	72	35
Change in Rank	Change in Rank	Change in Rank	Change in Rank	Change in Rank
↘ -43	↘ -39	↘ -29	↘ -23	↘ -23

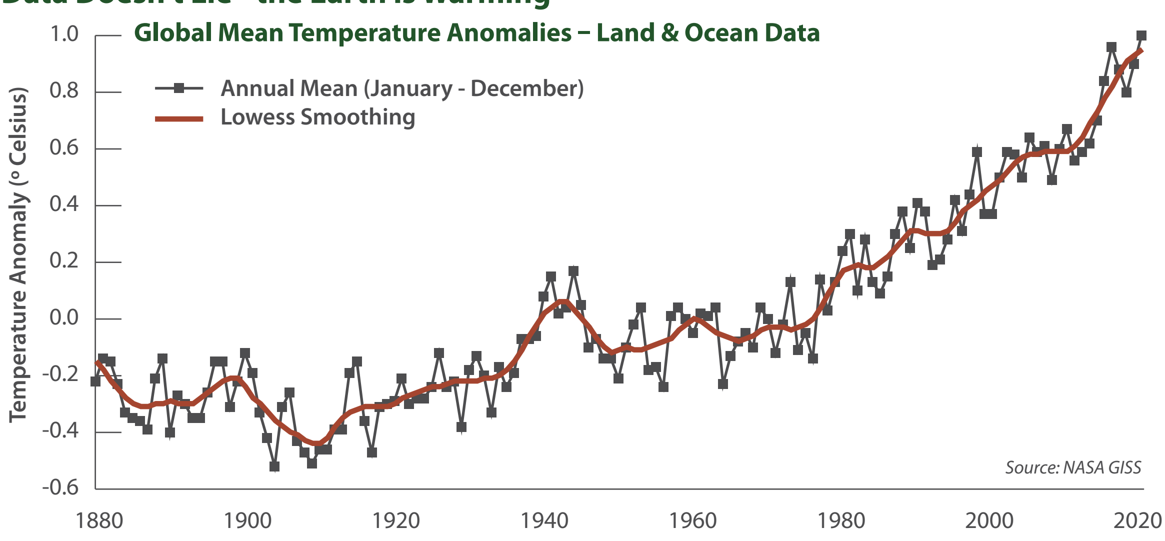
Chick-fil-A	Google	COMCAST	sears
2019 Rank	2019 Rank	2019 Rank	2019 Rank
22	41	91	97
Change in Rank	Change in Rank	Change in Rank	Change in Rank
↘ -18	↘ -13	↘ -13	↘ -9

Source: Statista; Axios Harris Poll 100

Similarly, environmental risks are not new phenomena to financial analysts but are heating up in an era of increased climate risk. Indeed, the risks could even be said to be existential as they spread beyond shipwrecks and oil spills to changes in global climate. A first attempt at quantifying the effects of CO_2 on global climate was made in 1896 by Swedish scientist Svante Arrhenius,[3] and anthropomorphic climate change has been understood by scientists for decades,[4] but the investment and economic risks of a warmer climate have only recently begun to be explored. In the past year, both the Federal Reserve Bank of San Francisco and the Federal Reserve Bank of Richmond have published research regarding the deleterious effect climate change will have on the economy. One US-based asset management firm, managing over $300 billion, went so far as to hire three climate scientists to review how global warming will affect its investment portfolios.[5]

In a March 2019 Economic Letter, the Federal Reserve Bank of San Francisco cited rising sea levels, more frequent storms, floods, droughts, and hotter temperatures as events that will directly affect the economy,[6] and investigated how climate change relates "to the Fed's goals of financial and macroeconomic stability." Similarly, in an August 2018 Economic Brief, the Richmond Fed cited evidence "that the consequence of higher temperatures on the US economy may be more widespread than previously thought," and that "rising temperatures could reduce overall growth of US economic output by as much as one-third by 2100."[7] Bloomberg has summed up the pending crisis by stating, "in short, climate change is becoming relevant for a range of macroeconomic issues, including potential output growth, capital formation, productivity, and the long-run level of the real interest rate."[8] Bloomberg also notes that that European companies are better prepared for climate change impacts than their US competitors.[9]

Data Doesn't Lie - the Earth is Warming



California utility PG&E certainly understands the existential risks, having filed for bankruptcy in January 2019 in anticipation of $30 billion in liabilities for two years of wildfires, including last year's Camp Fire, recognized as the deadliest wildfire in California history. PG&E's bankruptcy is distinguished by two other superlatives, as well: it is the largest ever filed by a utility and the first to implicate climate change.

Echoing the San Francisco and Richmond Feds, the fourth National Climate Assessment – commissioned by the US government and released in November 2018 – underscores the extent to which climate events are now material business risks: "without substantial and sustained global mitigation and regional adaptation efforts, climate change is expected to cause growing losses to American infrastructure and property and impede the rate of economic growth over this century."[10] The report notes that continued emissions output, in particular, will cause "annual losses in some economic sectors … projected to reach hundreds of billions of dollars by the end of the century – more than the current gross domestic product (GDP) of many US states."[11]

The *2018 Trends Report* issued by the US Forum for Sustainable and Responsible Investment found that exposure to climate change and carbon has become nearly as high of a risk to institutional investors as investments in conflict countries such as Sudan or in tobacco. The AUM managed by insurance companies that incorporate ESG criteria – climate and carbon exposure frequently being key themes – rose by 1,922% between 2010 and 2018, and specific fossil fuel divestment on behalf of institutional investors grew 372% between 2016 and 2018; since we know risk management is the foremost activity of insurance companies and institutional investors, it's safe to say that for many of the most risk-averse asset managers, the writing is on the wall.

Even players in the oil industry are paying attention: in early April, Royal Dutch Shell announced they would leave the American Fuel and Petrochemical Manufacturers – an industry lobby group – over a "material misalignment" in climate policy.[12] The announcement came just a week after reporting revealed the huge sums of money Shell and other large oil and gas companies spend on lobbying per year. On March 25th, Forbes noted that "every year, the world's five largest publicly owned oil and gas companies spend approximately $200 million on lobbying designed to control, delay or block binding climate-motivated policy."[13]

For many of the most risk-averse asset managers, the writing is on the wall.

What these reports don't mention is that environmental risks are not limited to physical threats. Regulatory risks abound as governments adopt policies to counter a warming planet. Environmental risks also potentially endanger a company's intangible value (image and branding), which has come to dominate many businesses' overall value. Consumers are seeking safer, healthier, and less wasteful products. In 2017, 26% of consumers reported that "environmental and social concerns always / usually influence purchase decisions"[14] and 48% of consumers reported prioritizing reducing their environmental impact when it came to food purchases.[15] As consumers become more aware of the increase in climate events, they also more actively seek to reduce their impact on the environment, with implications for a range of companies.

The traditional barometers by which investment risk is measured have expanded by necessity, but the new threat of climate risk is intricately linked to more familiar forms of risk including reputational and regulatory risk. As environmental issues like wildfires, and social and governance issues like data security and customer privacy continue to grab headlines and weigh on the minds of consumers, financial markets will see upheaval and consumers will become savvier, choosing to vote with their dollars by moving toward less impactful products and activities. Saturna Capital's analysts are committed to identifying trends, top performers, and solutions providers among industries, so that we can be sure our investments are well positioned for the long term, new normal.

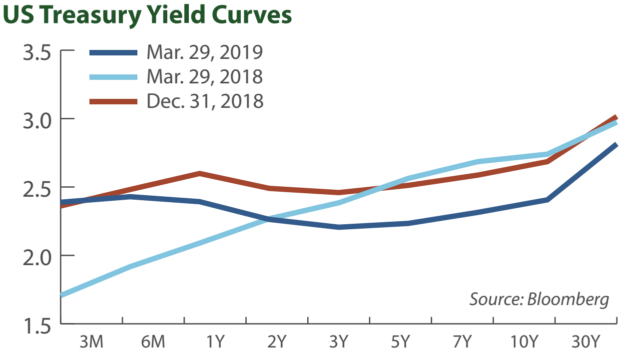
Saturna Sustainable Bond Fund

The Sustainable Bond Fund returned 3.68% for the first quarter of 2019, compared to 2.18% for the FTSE World BIG Bond Index. Returns were driven by the recovery of our floating rate positions, as well as currency movements in the Fund's favor in the Mexican peso, Canadian dollar, and New Zealand dollar. We believe the Fund remains well positioned for our outlook of slower economic growth and potential credit volatility.

March comments from the Federal Reserve indicated that they may nearly be finished with rate increases all together. The Federal Open Market Committee (FOMC) kept the US interest rate range between 2.25%-2.50%, an abrupt halt to what had been five consecutive quarters of rate increases.[16] Fed Chairman Jerome Powell said, "It may be some time before the outlook for jobs and inflation calls clearly for a change in policy."[17] Additional comments were made from the Fed that although the US economy is in a good place, it's slowing more than previously thought. Tepid global growth has impacted the American economy, especially as Europe and China have seen some weakening. As a result, inflation has been lower than the Fed's target 2% with the personal consumption expenditures price index increasing only 1.4% in January. The implied probability of a rate cut by the Fed in early 2020 according to Bloomberg rose from 27% to 74.4% over the quarter, highlighting the change in market assumptions.

The Treasury curve has change shape since the end of 2018 with the 6M/10Y inverted as of March 29, 2019. The short-end remained stable due to the anticipated halt to Fed rate increases, while the decline in the long-end reflects the low inflation and slower economic growth. Yield curve inversion typically implies late credit cycle characteristics whereby the FOMC pauses or becomes inclined to reduce interest rates to encourage economic activity. While yield curve inversions have historically come before recessions or business cycle corrections, exact timing of a future correction is variable, with historical recessions occurring 10-19 months after an inversion.

US Treasury Yield Curves



As of March 31, 2019

Top 10 Holdings	Portfolio Weight
United States Treasury Bond	6.53%
Bank of Nova Scotia	4.83%
Lincoln National	4.44%
First Abu Dhabi Bank	4.19%
Koninklijke DSM NV	3.93%
Telus	3.86%
Iron Mountain	3.42%
Telecom Italia	3.41%
Mexico Bonos Desarrollo	3.40%
KFW	3.36%

Bond Quality Diversification	
AAA	15.11%
AA	11.48%
A	12.95%
BBB	35.66%
BB	13.11%
B	3.42%
Not rated	3.41%
Cash and equivalents	4.86%

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.

In the first quarter of 2019, the Fund took advantage of the long-end performance discussed above by adding duration in longer Treasury bonds. The Treasury positions have provided a hedge as the yield curve continues to invert, and global growth slows. In this scenario, the longer-end yields decline (meaning positive total return) and the Treasurys provide excellent exposure to the long-end without credit risk or price volatility related to widening corporate spreads. The 2-year Treasury position remains stable given the current Fed policy and avoids the volatility in the belly of the curve.

Continued on page 9

Saturna Sustainable Equity Fund

The Saturna Sustainable Equity Fund appreciated 13.01% in the first quarter of the year, outpacing the S&P Global 1200 Index, which gained 12.27% and the Morningstar World Stock Category, which was up by the same amount. That the Fund outperformed during the buoyant start of the year was gratifying, given the downside protection it also provided in the final quarter of 2018.

In *The Hitchhiker's Guide to the Galaxy* by Douglas Adams, there is the planet Golgafrincham. Members of the intelligentsia and upper classes concocted tales of the planet's impending doom, allowing them to rid their world of one-third of the population they considered useless, such as marketing consultants and telephone sanitizers, by building three space arks. Ark A held the leaders and scientists. Ark C held people who made and did things, while Ark B held the "useless" population. Ark B was sent off first, allowing the remaining two thirds of the people to stay on the planet and lead rich lives, until they were all wiped out by a virulent disease contracted from a dirty telephone. What they needed was Ecolab, one of the first quarter top 10 contributors. Ecolab scores well on ESG metrics, particularly in the Environmental and Social categories, and derives 35% of revenue from its Global Institutional business segment. That business provides specialized cleaning and sanitizing products to the food service, hospitality, lodging, healthcare, government, education, and retail industries. Ecolab's Global Industrial segment accounts for 37% of the business, providing water treatment and processing applications, cleaning, and sanitizing solutions to customers within a variety of industries. The remainder of Ecolab's business focuses on energy, providing a range of process and water treatment offerings to enhance asset integrity, recovery rates, and environmental compliance. Ecolab has produced annual Sustainability Reports since 2004 and publishes additional data detailing its environmental performance supplementary to the metrics provided in the Sustainability Reports. This data covers Ecolab's performance in water and energy conservation, renewable energy, fuel use, emissions, and waste. From a financial perspective, Ecolab has enjoyed accelerating earnings growth over the past two years, a trend that is expected to continue in 2019-2021. The stock has been a steady performer for years but jumped in the first quarter on good results and positive guidance.

Aside from Ecolab, technology dominated the list of top contributors ranging from European companies Dassault and NXP Semiconductors to US leaders Adobe, Apple, Microsoft, and Mastercard. Yes, in today's e and m-commerce environment, we consider Mastercard a technology company, one that happens to offer payments solutions. Evidence for the contention includes the announcement that the new Apple Card will be Mastercard branded and numberless. Rather than a number, each transaction will utilize a one-time

As of March 31, 2019

10 Largest Contributors	Return	Contribution
Dassault Systemes ADR	26.71%	0.85
Adobe	17.79%	0.74
Mastercard, Class A	25.02%	0.70
Accenture, Class A	24.83%	0.57
Apple	20.94%	0.57
TJX Companies	19.40%	0.47
Microsoft	16.62%	0.43
Ecolab	20.12%	0.38
Koninklijke Philips	16.38%	0.37
NXP Semiconductors	20.94%	0.37

10 Largest Detractors	Return	Contribution
Hartalega Holdings	-23.29%	-0.50
Clicks Group ADR	-5.84%	-0.04
Siemens ADR	-0.36%	0.00
Multichoice Group	27.18%	0.01
Walt Disney Company	1.26%	0.01
Barrick Gold	1.62%	0.01
Valeo	5.64%	0.03
Kimberly-Clark De Mexico, Class A	7.25%	0.03
LATAM Airlines Group	2.72%	0.03
Subaru ADR	4.22%	0.04

Top 10 Holdings	Portfolio Weight
Adobe	4.70%
Dassault Systemes ADR	3.95%
Mastercard, Class A	3.42%
Apple	3.35%
Church & Dwight	3.02%
Microsoft	2.99%
Home Depot	2.88%
TJX Companies	2.82%
Accenture, Class A	2.80%
Unilever	2.78%

Continued on page 9

Performance Summary

As of March 31, 2019

Average Annual Total Returns *(Before Taxes)*	1 Year	3 Year	Since Inception[B]	Expense Ratio[A] Gross	Net	Morningstar Sustainability Rating™
Sustainable Equity Fund (SEEFX)	5.31% ▲	9.85% ▲	5.61% ▲	1.27%	0.75%	🌐🌐🌐🌐🌐
S&P Global 1200 Index	4.16% ▲	11.57% ▲	7.72% ▲	n/a		*Percent Rank in Category: 5*
S&P 500 Index	9.50% ▲	13.54% ▲	10.02% ▲	n/a		*Among 732 World Large Stock Funds*
Sustainable Bond Fund (SEBFX)	0.07% ▲	2.24% ▲	1.51% ▲	0.77%	0.65%	
FTSE WorldBIG Index	-0.39% ▼	1.45% ▲	2.14% ▲	n/a		
MSCI All Country World Index	3.24% ▲	11.29% ▲	7.27% ▲	n/a		

[A] By regulation, expense ratios shown are as stated in a Fund's most recent prospectus or summary prospectus, dated March 27, 2019, and incorporate results from the fiscal year ended November 30, 2018. Saturna Capital, the Funds' investment adviser, has voluntarily capped actual expenses of the Sustainable Equity Fund at 0.75% and actual expenses of the Sustainable Bond Fund at 0.65% through March 31, 2020.

[B] Saturna Sustainable Equity Fund and Saturna Sustainable Bond Fund began operations on March 27, 2015.

Performance data quoted herein represents past performance, which is no guarantee of future results. *Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted herein. Performance current to the most recent month-end can be obtained by visiting www.saturnasustainable.com or calling toll-free 1-800-728-8762.*

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 S&P Global 1200 Index is a global stock market index covering nearly 70% of the world's equity markets. The FTSE WorldBIG Bond Index is a multi-asset, multi-currency benchmark, which provides a broad-based measure of the global fixed income markets. The MSCI ACWI covers approximately 85% of the global investable universe, with large- and mid-cap representation across 23 developed market and 23 emerging market countries. The MSCI ACWI Ex-US Index, produced by Morgan Stanley Capital International, measures equity market performance throughout the world excluding US-based companies. Investors cannot invest directly in the indices.

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

Morningstar Sustainability Ratings are as of February 28, 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 are subject to change, which may result in a different Morningstar Sustainability Score and Rating each month.

The Saturna Sustainable Equity Fund was rated on 97% of Assets Under Management and the Saturna Sustainable Bond Fund was not rated.

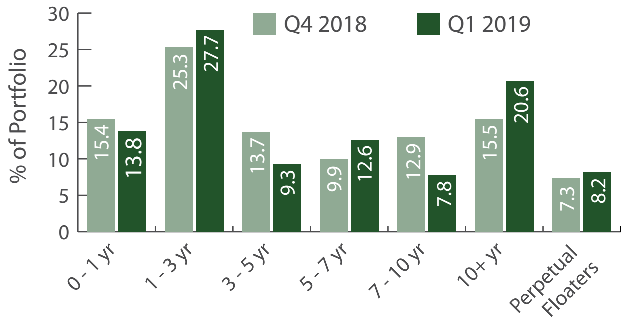
Percent Rank in Category is the fund's percentile rank for the specified time period relative to all funds that have the same Morningstar category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will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

Saturna Sustainable Bond Fund

Continued from page 6

The Sustainable Bond Fund maintains higher weights in the 1-3 year and 10+ year maturity buckets and has increased those positions over the past quarter. Modified duration was extended from 2.55 to 2.95 years primarily by purchasing 10-year and 20-year Treasury positions. SEBFX has also expanded the 1-3 year bucket by purchasing 2-year Treasurys, and high-grade corporate credit.

Portfolio Maturities



In terms of portfolio positioning, there is a focus on high-grade corporate credit in the 1-3 year bucket, and global exposure in well-diversified companies that are well positioned to handle business cycles. With some storm clouds on the horizon, the Fund is defensive on credit, while making strategic curve allocations with the use of Treasurys.

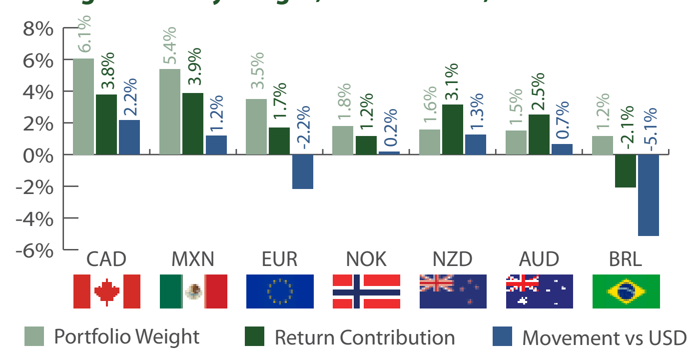
The best performing securities in the portfolio this quarter were our floating rate positions that decreased sharply last year; their recovery was driven by the improvement in market liquidity and anticipated price-correction.

- AXA insurance returned 9.91% in the quarter, contributing 16 basis points to overall portfolio performance.
- Hartford Financial returned 9.69%, contributing 24 basis points.
- NextEra Energy returned 7.85%, contributing 30 basis points.

Only one security in the portfolio saw a negative total return last quarter. The position in Brazil's sovereign bonds had a negative return of -2.06% driven by the 5% currency depreciation since purchase. Given the relatively small position held in the Fund, the bond only detracted two basis-points from overall portfolio performance. However, we see some positive potential in Brazil's economy, and are comfortable with the 1.95% position. One other security to note is Hanmi Financial. The regional community bank saw steady performance, but only a 0.47% total return for the quarter.

The portfolio was invested in 33 different issuers (excluding Treasurys) among 36 separate positions. The Fund posted a 30-Day Yield of 3.43% (and an Unsubsidized Yield of 3.24%). As of quarter-end, the Fund had a 5.37% exposure to Mexican peso-denominated securities. The currency recovered 1.18% against the US dollar in the first quarter and peso-denominated securities returned 3.87% for the portfolio up from -4.08% last quarter. Canadian dollar-denominated securities account for around 6% of the portfolio. The currency appreciated 2.17% last quarter driving a total return for those securities of 3.78%. The chart below details each of the Fund's non-USD currency exposures, including portfolio weights, aggregate return contribution for the securities in a particular currency, and that currency's movement versus the US dollar.

Foreign Currency Weight, Contribution, Movement



Saturna Sustainable Equity Fund

Continued from page 7

use authentication code protected by biometric recognition from a user's iPhone.

Only one company significantly detracted from Fund performance in the quarter – Malaysian nitrile glove manufacturer Hartalega. The stock soared in 2017 and 2018 and, since August of last year, has been giving up some of the gains from an arguably extended valuation. While Hartalega demonstrates higher than average volatility, it has also provided much higher than average returns, with an annualized total return of 24.81% over the past five years.

Clothing retailer TJX and consulting firm Accenture entered the list of top 10 holdings during the quarter, replacing Toronto-Dominion Bank and Murata Manufacturing.

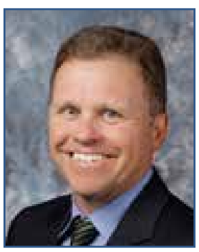
About The Authors

Jane Carten MBA
President and **Saturna Sustainable Equity Fund** Portfolio Manager

Jane Carten, President and Director, joined Saturna Capital in June 1997. Ms. Carten graduated from Western Washington University with an MBA and undergraduate degree in Computer Science and Business. As President, Ms. Carten oversees Saturna's daily operations and directs Saturna's internal and external information systems, managing the technology and marketing activities. She also directs Saturna's continuing education program and the philanthropic efforts of the firm. Ms. Carten is active in the Bellingham Bay Rotary and is a member of the Young Presidents' Organization; she is a former member of the Whatcom Museum Children's Advisory Board. She is a founder and former director of the nonprofit OpenAccess Internet Services and is a Bellingham Sister Cities member and contributor.

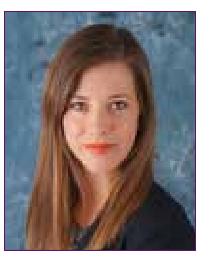
Patrick Drum MBA, CFA®, CFP®
Research Analyst and **Saturna Sustainable Bond Fund** Portfolio Manager

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.



Scott Klimo CFA®
Chief Investment Officer

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.



Elizabeth Alm CFA®
Investment Analyst

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.

Stephanie Ashton
Manager of Corporate Social Responsibility

Stephanie Ashton joined Saturna Capital in 2012. As Manager of Corporate Social Responsibility she develops Saturna's internal sustainability initiatives, manages sustainability reporting, and contributes to overall sustainability strategy.

Ms. Ashton graduated from Western Washington University in 2006, majoring in English (Creative Writing emphasis) and minoring in French. Her professional background includes eight years in legal support as well as non-profit experience. She is passionate about a number of sustainability issues—notably sustainable agriculture and local food—and currently serves on the Board of Directors for the Bellingham Food Bank.

Footnotes to commentary:

[1] *The Associated Press. Facebook CEO Zuckerberg Calls for More Outside Regulation, the New York Times, March 30, 2019. https://www.nytimes.com/aponline/2019/03/30/us/ap-us-facebook-regulation.html*

[2] *Satariano, Adam. Google Fined $1.7 Billion by E.U. for Unfair Advertising Rules, the New York Times, March 20, 2019. https://www.nytimes.com/2019/03/20/business/google-fine-advertising.html*

[3] *Svante Arrhenius: Biographical, Nobel Lectures, Chemistry 1901-1921, 1966. https://www.nobelprize.org/prizes/chemistry/1903/arrhenius/biographical/*

[4] *Rich, Nathaniel. Losing Earth: The Decade We Almost Stopped Climate Change, The New York Times Magazine, August 1, 2018. https://www.nytimes.com/interactive/2018/08/01/magazine/climate-change-losing-earth.html*

[5] *Chasan, Emily. Neuberger Berman Climate Review Finds Big Holes in Readiness, Bloomberg, March 18, 2019. https://www.bloomberg.com/news/articles/2019-03-18/neuberger-berman-climate-review-finds-big-holes-in-readiness?cmpid=BBD032019_GBIZ&utm_medium=email&utm_source=newsletter&utm_term=190320&utm_campaign=goodbiz*

[6] *Rudebusch, Glenn. Climate Change and the Federal Reserve, FRBSF Economic Letter, March 25, 2019. https://www.frbsf.org/economic-research/publications/economic-letter/2019/march/climate-change-and-federal-reserve/*

[7] *Colacito, R., Hoffman, B., Phan, T., and Sablik, T. The Impact of Higher Temperatures on Economic Growth, Federal Reserve Bank of Richmond Economic Brief, August, 2018. https://www.richmondfed.org/-/media/richmondfedorg/publications/research/economic_brief/2018/pdf/eb_18-08.pdf?WT.si_n=Search&WT.si_x=3*

[8] *Chasan, Emily. Neuberger Berman Climate Review Finds Big Holes in Readiness, Bloomberg, March 18, 2019. https://www.bloomberg.com/news/articles/2019-03-18/neuberger-berman-climate-review-finds-big-holes-in-readiness?cmpid=BBD032019_GBIZ&utm_medium=email&utm_source=newsletter&utm_term=190320&utm_campaign=goodbiz*

[9] *ibid.*

[10] *Reidmiller, David. Fourth National Climate Assessment, U.S. Global Change Research Program. https://nca2018.globalchange.gov/*

[11] *ibid.*

[12] *Bousso, Ron. Citing Climate Differences, Shell Walks Away From U.S. Refining Lobby, Reuters, April 2, 2019. https://www.reuters.com/article/us-shell-afpm/shell-to-quit-us-refining-lobby-over-climate-disagreement-idUSKCN-1RE0VB*

[13] *McCarthy, Niall. Oil and Gas Giants Spend Millions Lobbying To Block Climate Change Policies, Forbes, March 25, 2019. https://www.forbes.com/sites/niallmccarthy/2019/03/25/oil-and-gas-giants-spend-millions-lobbying-to-block-climate-change-policies-infographic/#5cc19a757c4f*

[14] *Familiarity With Sustainability and Its Influence on Purchase Behavior in the U.S. as of August 2017. Statista. https://www.statista.com/statistics/932626/sustainable-consumer-behavior-united-states/*

[15] *Importance of Health and/or Sustainability Issues When Making Food Purchasing Decisions in the United States as of 2017. Statista. https://www.statista.com/statistics/321379/us-consumer-health-and-sustainability-considerations-food-purchases/*

[16] *Tankersley, Jim. Fed, Dimming Its Economic Outlook, Predicts No Rate Increases This Year, The New York Times, March 20, 2019. https://www.nytimes.com/2019/03/20/us/politics/fed-rates.html*

[17] *Sparshott, Jeff. Real Time Economics: With the Fed On Hold, Is it Time to Worry About the Economy? The Wall Street Journal, March 21, 2019. https://blogs.wsj.com/economics/2019/03/21/real-time-economics-if-the-economy-is-so-great-why-is-the-fed-on-hold/*

[18] *Miller, Rich. Fed Risks Stoking Financial Bubble in Drive to Lift Inflation, Bloomberg, April 3, 2019. https://www.bloomberg.com/news/articles/2019-04-03/fed-risks-fomenting-financial-bubbles-in-zeal-to-lift-inflation*

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.

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

The Saturna Sustainable Funds limit the securities they purchase to those consistent with sustainable principles. This limits opportunities and may affect performance.

Investing involves risk, including possible loss of principal. Generally, an investment that offers a higher potential return will have a higher risk of loss. Stock prices fluctuate, sometimes quickly and significantly, for a broad range of reasons that may affect individual companies, industries, or sectors. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. A bond fund's price will typically follow the same pattern. 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." Investing in foreign securities involves risks not typically associated directly with investing in US securities. 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.

A Fund's 30-Day Yield, sometimes referred to as "standardized yield" or "SEC yield," is expressed as an annual percentage rate using a method of calculation adopted by the Securities and Exchange Commission (SEC). The 30-Day Yield provides an estimate of a Fund's investment income rate, but may not equal the actual income distribution rate. Without the voluntary expense cap, the 30-Day Yield for Saturna Sustainable Bond Fund would have been 3.24%. Unsubsidized yield does not adjust for any fee waivers and/or expense reimbursements in effect.

***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.*

***Forward price-to-earnings** is a quantification of the ratio of price-to-earnings (PE) using forecasted earnings for the PE calculation. While the earnings used are estimates and are not as reliable as current earnings data, the benefit in using estimated PE is that the forecasted earnings can either be for the next 12 months or for the next full-year fiscal period.*

*The **Axios Harris Poll 100** uses a two step process to rank the reputations of the most visible companies in the United States. First, the poll identifies the top of mind awareness of companies who either excelled or faltered in society, then a second group of survey participants ranks the companies across key dimensions of corporate reputation. For more information visit theharrispoll.com/axios-harrispoll-100/*

***Lowess smoothing** (locally weighted scatterplot smoothing) is a technique used in statistical analysis that allows for fitting a smooth or curved line to data points, especially where data is noisy or sparse.*