

Amana Growth Fund Commentary



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With the stock market rebound post the initial early April “Liberation Day” sell-off, the Amana Growth Fund Investor Shares jumped 14% in the second quarter of 2025, led by Technology and Industrials. The Institutional Shares of the Fund returned 14.08%. Over the same period the S&P 500 Index gained 10.94%. Through the first half of the year the Amana Growth Fund Investor and Institutional Shares returned 4.55% and 4.67% respectively, versus 6.20% for the S&P 500 Index. The gap resulted from weakness among our Health Care and Consumer Staples positions.

In the first quarter of 2025, not a single Technology stock appeared among the top contributors, while in the second quarter Technology dominated as the sector rebounded strongly. Even the industrial companies that appeared – Johnson Controls and Trane Technologies – have a tech angle as participants in the electrification and cooling activities spurred by the development of artificial intelligence (AI).

Still, it was the direct AI players that led the Technology charge, including Broadcom and Nvidia. Broadcom also holds the top position for year-to-date portfolio contribution. While Microsoft has been encountering friction in its relationship with OpenAI, it remains well-placed to monetize AI through subscription services, a position also enjoyed by Intuit given the coming tsunami of CPA retirements. The American Institute of Certified Public Accountants estimates that 70% of accountants will retire over the next ten years, while fewer people have been sitting the CPA exam.

After a desultory 2021–2022, Taiwan Semiconductor has been on a tear since the start of 2023, more

10 Largest Contributors	Return	Contribution
Broadcom	65.02%	2.65
Nvidia	45.78%	2.14
Microsoft	32.75%	1.70
Taiwan Semiconductor Manufacturing ADR	36.92%	1.51
Oracle	56.96%	1.43
Johnson Controls	32.32%	1.08
Intuit	28.51%	1.02
ServiceNow	29.13%	0.94
ASML Holding ADR	21.32%	0.92
Trane Technologies	30.11%	0.86

10 Largest Detractors	Return	Contribution
Apple	-7.52%	-0.74
Church And Dwight	-12.43%	-0.37
AbbVie	-10.59%	-0.31
Eli Lilly	-5.43%	-0.28
Procter & Gamble	-5.92%	-0.15
AstraZeneca ADR	-4.93%	-0.14
AutoZone	-2.64%	-0.10
Lowe's	-4.37%	-0.09
Gartner	-3.70%	-0.05
Union Pacific	-2.02%	-0.04

Top 10 Holdings	Portfolio Weight
Apple	6.29%
Nvidia	6.02%
Microsoft	5.96%
Broadcom	5.75%
Taiwan Semiconductor ADS	4.98%
ASML Holding NY	4.48%
Alphabet Class A	4.30%
Eli Lilly	4.11%
Intuit	4.08%
Johnson Controls International	3.83%

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than doubling in share price as the leading global foundry for chips. Of course, ASML supplies Taiwan Semiconductor with the machines to make the chips. Oracle's cloud business has made tremendous strides, and the company announced a contract that could triple cloud revenues over the coming few years.

The list of largest detractors for the second quarter includes nearly every company that was a top contributor in the first quarter. Most were down by mere single-digit percentages as investors switched to "risk-on" mode. Church & Dwight and AbbVie, however, were sold more aggressively. Apart from a shift out of consumer staples, we struggle to find a reason for Church & Dwight's weakness. First quarter earnings met expectations and the stock's valuation stands in line with historical averages. As for AbbVie, its first quarter earnings were ahead of expectations, while the 2025 price-to-earnings ratio of just above 15x is more than reasonable, with anticipated earnings-per-share growth over 20%.

Finally, there's Apple, which failed to participate in the technology recovery. We chalk that up to the company's disappointing AI developments as progress fails to meet previous expectations. While the good ship AI hasn't sailed, the perception that Apple needs to integrate AI into its offering soon has led to speculation that it may need to acquire.

There were no changes among the top ten holdings, although the position sizes for several stocks, including Microsoft, Nvidia, Broadcom, Taiwan Semiconductor, and ASML, have increased substantially. Only Apple commands a smaller position that it did at the end of the first quarter.

Average Annual Total Returns	Since Inception ¹	1 Year	3 Year	5 Year	10 Year	Expense Ratio ²
Investor Shares (AMAGX)	11.86%	4.47%	17.02%	15.13%	15.00%	0.87%
Institutional Shares (AMIGX)	14.91%	4.71%	17.30%	15.41%	15.28%	0.62%
S&P 500 Total Return Index	10.56%	15.16%	19.71%	16.64%	13.65%	n/a

(as of June 30, 2025, Net of Fees)

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¹ February 3, 1994.

² Expense ratios shown are as stated in the Fund's most recent Prospectus, dated September 27, 2024.

All data as of June 30, 2025, unless otherwise noted.

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.

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

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