

# Amana Participation Fund Commentary



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The first quarter of 2026 brought a sharply altered geopolitical backdrop to global financial markets. The outbreak of conflict involving Iran – including significant disruption to energy infrastructure and the Strait of Hormuz – introduced heightened uncertainty across emerging market fixed income. Against this backdrop, the sukuk market demonstrated a noteworthy degree of resilience relative to broader fixed income benchmarks, consistent with the structural characteristics that have long attracted investors to Islamic-compliant instruments.

The global sukuk market entered 2026 with strong momentum, with the global market projected to grow from approximately \$1.29 trillion in 2025 to \$1.53 trillion in 2026, reflecting an 18.7% growth rate. By 2030, the market is expected to reach \$3.0 trillion, growing at an 18.2% CAGR. This expansion is underpinned by growing demand for Shariah-compliant investments, sovereign funding diversification, and maturing regulatory frameworks across Islamic capital markets. Fitch Ratings characterized the sukuk market as entering 2026 with “strong fundamentals,” noting that over 82% of rated sukuk are investment-grade – a credit quality profile that has contributed to relative stability during periods of market stress.

Gulf Cooperation Council (GCC) debt issuance activity began the year at a record pace, with total bonds and sukuk issuances in the region reaching \$34.3 billion in January 2026 alone, the second-highest monthly level on record. Saudi Arabia was the first GCC sovereign to access international debt markets in 2026, executing a multi-tranche issuing \$11.5 billion spanning three-, five-, ten-, and thirty-year maturities. Fitch projects the GCC’s debt capital market to exceed \$1.25 trillion

Top 10 Holdings	Portfolio Weight
Equate Sukuk SPC	3.26%
EDO Sukuk	3.01%
Al Rajhi Sukuk	2.89%
SAIB Tier 1 Sukuk	2.86%
Hazine Mustesarligi Varlik Kiralama AS	2.77%
Aercap Sukuk	2.74%
Air Lease Corp Sukuk	2.48%
National Central Cooling	2.45%
Almarai Sukuk	2.40%
Boubyan Tier 1 Sukuk	2.35%

in 2026, driven by infrastructure project financing, economic diversification initiatives, and refinancing needs.

The conflict has tested market conditions, yet GCC credit profiles have shown durability. While the region’s near-term growth outlook has been revised downward, analysts at the Institute of Chartered Accountants in England and Wales and Oxford Economics note that “the region’s underlying fundamentals remain strong, supporting a recovery as conditions stabilize.” With Brent Crude Oil trading above \$100 per barrel since mid-March, while disruptive to trade flows, also underscores the enduring global strategic importance of GCC energy producers which reinforces the credit quality of GCC sovereign and quasi-sovereign sukuk issuers.

From a relative performance perspective, the sukuk benchmarks demonstrated favorable positioning over the first quarter of 2026. The FTSE IdealRatings Sukuk Index declined -1.12% over this period versus -1.93% for the JPMorgan Emerging Market Bond Index and -0.05% against Bloomberg’s US Aggregate Benchmark, an index comprised of US investment grade issuers, reflecting sukuk’s comparative resilience during the conflict-driven volatility. The Amana Participation Fund Institutional Shares returned -1.36% over the same period, modestly underperforming the FTSE IdealRatings Sukuk Index yet outperforming its secondary benchmark, the Bloomberg Custom Sukuk

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which posted a return of -1.39%. Drag on performance was concentrated in select real estate credits and long-duration sovereign holdings, while shorter-duration GCC bank perpetuals and near-maturity securities served as stabilizing anchors within the portfolio.

Looking ahead, the long-term structural case for sukuk remains intact. The underlying drivers of GCC issuance – large-scale infrastructure programs, Vision 2030 diversification initiatives, and consistent sovereign financing needs – have not diminished. While near-term volatility warrants careful monitoring, the Amana Participation Fund's focus on high-quality issuers led by experience Management teams invested among Islamic-compliant instruments is designed to provide a measure of stability precisely during periods such as this. Investors can take some comfort in the fact that, amid one of the region's most significant geopolitical events in recent memory, sukuk have remained resilient to comparable fixed income alternatives.

Average Annual Total Returns	Since Inception <sup>1</sup>	1 Year	3 Year	5 Year	10 Year	Expense Ratio <sup>2</sup>
Investor Shares (AMAPX)	2.07%	2.83%	3.32%	1.32%	2.17%	0.82%
Institutional Shares (AMIPX)	2.31%	3.08%	3.57%	1.55%	2.40%	0.59%
Bloomberg Global Aggregate Bond Index	1.01%	4.26%	2.59%	-1.46%	0.58%	n/a
Bloomberg Custom Sukuk	n/a	3.86%	n/a	n/a	n/a	n/a
FTSE IdealRatings Sukuk Index	3.34%	4.07%	4.44%	1.79%	3.31%	n/a

(as of March 31, 2026, Net of Fees)

**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.amanafunds.com](http://www.amanafunds.com) or calling toll-free 1-800-728-8762. Please consider an investment's objectives, risks, charges, and expenses carefully before investing. For this and other important information about the Amana Participation Fund, please obtain and carefully read a free prospectus or summary prospectus from your financial adviser, at [www.amanafunds.com](http://www.amanafunds.com), or by calling toll-free 1-800-728-8762.

<sup>1</sup> September 28, 2015.

<sup>2</sup> Expense ratio shown is as stated in the Fund's most recent Prospectus, dated September 29, 2025.

All data as of March 31, 2026, unless otherwise noted.

The Bloomberg GlobalAgg Index is a flagship measure of global investment grade debt from a multitude of local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging market issuers.

The Custom USD 0+ Sukuk Dual Capped Index measures the performance of global, US Dollar-denominated Islamic income-producing investment certificates (sukuk). It covers both investment-grade and high-yield sukuk, covering all maturities including those shorter than one year. The index caps issuer concentration at 10%, and total high yield exposure at 35%.

The FTSE IdealRatings 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.

Fund holdings are subject to change at any time.

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### A Few Words About Risk

The value of the shares of the Fund 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.

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.

**Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about the Amana Funds in a current prospectus or summary prospectus, please visit [www.amanafunds.com](http://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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