

Saturna Bond Income Fund Commentary



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The Saturna Bond Income Fund returned 1.37% during the second quarter of 2025, outperforming its benchmark, the US Bloomberg Aggregate Index, which returned 1.21%. The primary reason for the outperformance was the strong performance of A and BBB-rated securities.

Over the quarter, the yield curve realized a downward shift in the “belly” of the curve – the middle of the curve that encompasses securities with 3–7 years to maturity. At the same time, yields on treasury securities on the short and long ends of the curve saw little change during the quarter. The yield curve movement in the second quarter of 2025 was very similar to the shift realized in the first quarter, although the changes were less pronounced. The Fund ended the quarter with a duration of 7.87 years, a 0.5-year increase from the end of the first quarter and slightly above the 6.04-year duration of the Bloomberg US Aggregate Index.

The Fund's holding of a NYC Build America Bond maturing in 2040 was the top performer over the quarter. Additionally, the Fund's positions in a Baker Hughes bond maturing in 2029 and a Becton, Dickinson and Company bond maturing in 2028 were the next strongest performers. These two positions benefited from two cooperating forces: duration effects as the belly of the curve moved lower and spread effects as corporate spreads tightened notably over the quarter. As yields fell in the belly of the curve, securities with maturities in this range outperformed. Additionally, lower credit quality positions outperformed higher-rated securities, reflecting a risk-on move that supported riskier assets.

Top 10 Holdings	Portfolio Weight
United States Treasury Bond	6.36%
United States Treasury Bond	3.76%
United States Treasury Bond	3.65%
Apple	2.96%
Microsoft	2.92%
Home Depot	2.73%
US Treasury Strips	2.70%
Massachusetts Hsg Fin Agency	2.56%
Maryland Cmnty Dev Admin Hsg	2.56%
Minnesota Housing Finance Agency	2.54%

Conversely, the Fund's positions in a 2041 Microsoft bond, a 2052 US Treasury, and a 2055 Connecticut Housing Finance Authority taxable municipal bond were the weakest performers. These bonds are both high-quality and longer-duration and thus did not benefit from either of the tailwinds. These positions are likely to exhibit stronger performance during more volatile market conditions.

Looking ahead, the Fund's positioning balances duration and call risk while retaining a bias toward quality holdings. This structure should allow for solid performance in a range of market conditions, particularly if volatility increases or economic weakness materializes.

Average Annual Total Returns	Since Inception ¹	1 Year	3 Year	5 Year	10 Year	Expense Ratio ²	
						Gross	Net ⁴
Saturna Bond Income Fund Investor Shares (SBIFX)	3.91%	5.41%	1.77%	-1.94%	1.37%	0.85%	0.65%
Bloomberg US Aggregate Index	4.43%	6.08%	2.55%	-0.73%	1.76%	n/a	
FTSE USBIG Bond Index	4.48%	6.09%	2.55%	-0.76%	1.76%	n/a	

(as of June 30, 2025, 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.saturna.com/funds or calling toll-free 1-800-728-8762. The Saturna Bond Income Fund cannot guarantee that its investment objective will be met. Securities of the Fund are offered and sold only through the prospectus or summary prospectus. Please consider an investment's objectives, risks, charges, and expenses carefully before investing. For this and other important information about the Saturna Bond Income Fund, please obtain and carefully read a free prospectus or summary prospectus from your financial adviser, at www.saturna.com/funds, or by calling toll-free 1-800-728-8762.

¹ The Saturna Bond Income Fund began operations as the Washington Tax-Exempt Fund on March 1, 1993. It began operations under its current objective on Sept. 28, 1995.

² Expense ratio shown is as stated in the Fund's most recent Prospectus, dated March 31, 2025.

³ The investment adviser has committed through March 31, 2026, to waive fees and/or reimburse expenses to the extent necessary to ensure that the Fund's net operating expenses, excluding taxes, commissions, and extraordinary expenses, do not exceed the net operating expense ratio of 0.65%. This expense limitation agreement may be changed or terminated only with approval of the Board of Trustees.

The Bloomberg US Aggregate Bond Index is a broad-based, flagship benchmark that measures the investment-grade, US dollar-denominated, fixed-rate taxable bond market.

The FTSE US Broad Investment-Grade Bond Index is a broad-based index of medium and long-term investment-grade bond prices.

When available, Saturna uses total return components of indices mentioned. Investors cannot invest directly in the indices.

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

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A Few Words About Risk

The risks inherent in the Bond Income Fund depend primarily on the terms and quality of the obligations in their portfolios, as well as on bond market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices rise. Bonds with longer maturities (such as those held by the Bond Income Fund) usually are more sensitive to interest rate changes than bonds with shorter maturities. The Funds entail credit risk, which is the possibility that a bond will not be able to pay interest or principal when due. If the credit quality of a bond is perceived to decline, investors will demand a higher yield, which means a lower price on that bond to compensate for the higher level of risk.

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



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