

# Saturna Growth Fund Commentary



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With the stock market rebound post the initial early April “Liberation Day” sell-off, the Saturna Growth Fund Investor Shares jumped 16.45% in the second quarter, led by Technology, Industrials and Communication Services. The Z Shares of the Fund returned 16.53%. Over the same period the S&P 500 Index gained 10.94%. Through the first half of the year the Saturna Growth Fund Investor and Z Shares have returned 6.06% and 6.19% respectively versus 6.20% for the S&P 500 Index.

In the first quarter of 2025 not a single Technology stock appeared among the top contributors, while in second quarter Technology dominated as the sector rebounded strongly. Even the Industrial companies that appeared — Johnson Controls and Quanta Services — 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 Microsoft, Broadcom and Nvidia. While Microsoft has been encountering friction in its relationship with OpenAI, it remains well-placed to monetize AI through subscription services. Oracle’s cloud business has made tremendous strides, and the company announced a contract that could triple cloud revenues over the coming few years.

Apart from Microsoft, the rebound in Technology and AI during the quarter supported the hyper-scalers Amazon and Alphabet, while Meta has been especially aggressive in its AI investments. We see ServiceNow as a beneficiary of corporate desires to utilize AI in productivity enhancing activities. Recently, CEOs have become more aggressive in their projections for the number of workers that could be replaced by AI. But the work will still need to be done, which is where ServiceNow comes in.

10 Largest Contributors	Return	Contribution
Microsoft	32.75%	3.33
Nvidia	45.78%	2.53
Broadcom	65.02%	2.09
Oracle	56.96%	1.98
Amazon	15.31%	1.15
Alphabet Class A	14.10%	1.01
Quanta Services	48.80%	0.94
Johnson Controls International	32.32%	0.87
Meta Class A	28.16%	0.75
ServiceNow	29.13%	0.69

10 Largest Detractors	Return	Contribution
Apple	-7.52%	-0.70
Motorola Solutions	-3.71%	-0.17
O’Reilly Automotive	-5.63%	-0.13
Zoetis Class A	-5.59%	-0.09
Lowe’s	-4.37%	-0.09
CRH Public Limited	-6.45%	-0.07
lululemon athletica	-1.21%	-0.02
Tyler Technologies	1.97%	0.01
Adobe	0.87%	0.02
Qualcomm	4.30%	0.07

Top 10 Holdings	Portfolio Weight
Microsoft	11.45%
Amazon	7.50%
Alphabet Class A	7.07%
Nvidia	7.01%
Apple	6.48%
Oracle	4.85%
Broadcom	4.45%
Costco Wholesale	4.40%
Motorola Solutions	3.20%
Johnson Controls International	3.01%

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Three of the largest “detractors” were up for the quarter, while none of them exceeded a single-digit percentage decline. The “risk-on” attitude that dominated investor sentiment in the second quarter led to consumer stocks being largely ignored. We have exited the Lululemon position, believing the company has lost its way in attracting the consumer, while it stands susceptible to tariff disruptions.

CRH is a new position, which we entered after visiting with the company. CRH is the largest road builder in the US and the previous administration’s infrastructure act largely escaped unscathed from the passage of the One Big Beautiful Bill. The worst performer during the quarter was 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.

During the quarter Mastercard and TJX both dropped out of the top ten largest holdings and were replaced by Broadcom and Johnson Controls on the back of the strong performances of those two stocks.

Average Annual Total Returns	Since Inception <sup>1</sup>	1 Year	3 Year	5 Year	10 Year	Expense Ratio <sup>2</sup>
Saturna Growth Fund Investor Shares (SSGFX)	9.59%	13.21%	18.97%	13.79%	12.68%	0.96%
Saturna Growth Fund Z Shares (SGZFX)	14.89%	13.45%	19.26%	14.05%	n/a	0.72%
Bloomberg US Large Cap Index	10.53%	15.85%	20.12%	16.52%	13.75%	n/a
Bloomberg 1000 Growth Index	8.70%	16.50%	22.91%	16.48%	15.49%	n/a
S&P 500 Index	10.62%	15.16%	19.71%	16.64%	13.65%	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.Saturnafunds.com](http://www.Saturnafunds.com) or calling toll-free 1-800-728-8762. The Saturna Growth 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 Growth Fund, please obtain and carefully read a free prospectus or summary prospectus from your financial adviser, at [www.Saturnafunds.com](http://www.Saturnafunds.com), or by calling toll-free 1-800-728-8762.

<sup>1</sup> Saturna Growth Fund began operations April 1, 1987, as the Northwest Growth Fund. It began operations under its current objective Sept. 28, 1995. Z Shares of the Saturna Growth Fund began operations June 2, 2017.

<sup>2</sup> Expense ratios shown are as stated in the Fund's most recent Prospectus, dated March 31, 2025.

Bloomberg US Large Cap Total Return Index is a float market-cap-weighted benchmark of the 500 most highly capitalized US companies.

Bloomberg US 1000 Growth Total Return Index provides exposure to companies with superior growth factor scores based on their earnings yield, valuation, dividend yield, and growth.

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. Investors cannot invest directly in the Index.

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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Fund share prices, yields, and total returns will change with market fluctuations as well as the fortunes of the countries, industries, and companies in which it invests. Equity securities may experience significant volatility in response to economic or market conditions or adverse events that affect a particular industry, sector, or company. Larger companies may have slower rates of growth as compared to smaller, faster-growing companies. Smaller companies may have more limited financial resources, products, or services, and tend to be more sensitive to changing economic or market conditions. The Fund also tends to favor growth stocks, which tend to trade based on future earnings expectations, and may be more volatile than slower-growing value stocks, especially when market expectations are not met.

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