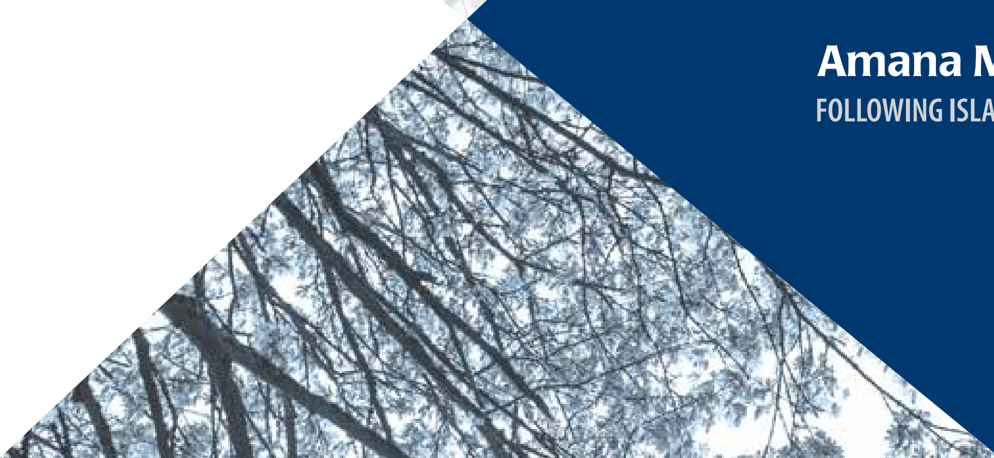
2020 IMPACT REPORT



Amana Mutual Funds Trust

FOLLOWING ISLAMIC & ESG INVESTING PRINCIPLES

About Saturna

Saturna Capital, manager of the Amana, Saturna Sustainable, Sextant, and Idaho Tax-Exempt Funds, uses years of investment experience to aid investors in navigating today's volatile markets. Founded in 1989 by professionals with extensive experience, Saturna has helped individuals and institutions build wealth, earn income, and preserve capital.

We are long-term, values-based, and socially responsible investors. We view consideration of environmental, social, and governance (ESG) factors as essential in forming portfolios of high-quality companies that are better positioned to reduce risk and identify opportunities. We believe that companies proactively managing business risks related to ESG issues make better contributions to the global economy and are more resilient.

At Saturna, we believe in making your investment dollars work hard for you and that your interests always come first. Saturna strives to not only offer the best investment opportunities from mutual funds to IRAs, but to match those sound investments with superior customer service.

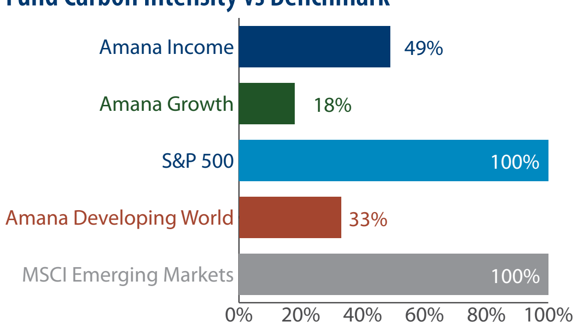
Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about the Amana Mutual Funds in a current prospectus or summary prospectus, please visit www.amanafunds.com or call toll-free 1-800-728-8762. Please read 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 Mutual Funds.

Amid the turbulence of 2020 we are grateful for our clients' support of the Amana Income, Growth, and Developing World Funds. In the spirit of continual improvement, this second annual Amana Funds Impact Report builds on the work we outlined in 2019. Specifically, we have added the Amana Developing World Fund to our coverage, included additional performance-based metrics to the policy and programmatic-based metrics outlined in 2019, and revisited last year's case studies to provide an update on performance. We believe this report provides a lens into Saturna's ESG analysis and highlights how including these considerations helps clients align their financial goals with their values.

Coming into 2020, a common critique of ESG investing was that such strategies had yet to face significant market turmoil. While the pandemic rolls on, research by S&P found that 12 out of 17 ESG funds provided better downside protection than the S&P 500 Index during the March selloff.[1] Adding to this finding, a comparison of the MSCI USA ESG Select Index and its parent MSCI USA Index shows the ESG index outperformed by 373 basis points through the third quarter of 2020. Whether spurred by this resilience or continued investor interest in environmental, social, and governance issues, during the first quarter of 2020, $45.6 billion was invested in ESG funds at the same time that $384.7 billion was withdrawn from funds writ large.[2] Interest in ESG didn't ebb after the initial March frenzy. In fact, it appears to have grown as $71.1 billion flowed into ESG funds during the second quarter, pushing total ESG assets under management above $1 trillion for the first time.[3]

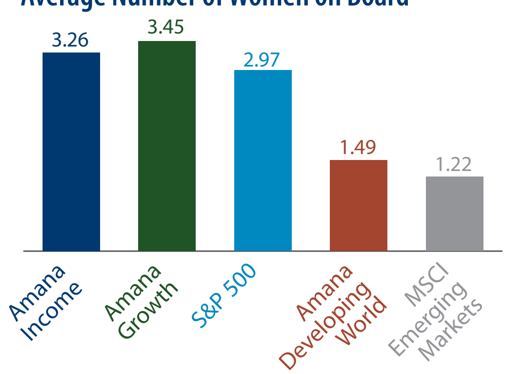
At Saturna, our belief in the value of ESG information has never been about trend following, but rather how to better understand the strategies and actions of the companies in which we invest. Using this steadfast approach to ESG integration, the Income, Growth, and Developing World Funds were ranked in the top 6th, 17th, and 24th percentiles, respectively, among their respective peer groups by MSCI for the ESG characteristics of the Funds' underlying holdings.[4] Two headline metrics that demonstrate this performance are carbon intensity and board diversity. Considering carbon intensity (measured in metric tons of CO_2 emitted per million dollars of sales), average emissions for holdings in the Amana Funds are significantly below that of their respective benchmarks. When it comes to board diversity, we see the average number of women on governing boards for Amana Fund holdings are substantially greater than that of their respective benchmarks. These high marks validate our approach, but we understand that to maintain this success requires continuous improvements to our process and analysis. In this vein, the following Impact Report not only serves as a chance to connect with clients but also as a tool to hold ourselves accountable and reflect on strengths and opportunities for further refinement.

Fund Carbon Intensity vs Benchmark



Carbon intensity is measured in metric tons of carbon dioxide emitted per $1 million in sales.

Average Number of Women on Board



Sources: Bloomberg, Saturna Capital Research

ESG Impacts of Amana Income, Growth, and Developing World

Saturna Capital considers ESG issues to be fundamental factors in our long-term values-based approach to security analysis. The Amana Income, Growth, and Developing World Funds integrate ESG considerations with Islamic principles and financial analysis to holistically review a security's suitability for each Fund. We believe that better understanding company interactions with the environment and society provides deeper context and added clarity when analyzing financial performance.

The Funds' first step is to employ negative screening to evaluate values and sustainability-based parameters. Values-based parameters exclude investments in businesses prohibited by Islamic principles including alcohol, weapons, pornography, gambling, pork, and conventional financial activities, such as banking and most insurance. Sustainability-based parameters exclude companies engaged in higher ESG risk businesses such as tobacco and fossil fuel extraction, in addition to those prohibited by Islamic principles. Apart from the negative screens, Saturna has long employed positive screening, seeking companies with strong cash generation, low debt, and that treat minority shareholders well. Excellent management and corporate governance have also been integral to our approach since the beginning. As our approach evolved, Saturna has developed a proprietary ranking algorithm leveraging third-party data and our own research to assess company performance on ESG issues.

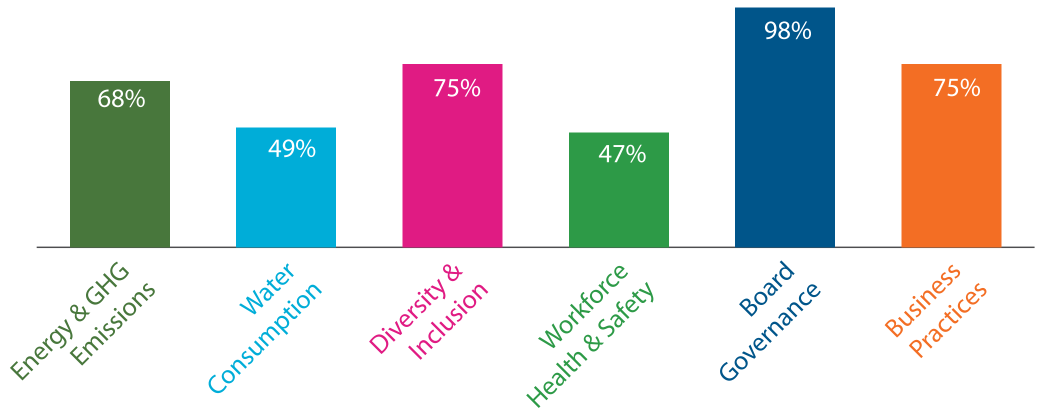
Considering that what is material to one company or industry may not be critical to another is necessary in evaluating company actions through an ESG lens. Some issues, such as water management, may profoundly affect certain industries (e.g., consumer staples) but may not be as important to others (e.g., communication services). Conversely, there are other issues – notably governance issues – that Saturna's analysts believe are material across all industries.

In addition to determining the material issues among industries, it is necessary to consider the current state of disclosure for a topic or metric. Simply put, if a metric lacks adequate disclosure, reasonable comparisons cannot be made among issuers. New to this year's report, we analyzed performance metrics (e.g., GHG emissions intensity) along with policy measures (e.g., GHG reduction program) that were considered in last year's report.

Because of the disparity in disclosure rates, additional qualitative analysis is typically needed. Such analysis helps fill in the information gaps. For this Impact Report, we limited the number of topics to those that feature sufficient disclosure to support robust cross-industry analysis. These topics do not constitute the full universe of ESG issues that Saturna's analysts consider, but they do offer a sample. The following graph provides disclosure rates by topic for the Amana Income, Growth, and Developing World Funds that are covered in this report.

Percent of Holdings Reporting on ESG Topics

(all holdings of Amana Income, Amana Growth, and Amana Developing World Funds)



Sources: Bloomberg, Saturna Capital Research

In the following pages we discuss the various ESG pillars, review a host of ESG topics, consider how the Funds' performance has evolved over the past year, and provide a selection of case studies. Our goal is to provide a set of examples to illustrate the types of issues Saturna considers and how we analyze company performance. As part of our process, it is important to understand that Saturna does not interpret ESG information on a stand-alone or topic-by-topic basis but rather as a mosaic. This mosaic approach allows us to combine information on a variety of ESG issues, values-based considerations, and financial analyses to develop a comprehensive picture of each security we hold.

ENVIRONMENTAL

Environmental topics are generally quantifiable and benefit from wider standardization across industries than social topics. Among the many environmental topics worth considering, GHG emissions, renewable energy use, and water consumption have the highest disclosure rates. It's reaffirming to note that the Sustainability Accounting Standards Board (SASB), an ESG standard-setting organization, has highlighted these three issues as likely to be material in more industries than other environmental issues such as air quality, waste management, and ecological impacts.[5] While disclosure in itself is not the goal, we believe in the adage "you can't manage what you don't measure." With this as a mantra, it's not surprising to find the Income and Growth Funds have significantly higher disclosure rates than their benchmark, the S&P 500, and the Developing World Fund has stronger disclosure rates than its benchmark, the MSCI Emerging Market (EM) Index.

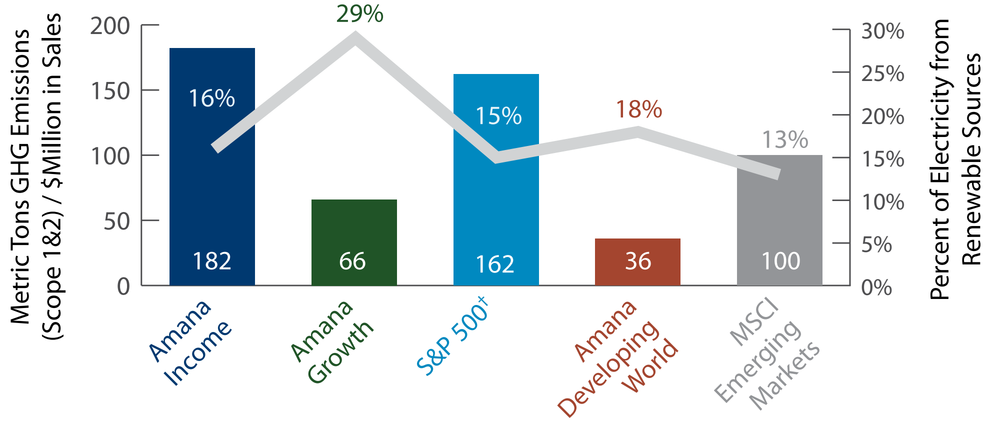
Percent of companies providing disclosure on environmental performance:

	GHG Emissions	% of Energy from Renewables	Water Use
Amana Income	89%	60%	69%
Amana Growth	82%	48%	61%
S&P 500	57%	32%	41%
Amana Developing World	66%	24%	55%
MSCI Emerging Markets	49%	13%	43%

On an industry level, we see disclosure rates on GHG emissions, renewables, and water use are highest for the Consumer Staples and Materials industries across the Amana Funds. As resource-intensive industries, it's not surprising that companies in these industries understand these topics are likely to be material and are thus compelled to provide stakeholders with information on their performance. On the other end, disclosure rates for these topics are low across the Funds for companies in the Health Care industry. This too is intuitive since social issues are likely to garner more attention for companies in the Health Care industry.

Disclosure may provide valuable information but ultimately what matters is performance. As with financial metrics, its important to peel the onion and understand the drivers and implications of performance. For instance, the below graphic demonstrates that each Amana Fund has greater use of renewables than the S&P 500.[†] Yet the Income Fund has slightly higher emissions. On the surface this may be concerning, but digging in we find that one company, Air Products and Chemicals, raises the portfolio's average emissions intensity by 96 metric tons per million dollars in sales. Why then do we continue to hold Air Products and Chemicals? The company estimates that for every metric ton of GHG emissions it produces, it helps save customers ~2.5 metric tons of GHG emissions.

Greenhouse Gas Emissions and Renewable Energy Sources

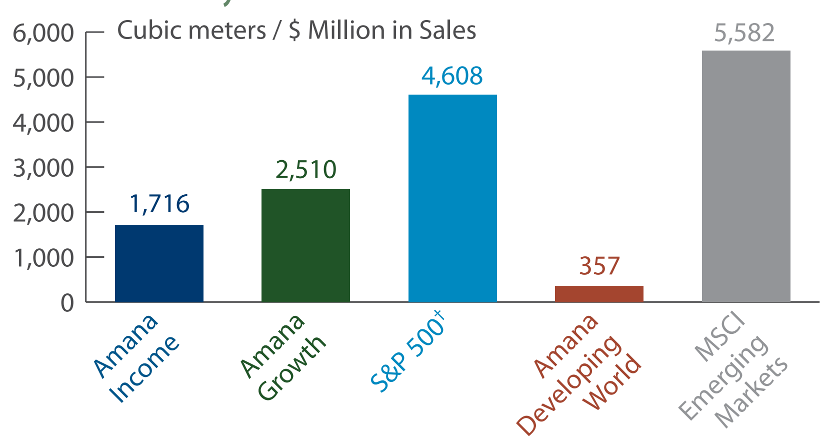


Sources: Bloomberg, Saturna Capital Research

Another important consideration to make is balancing company performance with stated policies. In the water case study, detailed in the coming pages, we find that the Growth and Income Funds have a lower representation of companies with "Strong" or "Adequate" water management policies than the S&P 500, according to Sustainalytics. Policies, targets, and strategies can provide useful information as to what a company intends, but again, what matters is how a company actually performs.

While there are many aspects to water management ranging from improving water quality to mitigating exposure to water-stressed regions, water consumption within a company's own operations is the most standardized and widely reported measure. Water use varies across industries; while electric utilities use water to cool generators, processed foods companies use it to clean ingredients. Despite the variance in use, not unlike electricity, companies generally have the ability to meter water consumption either on premise or through bills from local water utilities. As the graph below shows, each Amana Fund has significantly lower water use intensity than its respective benchmark. Of course, we'll continue to pay attention to corporate policies and judge performance against them, but as with financial results, we're more interested in results than guidance.

Water Use Intensity



Sources: Bloomberg, Saturna Capital Research

† *For this analysis we have excluded the Energy, Utilities, Real Estate, Financial Services, and Communications Services industries from the benchmark as neither the Growth nor Income Funds have positions in those industries.*

Energy Consumption and Greenhouse Gas Emissions

2010-2019 was the hottest decade on record and GHG emissions are continuing to rise. 2020 has shown both promise and the need for greater action.[6] The coronavirus pandemic has greatly curbed travel-related GHG emissions, and use of renewable energy is at all-time highs in markets around the world. Yet we're reminded that the consequences of yesterday's actions are borne today; wildfires raged in Australia, Brazil, and the western USA, while typhoons pounded countries on the Sea of Japan, and the World Meteorological Organization ran out of letters to name Atlantic storms, prompting a move to the Greek alphabet. 2020 has once again shown that addressing climate change presents opportunities for innovative companies and risk for those that fail to heed the warnings.

Percent of holdings / constituents reporting (by number of holdings)		2020	2019	Change
Has a Strong or Adequate GHG Reduction Program	Amana Income	92%	86%	6%
	Amana Growth	88%	93%	-7%
	S&P 500	78%	76%	2%
	Amana Developing World	70%		
	MSCI Emerging Markets	59%		
Implemented Renewable Energy Program with Quantitative Targets and Clear Deadline	Amana Income	40%	24%	16%
	Amana Growth	31%	14%	17%
	S&P 500	21%	17%	3%
	Amana Developing World	23%		
	MSCI Emerging Markets	8%		

Case Study

With a history dating back to 1843, **Stanley Black & Decker** recognizes the importance of long-term planning. This enduring perspective has led the company to establish a progressive set of "2030 Goals for Sustainability." Among these targets is a commitment to become carbon neutral by 2030. In many ways this isn't a new initiative but rather the continuation and enhancement of ongoing work. In 2015, Stanley Black & Decker outlined a host of 2020 targets and intermediary checkpoints aimed at improving its sustainability performance.

Target (based on 2015 baseline)	2019 performance	2019 goal	2020 goal
Reduce carbon emissions	24% reduction	17% reduction	20% reduction
Reduce operational energy consumption	15% reduction	18% reduction	20% reduction
Percentage of energy from renewables	27%	8%	10%

While we're quick to remember that past performance is no guarantee of future results, we find Stanley Black & Decker's approach commendable and performance impressive. We look forward to tracking the company's continued progress towards the recently outlined 2030 goals.[7]

Update on 2019 Case Study

Speaking of tracking performance, last year's Amana Funds Impact Report covered **3M**'s climate and energy initiatives. Below is an update on performance in 2019:

- Electricity sourced from renewables rose to 32.6%, from 26.8% in 2018.
- Scope 1 and 2 emissions have been reduced by 68.1% since 2002, up from 63.7% in 2019.
- Helped customers avoid 58.3 million metric tons of CO_2 equivalent since 2015,[8] up from 41 million metric tons.[9]

Water Management

Water risks are prevalent across the globe. How these risks manifest, however, varies by locale. Some areas face drought, others are inundated by floods, and still others suffer from poor water quality. Although water as a commodity is generally a small expense, the costs from poor water management can arise in myriad ways. In 2019, companies responding to the CDP (formerly the Carbon Disclosure Project) year-end water survey estimated water risks amounted to $425 billion, with 40% expected to manifest in the next one to three years. Among the top risk drivers, companies highlighted increased water scarcity, flooding, declining water quality, and seasonal variability.[10] Whether production is delayed because of water shortages or products are boycotted due to misuse of resources, companies with proactive approaches can reduce such risks.

Percent of holdings / constituents reporting (by number of holdings)		2020	2019	Change
	Amana Income	71%	77%	-6%
	Amana Growth	67%	80%	-13%
Has a Strong or Adequate Water Program	S&P 500	75%	65%	10%
	Amana Developing World	83%		
	MSCI Emerging Markets	57%		

Case Study

Delta Electronics is a global provider of thermal and power management solutions. Delta's mission statement is "to provide innovative, clean and energy-efficient solutions for a better tomorrow." In addition to providing solutions for the transition to a low-carbon economy, Delta recognizes the importance of maintaining a robust system to manage its water consumption and wastewater production. As part of its management system, the company maps water stress in the regions where it operates and incorporates climate models to understand how risk may develop going forward. This mapping allows Delta to manage water risks in the context of the local circumstances. Balancing the tactical approach to managing water resources locally, the company's management has set a strategic goal to cut water intensity 30% by 2020 from a 2015 baseline. As of the 2019 reporting, water intensity has been cut by 25% in production plants and 28% in corporate offices.

Update on 2019 Case Study

In the 2019 Impact Report, we provided a case study on **Taiwan Semiconductor Manufacturing Company** (TSMC). During 2019 TSMC:

- Saved 3.3 million metric tons of water through conservation measures, up from saving 1.3 million in 2018.
- The water recycling rate dropped to 86.7% from 87.5% in 2018.
- Reduced the concentration of ammonia, a common pollutant in semiconductor manufacturing, by 89% from 2018.[11,12]

SOCIAL

Social topics can be quite industry-specific. Within broad categories that cut across industries, such as social impacts of products, topics tend to be unique to each industry group. For instance, we may look at product health and wellness attributes for food and beverage companies, whereas data privacy is more relevant at software companies. Even within industries there is little coalescence around standardized reporting on metrics. The dearth of comparable data for these topics makes it all the more important to become familiar with a company's polices, strategies, and targets to improve performance.

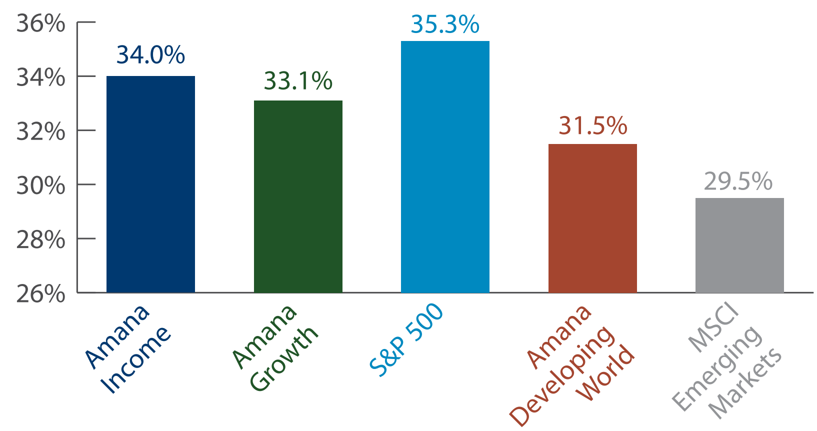
Where quantitative metrics are available, it's important to understand the context around performance. Two issues relevant across the economy are employee diversity and employee health and wellness. Corresponding with this widespread applicability, we see higher disclosure of quantitative metrics for these topics. As with metrics under the environmental pillar, we find the Amana Funds have significantly higher disclosure than their respective benchmarks.

Percent of companies providing disclosure on social performance:

	Women in Management	Employee Lost Time Incidence Rate†
Amana Income	49%	66%
Amana Growth	45%	36%
S&P 500	36%	28%
Amana Developing World	45%	21%
MSCI Emerging Markets	26%	16%

The Diversity & Inclusion case study that follows highlights that each Amana Fund outperforms its respective benchmark for holdings reporting strong or adequate diversity and discrimination policies, according to Sustainalytics. Despite the leadership in developing policies and programs, the Growth and Income Funds slightly lag the S&P 500 for gender diversity in management functions. Nevertheless, these results underline an area where we can further improve and refine our approach to integrating ESG.

Women as a Percent of Management

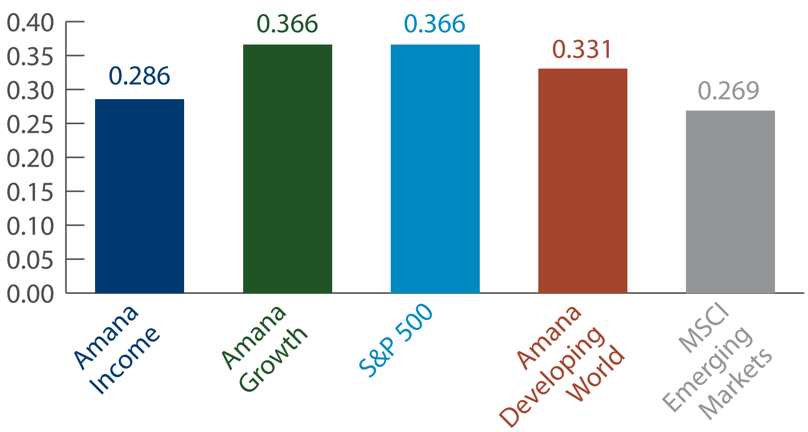


Sources: Bloomberg, Saturna Capital Research

To be sure, there are numerous other important considerations for determining performance on diversity and inclusion. Improving racial and cultural diversity is paramount at each level of the corporation in order for executives to better relate to management, management to connect with staff, and the company as a whole to understand its customers. Despite this importance, a recent Bloomberg survey found that only 25% of S&P 100 constituents provided an EEO-1 report. The EEO-1 report details racial composition by level of employment and is required to be filed with the US Federal Government for companies with more than 100 employees.[13] In other words, this is data that large firms already compile, so publicly reporting this information shouldn't create a significant burden. As stakeholders continue to pressure companies to improve disclosure practices, this is an area where we expect to see increased transparency over the coming years, and we are hopeful that in next year's report there will be sufficient data for us to dig deeper into this important topic.

As with diversity and inclusion, the Amana Funds have a higher percentage of holdings with strong or adequate health and safety management systems than their benchmarks. Interestingly, the MSCI Emerging Markets benchmark has the lowest rate for employees losing work time due to job-related injury or illness. With only 16% of MSCI Emerging Markets constituents reporting on this metric, is this sample representative of the wider benchmark? Regardless, reviewing these results provides an opportunity to dissect how the Amana Funds stand up to their benchmarks and where we can enhance our process.

Lost Time Incidence Rate†



Sources: Bloomberg, Saturna Capital Research

When reviewing disclosure rates on quantitative metrics across the E, S, and G pillars, it's immediately clear that disclosure on social topics is lagging across the board. Still, the quality of disclosure is improving rapidly. Indeed, it's the progress in such practices that has encouraged us to delve deeper into quantifying performance in this year's Impact Report. As companies continue to advance their reporting practices we will continue to adapt, and we look forward to updating you on this evolution over the coming years.

† Lost Time Incidence Rate is a standard OSHA (Occupational Safety and Health Administration) metric representing the number of injury and/or illness cases resulting in days away from work or job restrictions multiplied by 200,000 and divided by the total number of employee hours worked in a year.

Diversity and Inclusion

Through numerous instances, 2020 has demonstrated the importance for businesses to establish strong ESG performance. In particular, calls for racial equity are pushing companies to develop stronger programs for diversity and inclusion. Improving employee diversity and inclusion is not just the moral thing to do—numerous studies have found it's good for business. Through aligning product management and marketing with the end users, fostering innovative ideas, and/or avoiding groupthink, the business case for improving diversity and inclusion span the industries constituting our economy. A recent study by McKinsey found that not only is the business case for diversity strong, from 2014 to 2019 the relationship between diverse executive teams and financial outperformance has strengthened.[14]

Percent of holdings / constituents reporting (by number of holdings)		2020	2019	Change
Has a Strong or Adequate Diversity Policy	Amana Income	81%	74%	7%
	Amana Growth	72%	57%	15%
	S&P 500	56%	50%	6%
	Amana Developing World	32%		
	MSCI Emerging Markets	11%		
Has a Strong or Adequate Discrimination Policy	Amana Income	84%	86%	-2%
	Amana Growth	87%	87%	0%
	S&P 500	81%	83%	-2%
	Amana Developing World	43%		
	MSCI Emerging Markets	32%		

Case Study

Johnson & Johnson has been providing medical solutions for more than 130 years and has been publicly listed since 1943. With more than 130,000 employees, the company recognizes that including diverse perspectives has been fundamental to its ability to innovate and is a key to its continued success. To provide stakeholders with insights on its efforts, Johnson & Johnson publishes an annual diversity and inclusion report, in addition to its annual sustainability report. For its efforts, the company has been recognized as the #1 company on DiversityInc's 2018 Top 50 list, #1 on Latina Style Magazine's Top 50 Companies for Latinas, and #1 by Nikkei for Best Companies for Women in Japan. External recognition of Johnson & Johnson's efforts is not a new phenomenon; for the past 15 years the company has scored 100% on the Human Rights Campaign Foundation's Corporate Equality Index. At the same time the company isn't resting on its laurels. Since 2018 it has engaged more than 105,000 employees in unconscious bias training. Johnson & Johnson's commitment to diversity and inclusion extends beyond its internal operations to suppliers, where the company notes it spent $1.42 billion with diverse suppliers in 2019.

The 2019 Amana Funds Impact Report did not contain a case study on diversity and inclusion. We look forward to reporting on it next year.

Health and Safety Management Systems

The COVID-19 pandemic has renewed focus on the importance of employee health and safety. Sick and/or injured employees cannot work, and the threat of illness or injury may dissuade talent from pursuing work at companies that do not proactively address risks. Workplace injuries cost companies in the United States approximately $170.8 billion in 2018, largely due to productivity losses, medical expenses, and administrative expenses.[15]

Percent of holdings / constituents reporting (by number of holdings)		2020	2019	Change
Has a Strong or Adequate Health & Safety Management System	Amana Income	67%	71%	-4%
	Amana Growth	66%	60%	6%
	S&P 500	66%	60%	6%
	Amana Developing World	75%		
	MSCI Emerging Markets	64%		

Case Study

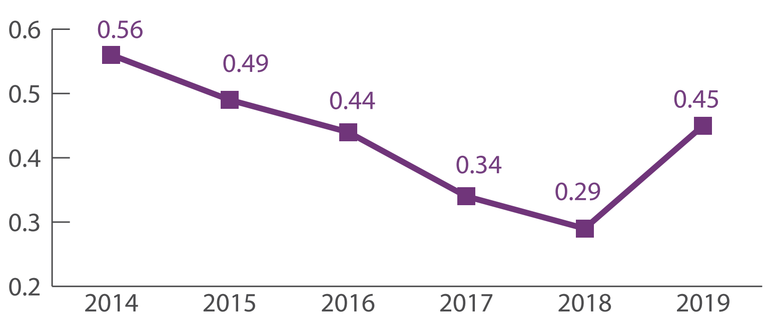
Honeywell's operations span the globe and its products range from radar systems for aircraft to specialty chemicals used in metal refining to personal protective equipment such as N95 masks. With 17% of Honeywell's revenues coming from the Safety and Productivity Solutions business, it's fitting that the company maintains best in class employee heath and safety systems. As part of its efforts Honeywell has set 18 core standards that establish required health and safety systems for all of its sites. Building on this, the company has certified 30% of its sites to ISO 45001, a globally-recognized standard for occupational health and safety systems. As a testament to the strength of its practices, in 2019 Honeywell reported a Total Case Incident Rate (TCIR) of 0.37. This is less than a quarter of the weighted average TCIR for the industries in which Honeywell operates.

Update on 2019 Case Study

Last year we outlined **Air Products**' commitment to health and safety, which included the goal of leading the industrial gas industry in safety, as measured by recordable and lost-time incidents (LTI) rates by 2020. As of 2019, the latest year with comparable industry figures, the company had:

- An employee recordable rate of 0.45 incidents per 200,000 hours, up from 0.29 in 2018, but down 63% from 2014 when Air Products established its 2020 goals.
- An employee LTI of 0.09 incidents per 200,000 hours worked, up from 0.07 in 2018 but down 22% from 2014, and significantly below the industrial gas industry average of 1.1 in 2019.[16,17]

Air Products Recordable Incidents per 200,000 Employee Hours



Sources: Bloomberg, Saturna Capital Research

GOVERNANCE

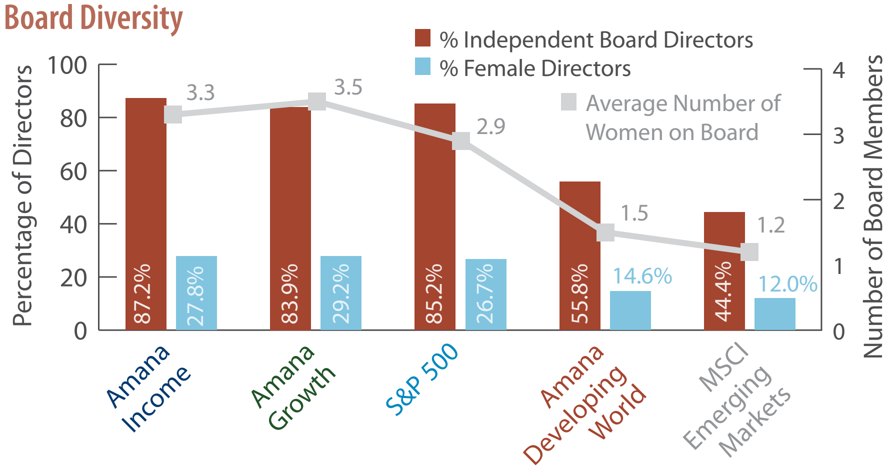
The understanding that good governance is in shareholders' best interests may well be the most widely accepted thesis across the ESG spectrum. Inherent in many public companies is the principal-agent problem. At many publicly listed firms the majority of owners of the business are not the management team. Thus, management's wants may not align with its investors. This conundrum and the general understanding that strong oversight is positive for investors has led to wide-spread disclosure of metrics on corporate governance.

Percent of companies providing disclosure on governance performance:

	Women Board Directors	Independent Board Directors
Amana Income	97%	97%
Amana Growth	100%	100%
S&P 500	99%	100%
Amana Developing World	97%	97%
MSCI Emerging Markets	89%	94%

An integral aspect of strong management oversight is diversity in thought. Having a homogenous group of directors increases the risk of unforeseen issues arising and/or groupthink in developing strategic solutions. One way to improve a board's perspective is to increase membership from underrepresented groups. Board gender diversity is a widely reported metric on this topic, but it's important to acknowledge it is one aspect among several that build diversity in thought. As with employee diversity, economy-wide data on ethnic and cultural diversity is lacking; these are, however, aspects that Saturna Analysts consider in their fundamental research. As the below graph shows, the holdings in each Amana Fund have a higher average number of women on the board and a higher average percentage of female board constituents.

Board Diversity



Sources: Bloomberg, Saturna Capital Research

In an effort to ensure the board has investors' best interests in mind, it's important that the majority of board members are independent. Members who are affiliated with the company either as a current or former executive, founding family members, or other interested party may not be aligned with investor needs. Understanding the value of having independent board members, it's not surprising to see high rates across Amana Growth, Income, and the S&P 500. What is surprising are the much lower rates in Developing World countries. These countries tend to have more family-run, founder-held, or state-owned businesses, which make them less susceptible to investor pressure for greater board independence.[18]

Along with aligning shareholder and management views, companies must create policies to compel employees to act in the long-term interest of the company and not for their own short-term gains. To determine how strong management's oversights are on employee actions, we analyze efforts to curb corruption and bribery, enhance business ethics, and provide channels for whistleblowers. In the end, companies that have strong governance will establish incentives to align the interests of employees with those of the firm and management with their owners.

Board Independence and Diversity

The case for board independence and diversity has been heard loud and clear by the largest companies in the United States. In 2019 a record-breaking 59% of new directors for S&P 500 companies were from underrepresented groups (defined as women and minority men). Although this development is positive, with women representing only 26% and minorities only 23% of S&P 500 directors in 2019, it's clear there is still much work to be done.[19]

Percent of holdings / constituents reporting (by number of holdings)		2020	2019	Change
3 or More Women on the Board	Amana Income	71%	68%	3%
	Amana Growth	73%	67%	6%
	S&P 500	63%	63%	0%
	Amana Developing World	27%		
	MSCI Emerging Markets	15%		
33% or More Women on the Board	Amana Income	26%	27%	-1%
	Amana Growth	27%	30%	-3%
	S&P 500	24%	25%	-1%
	Amana Developing World	16%		
	MSCI Emerging Markets	7%		
At Least 75% of the Board is Independent	Amana Income	94%	94%	0%
	Amana Growth	79%	84%	-5%
	S&P 500	91%	91%	0%
	Amana Developing World	24%		
	MSCI Emerging Markets	32%		

Case Study

As **Newmont** approaches its 100th anniversary, the world's leading gold mining company is proving the merits of developing board independence and diversity. The company, which is headquartered in the United States, operates mines across the globe and not all of these locales have strong legal or regulatory systems in place. The company recognizes that having an independent board can help reduce conflicts of interest while a diverse board provides added perspectives that can improve problem solving. To this end, 91% of Newmont's board members are independent with the CEO being the lone affiliated party. Importantly, the CEO and Chair of the Board have been separated. Newmont has also made impressive strides in improving the diversity of its board. Fifteen years ago, there were no women on the board. Today, there are five women representing 45% of the board, and five members who reside outside of the United States.[20]

Update on 2019 Case Study

In 2019 TJX was recognized for the ninth consecutive year on the Women on Boards' "Winning Company" list. The company's board gender diversity, ethnic diversity, and independence held at 2018 levels with 45%, 64%, and 82%, respectively.[21]

Ethical Business Practices

Without ethical practices that address corruption and bribery, trust in business can quickly erode. The failure to implement and enforce ethical business practices not only undermines fair competition, it also costs the economy dearly. A recent IMF report found that corruption leads to more than $1 trillion in lost tax revenues alone. This amounts to 1.25% of global GDP.[22] As governments and their citizens continue to shoulder excess burdens due to corrupt actors, companies will be under continued pressure to improve their ethical practices. In order to maintain their social license to operate and uphold fair competition, companies must develop policies to implement and controls to maintain ethical business practices.

Percent of holdings / constituents reporting (by number of holdings)		2020	2019	Change
Has Adequate Bribery and Corruption Policy	Amana Income	60%	68%	-8%
	Amana Growth	66%	67%	-1%
	S&P 500	54%	63%	-9%
	Amana Developing World	52%		
	MSCI Emerging Markets	23%		
Has Adequate Whistleblower Policy	Amana Income	97%	94%	3%
	Amana Growth	93%	84%	9%
	S&P 500	93%	91%	2%
	Amana Developing World	93%		
	MSCI Emerging Markets	37%		

Case Study

Headquartered in Turkey, **Ford Otosan** is a joint venture between Ford Motor Company and Turkey's largest industrial conglomerate, Koç Holding. The company is one of Turkey's largest exporters, shipping goods to 96 countries in five continents. Doing business across numerous borders, cultures, and legal systems requires strong internal controls over bribery, corruption, and general business ethics. To make clear its position, the company has robust policies for both business ethics and anti-corruption. These policies outline a zero-tolerance stance on corrupt actions. Understanding that deviance from company policies is most likely to be spotted by fellow employees, Ford Otosan has made clear where whistleblower complaints can be directed and that there will be no repercussions for filing a complaint. To support these efforts, in 2019 Ford Otosan:

- Provided Code of Conduct and Ethical Rules training to 2,639 office employees and 8,319 field employees.
- Trained 290 employees on anti-corruption methods and legislation for the various jurisdictions where the company operates.
- Received 65 whistleblower tips resulting in 24 disciplinary actions; none were associated with bribery or corruption.[23]

Update on 2019 Case Study

Rio Tinto had undertaken numerous steps to address business ethics challenges it has faced. Concerned with the company's governance, we exited this position in February 2020. With recent reports highlighting the company's involvement in destruction of aboriginal sites and the CEO subsequently stepping down, we feel exiting this position was prudent.

INVESTMENT PROCESS

Saturna Capital, the Amana Funds' investment adviser, screens more than 5,000 global securities monthly. Roughly half receive a quantitative A rating based on financial metrics and business activities, making them potential investment candidates. Companies with marginal financial metrics receive rankings of B, C and D. About one-tenth are rejected outright (ranked F), due to prohibited business activities.

Saturna uses business sector and ESG screens and eliminates companies primarily involved in activities including interest, gambling, pork processing, fossil fuel extraction, alcohol, tobacco, pornography, and weapons. Saturna further employs financial screens that eliminate companies with more than 5% of revenue coming from *haram*, or unacceptable, sources (such as those listed above), more than 33% total debt as compared to market capitalization (trailing 12-month average), and more than 45% accounts receivable as compared to total assets.

These screening guidelines help ensure that investments meet the requirements of the Islamic faith and were established by Saturna Capital in collaboration with the Fiqh Council of North America (FCNA), a non-profit organization serving the Muslim community. These guidelines are subject to change. To ensure that investments continue to meet the requirements of the Islamic faith, Saturna Capital engages Amanie Advisors Sdn Bhd, a leading consultant specializing in Islamic finance.

Adviser Spotlight

Saturna Capital, investment adviser to the Amana Mutual Funds, believes that traditional barometers by which investment risk is measured have expanded by necessity to include risks related to environmental, social, and governance practices. The threat of climate risk is intricately linked to more familiar forms of risk including regulatory and reputational 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.

Amana Income Fund

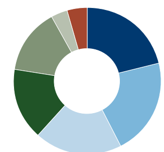
The Income Fund invests primarily in dividend-paying common stocks, including foreign stocks. Investment decisions are made in accordance with Islamic principles. Generally, Islamic principles require that investors share in profit and loss, that they receive no usury or interest, and that they do not invest in a business that is prohibited by Islamic principles. Some of the businesses not permitted are alcohol, pornography, insurance, gambling, pork processing, and interest-based banks or finance associations.

Top 10 Holdings

	% of Net Assets
Microsoft	6.31%
Eli Lilly	6.22%
Taiwan Semiconductor ADS	5.17%
Rockwell Automation	4.97%
McCormick & Co	4.37%
Illinois Tool Works	4.35%
Microchip Technology	3.89%
PPG Industries	3.66%
Intel	3.50%
Parker Hannifin	3.39%
Total	**45.83%**

Sector Allocation

Industrials	21.30%
Health Care	21.22%
Technology	19.31%
Consumer Staples	15.86%
Materials	14.36%
Consumer Discretionary	3.60%
Cash and equivalents	4.35%



As of September 30, 2020

Investment Strategies

The Income Fund does not make any investments that pay interest. Islamic principles discourage speculation, and the Fund tends to hold investments for several years.

The Income Fund diversifies its investments across industries and companies, and principally follows a large-cap value investment style. Common stock purchases are restricted to dividend-paying companies. The Fund seeks companies demonstrating both Islamic and sustainable characteristics. The Fund's adviser (Saturna Capital Corporation) considers issuers with sustainable characteristics to be those issuers that are more established, consistently profitable, and financially strong, and with robust policies in the areas of the environment, social responsibility, and corporate governance ("ESG"). The Fund's adviser employs a sustainable rating system based on its own, as well as third-party, data to identify issuers believed to present low risks in ESG. The Fund's adviser also uses negative screening to exclude security issuers primarily engaged in higher ESG risk businesses such as alcohol, tobacco, pornography, weapons, gambling, and fossil fuel extraction.

It is the policy of the Income Fund, under normal circumstances, to invest at least 80% of its total net assets in income-producing securities, primarily dividend-paying common stocks.

Risks

Investing in equities involves a variety of risks including market risk (fluctuation and volatility of the value of securities), investment strategy risk, equity securities risk, and foreign investing risk. We think that sustainable investing may mitigate security-specific risk, but the screens used in connection with sustainable and Islamic investing reduce the investable universe, which limits opportunities and may affect performance.

Amana Growth Fund

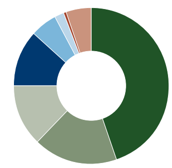
The Growth Fund invests only in common stocks, including foreign stocks. Investment decisions are made in accordance with Islamic principles. Generally, Islamic principles require that investors share in profit and loss, that they receive no usury or interest, and that they do not invest in a business that is prohibited by Islamic principles. Some of the businesses not permitted are alcohol, pornography, insurance, gambling, pork processing, and interest-based banks or finance associations.

Top 10 Holdings

	% of Net Assets
Apple	9.39%
Adobe	7.89%
Intuit	5.91%
ASML Holding	4.58%
Church & Dwight	4.52%
Estee Lauder, Class A	4.03%
Taiwan Semiconductor ADS	3.99%
Qualcomm	3.79%
Agilent Technologies	3.65%
Amgen	3.63%
Total	**51.38%**

Sector Allocation

Technology	44.88%
Health Care	17.51%
Industrials	12.75%
Consumer Staples	11.55%
Consumer Discretionary	5.75%
Materials	1.91%
Financials	0.49%
Cash and equivalents	5.16%



As of September 30, 2020

Investment Strategies

The Growth Fund does not make any investments that pay interest. Islamic principles discourage speculation, and the Fund tends to hold investments for several years.

The Growth Fund diversifies its investments across industries and companies, and principally follows a large-cap value investment style. The Fund favors companies expected to grow earnings and stock prices faster than the economy. The Fund may also invest in smaller and less seasoned companies. The Fund seeks companies demonstrating both Islamic and sustainable characteristics. The Fund's adviser (Saturna Capital Corporation) considers issuers with sustainable characteristics to be those issuers that are more established, consistently profitable, and financially strong, and with robust policies in the areas of the environment, social responsibility, and corporate governance ("ESG"). The Fund's adviser employs a sustainable rating system based on its own, as well as third-party, data to identify issuers believed to present low risks in ESG. The Fund's adviser also uses negative screening to exclude security issuers primarily engaged in higher ESG risk businesses such as alcohol, tobacco, pornography, weapons, gambling, and fossil fuel extraction.

It is the policy of the Growth Fund, under normal circumstances, to invest at least 80% of total net assets in common stocks. The Fund's adviser (Saturna Capital Corporation) selects investments primarily on past earnings and revenue growth rates, and the expectation of increases in earnings and share price.

Risks

Investing in equities involves a variety of risks including market risk (fluctuation and volatility of the value of securities), small-cap risk, investment strategy risk, equity securities risk, foreign investing risk, and technology sector risk. We think that sustainable investing may mitigate security-specific risk, but the screens used in connection with sustainable and Islamic investing reduce the investable universe, which limits opportunities and may affect performance.

Amana Developing World Fund

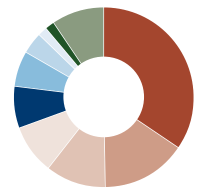
Under normal circumstances, the Developing World Fund invests at least 80% of total net assets in common stocks of companies with significant exposure (50% or more of production assets, or revenues) to countries with developing economies and/or markets. Investment decisions are made in accordance with Islamic principles. Generally, Islamic principles require that investors share in profit and loss, that they receive no usury or interest, and that they do not invest in a business that is prohibited by Islamic principles. Some of the businesses not permitted are alcohol, pornography, insurance, gambling, pork processing, and interest-based banks or finance associations.

Top 10 Holdings

	% of Net Assets
Silergy	6.64%
Tencent Holdings ADR	6.59%
Techtronic Industries	5.03%
Taiwan Semiconductor ADS	4.60%
Advantech	3.22%
Samsung Electronics	3.20%
Kansas City Southern Industries	3.18%
Baidu ADS	3.08%
LG Household & Health Care	3.00%
Clicks Group	2.80%
Total	**41.34%**

Sector Allocation

Technology	34.65%
Consumer Staples	15.27%
Communications	10.85%
Consumer Discretionary	8.93%
Industrials	7.29%
Health Care	6.37%
Financials	3.89%
Utilities	1.91%
Materials	1.66%
Cash and equivalents	9.19%



As of September 30, 2020

Investment Strategies

The Developing World Fund does not make any investments that pay interest. Islamic principles discourage speculation, and the Funds tend to hold investments for several years.

The Developing World Fund diversifies its investments across the industries, companies, and countries of the developing world, and principally follows a large-cap value investment style. The Fund seeks companies demonstrating both Islamic and sustainable characteristics. The Fund's adviser considers issuers with sustainable characteristics to be those issuers that are more established, consistently profitable, and financially strong, and with robust policies in the areas of the environment, social responsibility, and corporate governance ("ESG"). The Fund's adviser employs a sustainable rating system based on its own, as well as third-party, data to identify issuers believed to present low risks in ESG. The Fund's adviser also uses negative screening to exclude security issuers primarily engaged in higher ESG risk businesses such as alcohol, tobacco, pornography, weapons, gambling, and fossil fuel extraction.

In determining whether a country is part of the developing world, the Fund's adviser (Saturna Capital Corporation) will consider such factors as the country's per capita gross domestic product, the percentage of the country's economy that is industrialized, market capitalization as a percentage of gross domestic product, the overall regulatory environment, and limits on foreign ownership and restrictions on repatriation of initial capital or income.

By allowing investments in companies headquartered in more advanced economies yet having the majority of production assets or revenues in the developing world, the Developing World Fund seeks to reduce its foreign investing risk.

Risks

Investing in equities involves a variety of risks including market risk (fluctuation and volatility of the value of securities), investment strategy risk, equity securities risk, foreign investing risk, and developing world risk. We think that sustainable investing may mitigate security-specific risk, but the screens used in connection with sustainable and Islamic investing reduce the investable universe, which limits opportunities and may affect performance.

Important Disclosures

In this report, we focused on reporting ESG metrics for Amana Income, Amana Growth, and Amana Developing World Funds.

- *Amana Participation Fund does not have an ESG mandate.*

This material is for general information only and is not a research report or commentary on any investment products offered by Saturna Capital. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. To the extent that it includes references to securities, those references do not constitute a recommendation to buy, sell or hold such security, and the information may not be current. Accounts managed by Saturna Capital may or may not hold the securities discussed in this material.

We do not provide tax, accounting, or legal advice to our clients, and all investors are advised to consult with their tax, accounting, or legal advisers regarding any potential investment. Investors should not assume that investments in the securities and/or sectors described were or will be profitable. This document is prepared based on information Saturna Capital deems reliable; however, Saturna Capital does not warrant the accuracy or completeness of the information. Investors should consult with a financial adviser prior to making an investment decision. The views and information discussed in this commentary are at a specific point in time, are subject to change, and may not reflect the views of the firm as a whole.

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 MSCI Emerging Markets Index, produced by Morgan Stanley Capital International, measures equity market performance in over 20 emerging market countries. When available, Saturna uses total return components of indices mentioned. Investors cannot invest directly in the indices.

A Few Words About Risk

***Income**, **Growth**, **Developing World**, and **Participation** Funds: The value of the shares of each of the Funds rises and falls as the value of the securities in which the Funds invest go up and down. The Amana Mutual Funds limit the securities they purchase to those consistent with Islamic and ESG 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.*

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

***Participation Fund**: 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.*

Footnotes

[1] Clark, Robert, Michael Copley, and Esther Whieldon. Major ESG investment funds outperforming S&P 500 during COVID-19. S&P Global Market Intelligence, October 6, 2020. https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/major-esg-investment-funds-outperforming-s-p-500-during-covid-19-57965103

[2] Ghosh, Indranil, and Shelley Goldberg. Covid-19: The Deathknell of ESG Investing or A New Beginning? TheStreet Ecomonitor. August 20, 2020. https://www.thestreet.com/economonitor/financial-markets/covid-19-esg-new-beginning

[3] Meredith, Sam. Sustainable investment funds just surpassed $1 trillion for the first time on record. CNBC, August 11, 2020. https://www.cnbc.com/2020/08/11/coronavirus-esg-and-sustainable-funds-surpass-1-trillion-for-the-first-time.html

[4] ESG Fund Ratings. MSCI. https://www.msci.com/esg-fund-ratings/ funds accessed on September 30, 2020. These ratings are subject to change on a daily basis.

[5] SASB Materiality Map. Sustainability Accounting Standards Board. https://materiality.sasb.org/

[6] Bateman, John. 2019 was 2nd hottest year on record for Earth say NOAA, NASA. National Oceanic and Atmospheric Association, January 15, 2020. https://www.noaa.gov/news/2019-was-2nd-hottest-year-on-record-for-earth-say-noaa-nasa#:~:text=NASA%20also%20found%20that%20 2010,second%20warmest%20for%20the%20globe.

[7] Sustainability Scorecard. Stanley Black & Decker. https://www.stanleyblackanddecker.com/who-we-are/2019-year-review/responsibility/sustainability-scorecard

[8] 2020 Sustainability Report. The 3M Company. https://multimedia.3m.com/mws/media/1836747O/2020-sustainability-report.pdf

[9] 2019 Sustainability Report. The 3M Company. multimedia.3m.com/mws/media/1691941O/2019-sustainability-report.pdf.

[10] CDP Global Water Report 2019. CDP. https://6fefcbb86e61af1b2fc4-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/cms/reports/documents/000/005/165/original/CDP_Global_Water_Report_2019.pdf?1591106445

[11] 2019 TSMC Corporate Social Responsibility Report. Taiwan Semiconductor Company. https://www.tsmc.com/download/csr/2019-csr-report/english/pdf/e-all.pdf

[12] 2018 TSMC Corporate Social Responsibility Report. Taiwan Semiconductor Company, www.tsmc.com/download/csr/2018_tsmc_csr_report_published_May_2019/english/pdf/e_all.pdf

[13] Green, Jeff, Gerald Porter Jr., and Cedric Sam. Once-Elusive Corporate Racial Data Are Finally Trickling Out. Bloomberg, October 6, 2020. https://www.bloomberg.com/graphics/diversity-equality-in-american-business/?srnd=premium&sref=RGUgGbKZ

[14] Dixon-Foyle, Sundiatu, Kevin Dolan, Vivian Hunt, and Sara Prince. Diversity wins: How inclusion matters. MicKinsey, May 19, 2020. https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters

[15] Work Injury Costs. National Safety Council, injuryfacts.nsc.org/work/costs/work-injury-costs/.

[16] TABLE 1. Incidence Rates of Nonfatal Occupational Injuries and Illnesses by Industry and Case Types, 2019. U.S. Bureau of Labor Statistics, www.bls.gov/web/osh/summ1_00.htm.

[17] 2020 Sustainability Report. Air Products. https://www.airproducts.com/-/media/airproducts/files/en/900/900-20-008-us-sustainability-report-2020.pdf

[18] Ararat, Melsa, and George Dallas. Corporate Governance in Emerging Markets: Why It Matters to Investors—and What They Can Do About It. International Finance Corporation, June 17, 2011. https://openknowledge.worldbank.org/bitstream/handle/10986/11071/645880BRI0Corp00Box0361540B0PUBLIC0.pdf

[19] 2019 United States Spencer Stuart Board Index S&P 500 Boards. Spencer Stuart, 2019. https://www.spencerstuart.com/-/media/2019/ssbi-2019/us_board_index_2019.pdf.

[20] Board of Directors. Newmont. https://www.newmont.com/about-us/board-of-directors/default.aspx

[21] Board of Directors. TJX. https://www.tjx.com/investors/governance/board-of-directors

[22] Mauro, Paolo, Paolo Medas, and Jean Marc Fournier. "The True Cost of Global Corruption." IMF Finance & Development, September 2019, www.imf.org/external/pubs/ft/fandd/2019/09/the-true-cost-of-global-corruption-mauro.htm

[23] Ford Otosan 2019 Sustainability Report. https://www.fordotosan.com.tr/documents/Documents/Surd_Raporlari/ford_otosan_sustainability-report-2019.pdf

About the Author & Contributors

Levi Stewart Zurbrugg MBA, CPA®
Senior Investment Analyst,
Deputy Portfolio Manager
Amana Developing World Fund

Scott Klimo CFA®
Chief Investment Officer,
Portfolio Manager
Amana Growth Fund

Monem Salam MBA
Executive Vice President,
Portfolio Manager
Amana Income & Developing World Funds

Amana Mutual Funds Trust

FOLLOWING ISLAMIC & ESG INVESTING PRINCIPLES

1300 North State Street Bellingham, WA 98225 1-800-728-8762 www.amanafunds.com

AMFT-IR-2020-A