2019

IMPACT REPORT

About Saturna

Saturna Capital, manager of the Amana, Saturna Sustainable, Sextant, and Idaho Tax-Exempt funds, draws upon years of investment experience to aid investors in navigating today's complex market environment. Founded in 1989, Saturna has helped individuals and institutions build wealth, earn income, preserve capital, and achieve their financial goals.

Saturna's deep-rooted belief in value investing permeates all of our investment decisions. We don't follow trends, we analyze opportunities through detailed research exploring geopolitical developments, industry themes, technology trends, competitive environments, and corporate leadership. 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 are more resilient, while making better contributions to the global economy and the planet.

The same value philosophy that drives Saturna's investment process also governs the management of our business, giving Saturna the financial strength and stability to weather the most turbulent conditions. Most important to Saturna's success, however, is our clients' success. We believe our clients' interests always come first, perhaps explaining why our relationships span so many years. After three decades of offering superior investment solutions and outstanding customer service, we look forward to helping you secure your financial future.

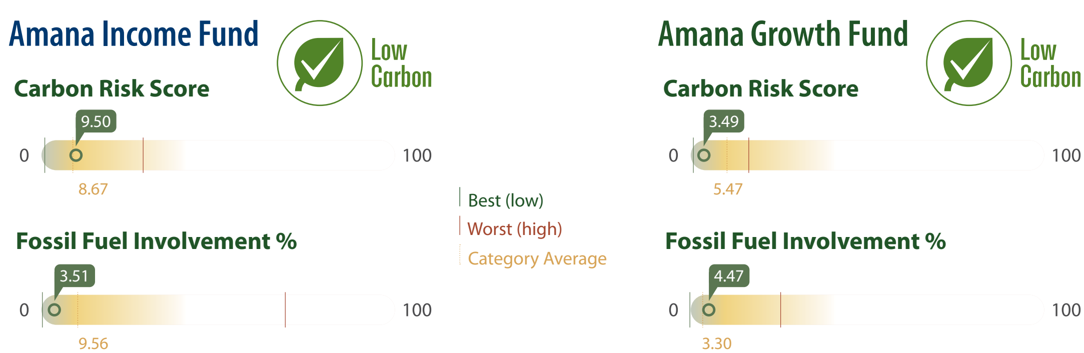
Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about the Amana Mutual Funds in a current prospectus or summary prospectus, please visit www.amanafunds.com or call toll free 1-800-728-8762. Please read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

To our clients who continue their support of the Amana Growth and Income Funds, we are grateful for your patronage. This inaugural Impact Report is an opportunity for us to communicate how we consider environmental, social, and governance (ESG) aspects in our investment process. We believe this report will highlight how incorporating ESG information can further align client financial goals with their values to make positive environmental and social impacts.

ESG investment strategies have proliferated in recent years. Between 2016 and 2018, US domiciled assets under management utilizing ESG strategies grew by 38% to $12 trillion, 26% of all assets under professional management in the US.[1] Amidst this rapid growth, it's important that investors are able to understand whether their investments are living up to expectations both in financial and impact terms. Mutual fund rating agency Morningstar™ analyzes fund portfolios in terms of carbon risk and fossil fuel involvement. Based on this analysis, Morningstar may assign funds the Low Carbon™ designation, which allows investors to easily identify low-carbon funds within the global universe. Both Amana Income and Amana Growth Funds received Morningstar's Low Carbon rating as of September 30, 2019. Bearing in mind that the Intergovernmental Panel on Climate Change estimates warming of two degrees Celsius will cost the global economy $69 trillion by 2100, reducing investment carbon risks is not just positive from an impact perspective but also from a financial standpoint.[2]

Morningstar Carbon Metrics™

(as of September 30, 2019)



The Fund's impact considerations aren't limited to just carbon risks, but focus broadly on the variety of ESG issues that businesses face in their everyday operations and long-term strategies. Business can be both a remedy and a cause of social ills, and those businesses that sustainably address social challenges stand to be duly compensated. With the Amana Growth Fund in its 25th year of operation and the Income Fund in its 33rd year, we believe incorporating ESG information aligns with the Funds' long-term orientation.

For more information on Morningstar Carbon Metrics, please see page 26.

ESG Impacts of Amana Income and Growth

As long-term value and values-based investors, Saturna Capital considers ESG issues fundamental factors in security analysis. The investment process for the Amana Income and Growth Funds integrates ESG considerations with Islamic principles and financial analysis to holistically review a security's suitability for each Fund. This analysis includes rating companies on their alignment with Islamic principles, sustainability, and investment appeal.

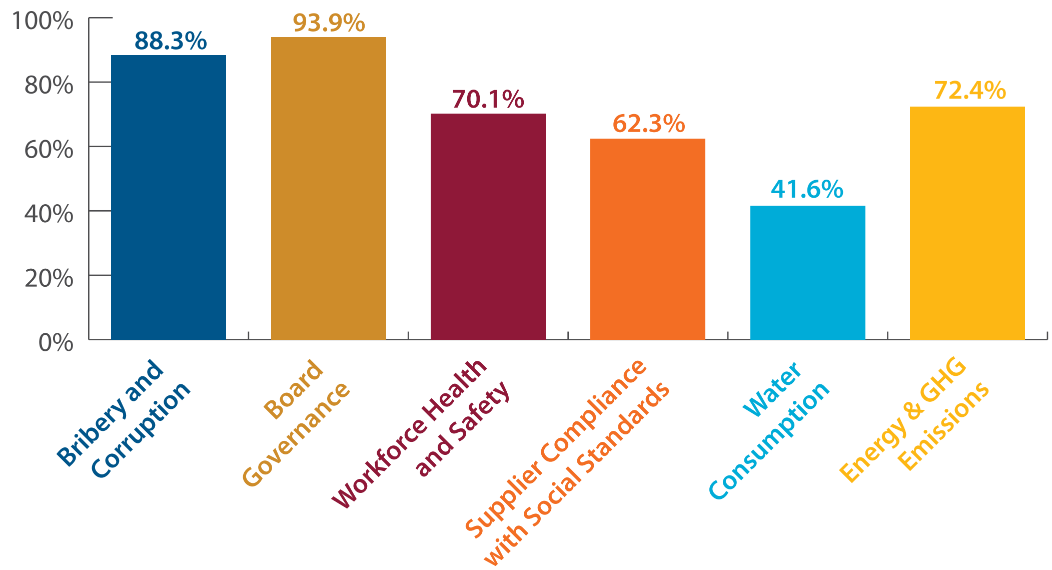
The Funds employ negative screening as a first step in evaluating values and sustainability-based parameters; values-based parameters exclude investments in businesses prohibited by Islamic principles including alcohol, weapons, pornography, insurance, gambling, pork processing, and interest-based banks or finance associations. 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. Saturna has long employed positive screening, seeking companies with strong cash generation and low debt that treat shareholders well. Excellent management and corporate governance have also been integral to our approach since the beginning. More recently, Saturna has developed a proprietary ranking algorithm leveraging third-party data and our own research to assess company performance on ESG issues.

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

Along with 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. Because of the disparity in disclosure rates and quality, additional qualitative analysis is typically needed. Such analysis helps fill in the disclosure 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 Saturna's analysts consider, but offer a sample. The following graph provides disclosure rates by topic for the Amana Income and Amana Growth Funds that are covered in this report.

Percent of holdings reporting on ESG Topics

(all holdings of Amana Income and Amana Growth Funds)



In the pages that follow, we discuss various ESG pillars, review a host of ESG topics, and provide a selection of case studies. These examples illustrate the types of issues we consider, and the aspects of company performance we evaluate. It is important to note that Saturna does not interpret ESG information on a stand-alone, topic-by-topic basis but rather as a mosaic. In this mosaic approach, we combine information on a variety of ESG issues, values-based considerations, and financial analysis to develop a complete picture of each security we hold.

CASE STUDIES

Environmental

Of the myriad ESG topics, the environmental pillar tends to support more quantitative disclosure and analysis. This can be seen in the following pages where quantitative indicators, such as carbon intensity and renewable energy consumption, are more readily available than in the social pillar. While governance also supports a handful of quantitative measures, analysis of these issues must be supported by qualitative research.

The coalescence around standardized environmental metrics is further supported by previous research from Saturna. In the *Case for Active Management in ESG*, we found that though company ESG scores can vary widely across ESG data providers, when separated into distinct pillars, environmental scores had the lowest dispersion as compared to social and governance scores.[3] Within the environmental pillar, Saturna considers performance on emissions, energy, water, waste, and sustainable practices; in this report we delve into emissions, energy, and water. These topics were chosen based on the breadth of industries they are likely to impact and the availability of company disclosure.

According to the 2018 CDP (formerly the Carbon Disclosure Project) corporate climate-change questionnaire, 53% of reporting companies identified climate-related risks as potentially having "substantive financial or strategic impact," with the majority of companies acknowledging that such risks would manifest both through physical (e.g., sea-level rise) and transition (e.g., carbon pricing) channels. As with other societal challenges, many businesses recognize that combatting climate change also presents opportunities: of the world's 500 largest companies, 225 forecast climate-related opportunities totaling more than $2.1 trillion.[4]

One clear way that companies are seeking to reduce their greenhouse gas (GHG) emissions is through increasing renewable energy. This move to renewable energy has experienced tailwinds from falling solar and wind energy prices. Analysis from one financial services firm found that the levelized cost of energy (LCOE) for solar and wind has fallen by 69% and 88% respectively since 2009.[5] With falling renewable prices and volatile fossil-fuel markets, reducing greenhouse gas emissions is not simply a feel-good objective but also a rational business decision.

When it comes to water, companies may suffer from too much, too little, or poor quality. Researching investment exposure to water risks, CERES, (a non-profit focused on ESG adoption), has determined that 59% of S&P 500 companies are exposed to medium to high water risk. These companies operate in a variety of industries with the top five among oil and gas, semiconductors, chemicals, beverages, and electric utilities.[6] In 2018, companies reported $38.5 billion in water-related losses proving that these risks aren't far-flung concerns of the future but pressing business issues of today.[7] Indeed, according to the World Economic Forum, water crisis ranks as the ninth most likely "global risk" and the fourth most impactful.[8]

Energy Consumption and Greenhouse Gas Emissions

Energy consumption, GHG emissions, and climate change are inextricably linked. Approximately 78% of human produced GHG emissions result from energy production and consumption.[9] Moving to a low carbon economy represents both risks and opportunities to companies across the economy. On the risk side, companies that fail to improve energy efficiency and reduce GHG emissions may be more exposed to fossil fuel price volatility and future GHG regulations. Considering opportunities, companies that proactively manage energy efficiency and create innovative products may be well positioned to capture top and bottom-line growth from the transition to a low carbon economy.

Percent of holdings / constituents reporting (by number of holdings)

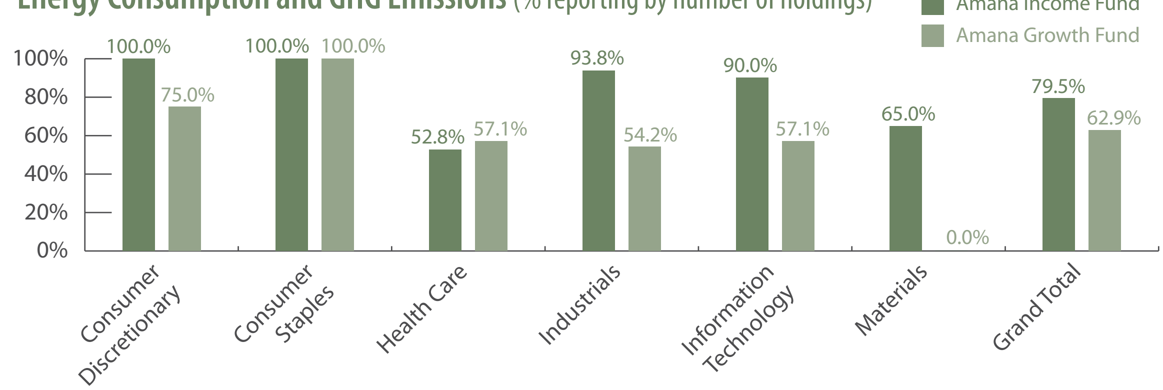
More than 10% of company's primary energy use comes from renewable energy sources	Amana Income	29%
	Amana Growth	41%
	S&P 500	17%
Carbon intensity below industry mean	Amana Income	19%
	Amana Growth	44%
	S&P 500	24%
Strong or adequate GHG reduction program	Amana Income	86%
	Amana Growth	93%
	S&P 500	76%

Case Study

The **3M Company** comprises a wide range of business units operating across the globe that develop products for a variety of industries from food and beverage to aerospace. Recognizing that energy consumption and GHG emissions represent significant risks, the company has developed board and executive oversight for these issues. In addition to this oversight, in 2015 the company developed numerous energy and GHG goals with a 2025 deadline, including:

- Increasing renewable energy to 25% of total electricity:
  - 26.8% of electricity was sourced from renewable sources in 2018. In 2019, 3M set a new goal of sourcing 50% of electricity from renewables by 2025.
- Reducing GHG emissions by at least 50% from 2002 baseline:
  - Scope 1 and 2 emissions have been reduced by 63.7% since 2002.
- Helping customers reduce GHGs by 250 million tons of CO2 equivalent:
  - 41 million metric tons of CO2 equivalent have been avoided since 2015[10]

Energy Consumption and GHG Emissions (% reporting by number of holdings)



Water Management

Water as an expense item on the income statement is often minimal – however, exposure to water risks can have an outsized impact on financial performance. On one hand, water-reliant companies with growth opportunities in emerging markets are likely to face increased scrutiny of their water consumption. Although the price of water is inexpensive, if a company cannot consistently secure enough water of sufficient quality, it may fail to supply growing demand in critical markets. On the other hand, companies that can't properly treat water effluents risk fines and potential loss of access to water supplies. Both avenues have the ability to substantially affect value. With demand for water projected to exceed supply in 2030 by 40% globally, it's clear that water management is going to be a growing business issue.[11]

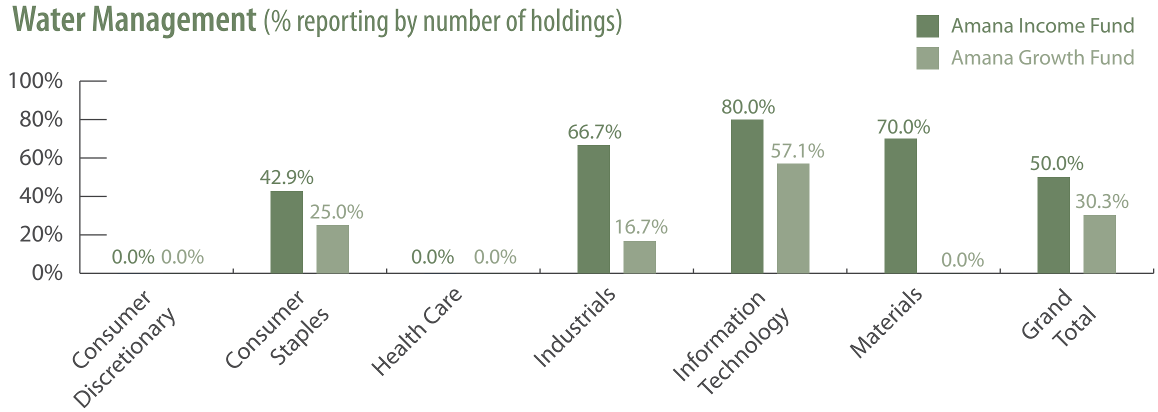
Percent of holdings / constituents reporting (by number of holdings)

Adequate water management program	Amana Income	77%
	Amana Growth	80%
	S&P 500	65%

Case Study

Taiwan Semiconductor Manufacturing Company (TSMC) is the world's largest semiconductor foundry and a sustainability leader on many fronts. Semiconductor manufacturing provides an excellent example of the importance of water management as it requires large amounts of pure water and creates significant volumes of hazardous effluent. Understanding the importance of proactively managing water consumption and discharge, TSMC has developed a comprehensive water management system that focuses on reducing water consumption, increasing wastewater recycling, and improving water discharges. During 2018, the company was successful in saving 1.3 million tons of water through conservation measures, while recycling each unit of water an average of 3.5 times. In addition to these consumption achievements, in 2018 the company reduced the concentration of ammonia, a common pollutant in semiconductor manufacturing, by 87% from 2017.[12]

Water Management (% reporting by number of holdings)



Social

Social issues vary widely across industries. While health and nutrition may be important to food and beverage companies, data security and privacy are paramount for telecommunications and IT services. The lack of standardized quantitative disclosure information can be attributed in part to the numerous differences in social impact across industries. Although industry-specific quantitative social data is likely on the horizon, we do see some social issues that span diverse industries and support cross-cutting analysis. Within the social pillar, Saturna considers performance in the two broad fields of community and labor. In this section we will review the issues of supply chain management (community), and worker health and safety (labor), which provide opportunities to analyze corporate performance across the economy.

Research on the integration of social issues into corporate supply chain management finds there is a positive relationship between strong performance and increased financial returns, along with decreased risks. According to one study, companies that integrate both social and environmental initiatives into their supply chain management tend to benefit from an increased return on assets and equity.[14] Another study found that traditional risk management systems may overlook sustainability issues and stakeholder concerns, pushing the authors to call for integration of these issues to reduce the possibility of supply chain disruptions.[15]

Among the most at-risk industries for forced labor are information and communications technology, food and beverage, and apparel and footwear. In fact, research from the US Department of Labor found that 54% of the commodities (e.g., gold, sugar, cotton, etc.) at risk of forced labor came from these three industries.[16] Association with forced labor can have significant financial implications, as the Brazilian meat processing company JBS found out. In 2017, retailers pulled products sourced from JBS off their shelves after one of the company's beef suppliers came under federal investigation in Brazil for using slave labor.[17]

Within a company's own operations, its ability to maintain a safe workplace is of the utmost importance. When it comes to nonfatal workplace injuries and illness, the health care, manufacturing, and retail industries had the greatest number of incidents in 2017, while agriculture, transportation, and arts and entertainment had the highest incidence rates. To give a sense of the scale, during 2017, nearly 583,000 healthcare industry workers in the United States experienced workplace injuries and illness.[18]

In addition to more commonplace injuries and illnesses, failure to manage workplace health and safety can end tragically. For the Brazilian mining company Vale SA, tragedy has struck twice in the past five years. In 2015, a dam it jointly owned with BHP Billiton collapsed, killing 19 people and causing vast environmental damage.[19] When such an event occurs, investors must question whether the cause was unforeseeable or a failure of management. Often there are indicators that provide useful insight. For instance, in the three years prior to the Deepwater Horizon oil spill, BP refineries were responsible for 97% of the "egregious, willful" violations handed out by the Occupational Safety and Health Administration.[20] In the case of Vale, after the first tragedy it nominally increased investments in dam monitoring from $30 million to $70 million. However, leading up to the 2019 dam collapse at the Córrego do Feijão mine, the company failed to heed one of the most important risk indicators. In the months prior to the collapse, several employees raised concerns that the dam was showing warning signs of collapse. On January 25th, 2019 the worst-case scenario unfolded when the dam collapsed killing 270 people, most of whom were Vale employees and contractors.[21]

Supplier Compliance with Social Standards

In today's global economy, supply chains are becoming increasingly complex and challenging to manage. Companies lacking clear insight into the inner workings of their supply chain are not only threatened by unforeseen supply disruptions but also eroding brand value, should a supplier be found to lack appropriate social standards. What's more, regulations such as California's Transparency in Supply Chains Act and EU Directive 2014/95, compel companies to disclose due diligence efforts in identifying and mitigating supplier social and environmental issues. With an estimated 73 million children subject to hazardous working conditions and 25 million people confined to forced labor, companies across the economy are exposed to supply chain threats.[22]

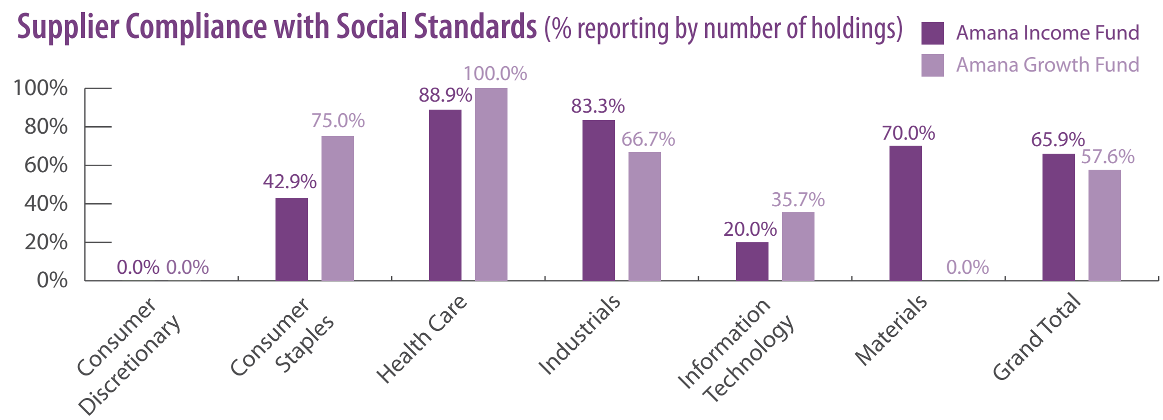
Percent of holdings / constituents reporting (by number of holdings)

Formal policy on monitoring supplier compliance with social standards	Amana Income	48%
	Amana Growth	47%
	S&P 500	24%

Case Study

Pharmaceuticals may not be the first industry that comes to mind when considering supplier compliance with social standards, but companies in this industry are confronted with a variety of threats throughout their supply chains. Indeed, more than 80% of the active pharmaceutical ingredients in the United States are imported. To ensure product quality and maintain consumer trust, pharmaceutical companies must ensure their supply chains uphold stringent social standards.

Novo Nordisk, for example, has more than 40,000 suppliers and is committed to upholding the UN Global Compact and Guiding Principles on business and human rights. In its efforts to do so, the company performs an annual assessment to categorize suppliers by risk level. In 2018, the company identified 250 "high risk" suppliers, which it deemed required further audits and "follow-up action plans." High risk suppliers are determined based on country of origin, annual spending, and types of activities that are "known to represent critical business risks." Accordingly, the company performed 294 supplier audits in 2018, 19 of which were focused on "responsible sourcing," resulting in three "non-conformities" and no critical findings. Corrective action plans were developed and set in motion for all non-conformities.[23,24]



Health and Safety Management Systems

Employee safety is critically important for worker morale, production continuity, recruitment, and a host of other material business concerns. In 2017, workplace injuries in the United States cost companies approximately $161.5 billion dollars, largely in productivity losses, medical expenses, and administrative expenses.[25] This suggests that companies that are actively considering worker health and safety issues, and proactively managing hazards, may accrue significant financial benefits. In fact, researchers looking into the connection between worker health and safety and market returns found that recipients of the American College of Occupational Medicine's (ACOEM's) Corporate Health Achievement Award (CHAA) outperformed the wider S&P 500 Index by an annual rate of 3.03% to 5.27%, depending on portfolio construction methodology, for the period under review (1999-2012).[26]

Percent of holdings / constituents reporting (by number of holdings)

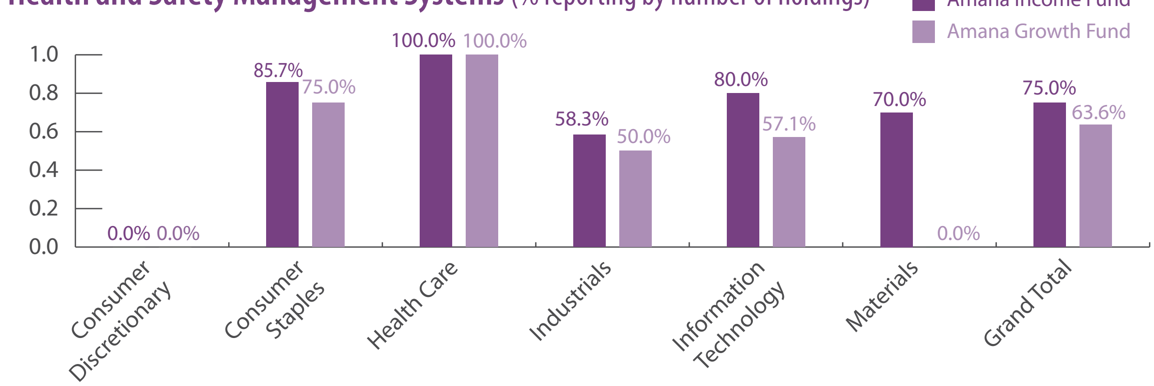
Adequate health and safety management system	Amana Income	71%
	Amana Growth	81%
	S&P 500	60%

Case Study

Worker health and safety is especially important to companies in industries where heavy machinery, chemicals, and other hazards are routinely encountered. As a supplier of industrial gases, **Air Products** faces all of the above, and its management thereof is necessary not only with regard to its workers but also its customers and the communities in which it operates. The company has embedded safety in its core identity, and assessments of their safety process and performance are reported to the board of directors. As part of its commitment to employee health and safety, Air Products has developed a 2020 goal of leading the industrial gas industry in safety, as measured by recordable and lost-time incident (LTI) rates. As of 2017, the latest year with comparable industry figures, the company had:

- An employee recordable rate of 0.3 incidents per 200,000 hours worked, down 23% from 2016, compared to the industrial gas industry average of 0.6 for 2017.
- An employee LTI rate of 0.1 incidents per 200,000 hours worked, down 67% from 2016, compared to the industrial gas industry average of 0.3 in 2017.[27,28]

Health and Safety Management Systems (% reporting by number of holdings)



CASE STUDIES

Governance

Governance tends to be the most widely accepted and understood pillar in ESG analysis. With investors as owners and managers as agents, management's wants may not inherently align with its investors. Incentives should align management objectives with those of its long-term shareholders. At the same time, management must create policies to ensure employees act in the long-term interest of the company and not for their own short-term gains, should these conflict. Within the governance field, Saturna considers board structure, corporate policies, and employee compensation. In this section, we focus on board independence and diversity as components of board structure, before reviewing corporate policies on bribery and corruption.

In the US and Europe, it has become standard practice for boards to be comprised of a majority of independent directors. Independent directors who are accountable to shareholders shouldn't face the same conflicts of interest management would face if it reported directly to the shareholders. While Saturna's analysts believe that a majority independent board is good practice, we realize one must consider independence in function more than form. As Warren Buffet recently said, "if (independent) directors get about $250,000 a year, and that's an important part of their income…they're not going to upset the apple cart."[29] In other words, an independent director whose board service constitutes their primary source of income may be incentivized to concur with management, in hopes of recommendations for additional boards.

Nevertheless, considering the degree of board independence helps us understand whether management truly seeks unfiltered advice from their directors. Examples supporting the importance of board independence are plentiful, from the unraveling of Carlos Ghosn's leadership at Nissan, to concerns over concentration of control at Facebook in its handling of the Cambridge Analytica incident.[30,31] While it's impossible to say that these scandals could have been avoided, the lack of an independent board is a common and constant thread.

Boards have the overwhelming task of foreseeing future challenges, navigating competitive environments, and adapting strategies to address evolving markets. To avoid blind spots, boards must be composed of a diverse set of leaders. One way of evaluating whether a board values diversity in thought is through analyzing its gender diversity. It's become widely noted that when boards have three or more women, a threshold is achieved where female directors have more equal influence, providing the board with greater diversity in perspective. Supporting this notion, research by financial services data provider MSCI shows that US companies with three or more women on the board achieved median gains in return on equity (ROE) of 10%, while those with no female directors lost 1% in ROE from 2011 to 2016.[32]

In addition to board structure, corporate policies on business ethics help companies establish strong governance frameworks. One area where clear and substantive corporate policies are particularly important is bribery and corruption, which present serious threats to companies around the world, and especially to those operating in countries with weak oversight. In June 2019, Walmart realized the consequences of weak governance policies when the company settled bribery and corruption charges with the SEC. The charges, which stemmed from its operations in Mexico, Brazil, India, and China, cost the company $282 million in fines, and revealed Walmart's weak policies regarding potential corruption. The company further noted that it spent more than $900 million investigating and developing related compliance improvements.[33]

Board Independence and Diversity

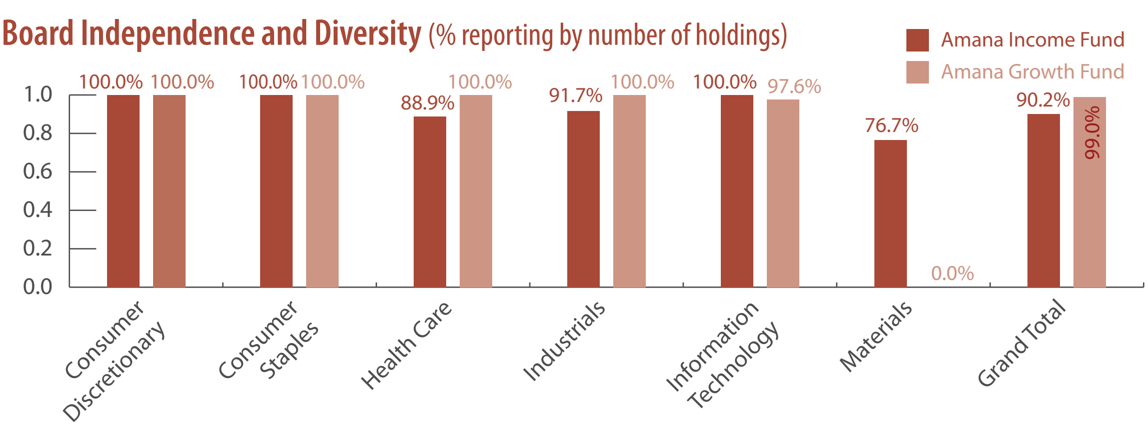
Over the past decade, corporate board structures have changed drastically. As of May 2018, women constituted 24% of S&P 500 constituent company directors, an increase of 50% from 2008. What's more, from 2008 to May 2018 women represented 40% of new independent directors, an increase of 122% over the prior 10-year period.[34] While metrics on board diversity and independence are excellent starting points, these figures should be understood along with the qualitative aspects of corporate governance. In the end, we want to know whether a board is successful in combating group think and creating an environment that supports the firm's longevity.

Percent of holdings / constituents reporting (by number of holdings)

3 or more women on the board	Amana Income	68%
	Amana Growth	67%
	S&P 500	63%
33% or more women on the board	Amana Income	27%
	Amana Growth	30%
	S&P 500	25%
At least 75% of board is independent	Amana Income	94%
	Amana Growth	84%
	S&P 500	91%

Case Study

Diversity for the sake of optics does little to serve a board's long-term objectives, which is why when considering diversity, it is important to isolate instances of "tokenism." For this reason, screening for boards with three or more women is a first step in determining whether a company truly seeks diversity in thought and experience. **TJX Companies**, an American discount retailer, is frequently cited as a leader in valuing diverse perspectives and independence of directors. In 2017, TJX was recognized for the seventh consecutive year on the Women on Boards' "Winning Company" list. This recognition is supported by the fact that five of the company's 11 directors (45%) are women. What's more, seven of 11 directors "reflect gender or ethnic/racial diversity" and nine of 11 are independent. In fact, under its Corporate Governance Principles, TJX requires two-thirds of its directors be independent.[35]



Bribery and Corruption

Fair competition is a pillar of the market economy and is quickly undermined through bribery and corruption. According to the World Economic Forum, corruption costs the global economy approximately $2.6 trillion dollars annually, and the World Bank estimates over $1 trillion in bribes are paid each year.[36] While short-term pressures may induce companies and their agents to participate in corrupt practices, strong governance can be effective in combating such pressures in favor of long-term objectives. One way to determine whether companies are well positioned to avoid corruption and bribery is through a review of their policies and corrective actions.

Percent of holdings / constituents reporting (by number of holdings)

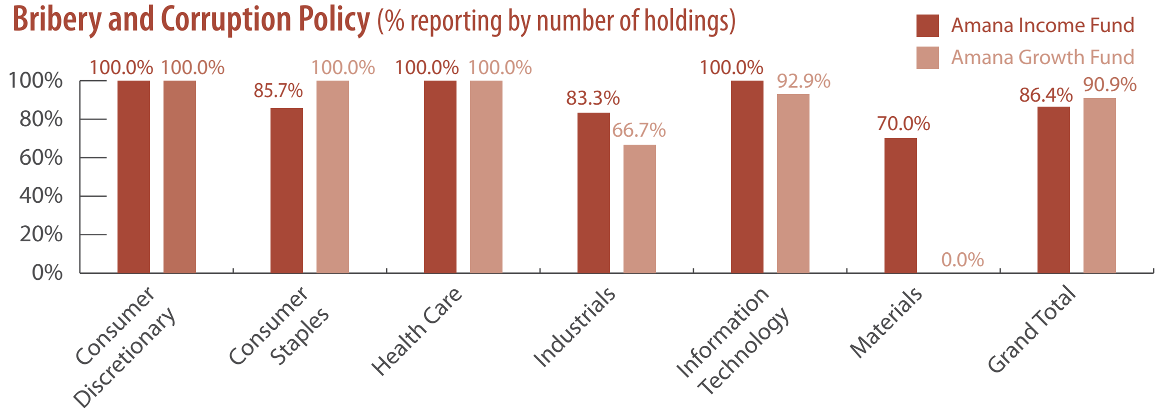
Adequate bribery and corruption policy	Amana Income	84%
	Amana Growth	87%
	S&P 500	80%

Case Study

Companies that operate in countries with weak regulations and little government oversight are particularly susceptible to bribery and corruption. This is especially the case for extractive industries that may find governments as a key supplier, providing access to land and natural resources. **Rio Tinto** is no stranger to the negative impacts of corrupt business practices and the importance of establishing strong governance oversight to avoid such instances going forward. Over the past decade the company has faced investigations into its accounting for a coal mine in Mozambique, payments made to a consultant in Guiana, and payments to a Mongolian government official. Rio Tinto has acknowledged such instances have caused reputational damage leading the company to develop and strengthen several important policies and tools to avoid future corruption. In these efforts the company has:

- Engaged 5,000 people in face-to-face business integrity training
- Had 21,500 people complete annual ethics and integrity online training
- Received 679 whistleblower cases, 34% substantiated with corrective action taken
- Validated 100% of senior managers annual commitment to Business Integrity Certification[37]

Bribery and Corruption Policy (% reporting by number of holdings)



FUND STRATEGIES

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 & D. About one-tenth are rejected outright (ranked F), due to prohibited business activities.

Saturna uses business sector and environmental, social, and governance (ESG) screens and eliminates companies primarily involved on activities including interest, gambling, pork processing, fossil fuel extraction, alcohol, tobacco, pornography, 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.

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. We prefer issuers demonstrating financial sustainability as measured through management strength, low debt, and strong balance sheets.

Investment Strategies

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. 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 prefers seasoned companies that are expected to grow revenue and earnings, favoring equities of companies trading for less than the adviser's assessment of their intrinsic value, which typically means companies with low price/earnings multiples, strong balance sheets, and higher dividend yields. 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.

Investment Risks

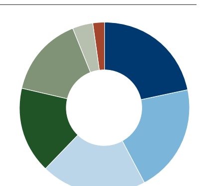
Investing in equities involves a variety of risks including market risk (fluctuation and volatility of the value of securities), currency fluctuation risk, liquidity risk, and investment strategy risk. We think that sustainable investing may mitigate security-specific risk, but the screens used in connection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

However, Saturna 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.

Top 10 Holdings	% of Net Assets
Microsoft	5.78%
Eli Lilly	5.24%
McCormick & Co	4.13%
Honeywell International	3.83%
Rockwell Automation	3.73%
Carlisle	3.63%
PPG Industries	3.58%
Illinois Tool Works	3.55%
Microchip Technology	3.54%
Intel	3.50%
Total	**40.51%**

Sector Allocation

Industrials	21.94%
Health Care	20.29%
Materials	20.21%
Technology	16.36%
Consumer Staples	15.20%
Consumer Discretionary	3.96%
Cash and equivalents	2.04%



Data as of September 30, 2019

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. We prefer issuers demonstrating financial sustainability as measured through management strength, low debt, and strong balance sheets.

Investment Strategies

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. 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.

Investment Risks

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

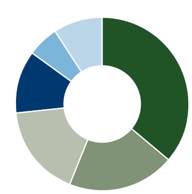
However, Saturna believes that traditional barometers by which investment risk is measured have expanded by necessity to include risks related to environmental, social, and governance practices. The threat of climate risk is intricately linked to more familiar forms of risk including regulatory and reputational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

Top 10 Holdings

	% of Net Assets
Intuit	5.63%
Apple	5.31%
Adobe	5.20%
Estée Lauder, Class A	4.29%
Church & Dwight	4.25%
L3Harris Technologies	3.83%
TJX Companies	3.67%
ASML Holding NY	3.60%
Cisco Systems	3.49%
Agilent Technologies	3.24%
Total	**42.51%**

Sector Allocation

Technology	36.37%
Industrials	19.76%
Health Care	17.30%
Consumer Staples	11.84%
Consumer Discretionary	5.74%
Cash and equivalents	8.99%



Data as of September 30, 2019

Other Amana Funds

Amana Developing World Fund

The Amana Developing World Fund seeks long-term capital growth, consistent with Islamic principles. It invests in common stocks of companies with significant exposure (50% or more of production assets, or revenues) to countries with developing economies and/or markets.

The 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.

Amana Participation Fund

The Amana Participation Fund seeks capital preservation and current income, consistent with Islamic principles. Capital preservation is its primary objective.

The Fund primarily in short and intermediate-term Islamic income-producing investments, including (a) *sukuk*, which link the returns and cash flows of financing to the assets purchased, or the returns generated from an asset purchased, (b) *murabaha*, which involves a purchase and sale contract, and (c) *wakala*, in which accounts are operated under the Islamic finance principle of *wakala* (an agency agreement).

In accordance with Islamic principles, the Fund shall not purchase conventional bonds, debentures, or other interestpaying obligations of indebtedness. Islamic principles discourage speculation, and the Fund tends to hold investments for several years. Under normal circumstances the Fund maintains a dollar-weighted average maturity of two to five years.

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About the Authors

Levi Stewart Zurbrugg MBA, CPA®
Senior Investment Analyst

Levi Stewart Zurbrugg, Senior Investment Analyst, joined Saturna in June 2019. He graduated from Western Washington University with a BA in Business Administration and has an MBA from the University of Washington's Foster School of Business. Prior to Saturna, Levi worked at the Sustainability Accounting Standards Board as a Sector Analyst for the Consumer Staples sector. He is a Certified Public Accountant and is currently a Level III candidate in the Chartered Financial Analyst (CFA) program.

Elizabeth Alm CFA®
Investment Analyst and Deputy Portfolio Manager

Elizabeth Alm CFA, Investment Analyst and Deputy Portfolio Manager of Amana Participation Fund, joined Saturna Capital in April of 2018. Originally from Connecticut, she graduated from New York University with degrees in Economics and Anthropology including field work completed in Luxor, Egypt. Prior to joining Saturna, Elizabeth spent 11 years at Wells Fargo Asset Management as a senior research analyst focusing on high-yield municipal bonds. As part of her previous role, she also worked on the management of several municipal SMA strategies. Elizabeth is a Chartered Financial Analyst® (CFA®) charterholder.

Scott Klimo CFA®
Vice President and Chief Investment Officer
Portfolio Manager of Amana Developing World Fund
Deputy Portfolio Manager of Amana Income and Growth Funds

Scott Klimo, Chief Investment Officer and Portfolio Manager of Amana Developing World Fund, joined Saturna Capital in May 2012. He received his BA in Asian Studies from Hamilton College in Clinton, NY and also attended the Chinese University of Hong Kong and the Mandarin Training Center in Taipei, Taiwan. Mr. Klimo has over 30 years experience in the financial industry with the first several years of his career spent living and working in a variety of Asian countries and the past 20 years working as a senior analyst, research director, and portfolio manager covering global equities. Mr. Klimo is a chartered financial analyst (CFA) charterholder. He is a supporter of various environmental organizations and served for several years on the Board of Directors of the Marin County Bicycle Coalition.

About the Contributors

Stephanie Ashton
Manager of Corporate Social Responsibility

Stephanie Ashton joined Saturna Capital in 2012. As Manager of Corporate Social Responsibility she develops Saturna's internal sustainability initiatives, manages sustainability reporting, and contributes to overall sustainability strategy. Ms. Ashton graduated from Western Washington University in 2006, majoring in English (Creative Writing emphasis) and minoring in French. Her professional background includes eight years in legal support as well as non-profit experience. She is passionate about a number of sustainability issues—notably sustainable agriculture and local food—and currently serves on the Board of Directors for the Bellingham Food Bank.

Monem Salam MBA
Executive Vice President
Deputy Portfolio Manager of Amana Income, Growth, and Developing World Funds

Monem Salam joined Saturna Capital in 2003. He served as the Director of Islamic investing and a Deputy Portfolio Manager to the Amana Mutual Funds Trust until moving to Kuala Lumpur in 2012 to oversee Saturna Sdn. Bhd. In 2018, he returned to the United States and resumed his role as Deputy Portfolio Manager of the Amana Income, Amana Growth, and Amana Developing World Funds. Mr. Salam earned degrees from the University of Texas: BA (Austin) and MBA (Dallas). Previous to Saturna, he worked as the Chief Investment Officer for ITG & Associates (Dallas) and as a representative with Morgan Stanley (suburban Dallas). Mr. Salam is Adjunct Professor at IE Business School and speaks at Islamic finance/investment conferences worldwide. He is co-author of *A Muslim's Guide to Investing and Personal Finance*. Mr. Salam has authored chapters on Islamic Investing in both *Contemporary Islamic Finance* and *Islamic Capital Markets* and he contributes articles to leading Islamic financial magazines. As a mark of recognition of his achievements in Islamic economy, Mr. Salam was ranked among 500 of the Islamic world's most prominent and influential leaders by *ISLAMICA 500* in 2015.

Important Disclosures

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

- *ESG reporting in the developing world and emerging markets is scant so metrics for Amana Developing World are not presented. The Amana Developing World Fund often invests in smaller companies that do not report ESG metrics, rendering quantitative analysis moot, while qualitative analysis is anecdotal. Additionally, the prospectus benchmark for both Amana Income and Amana Growth is the S&P 500 while for the Amana Developing World Fund, it is the MSCI Emerging Markets Index.*
- *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.

Morningstar Carbon Metrics and Sustainalytics

Morningstar's Carbon Metrics are asset-weighted portfolio calculations, which are based on Sustainalytics' Carbon Risk Ratings. Based on two of these metrics – Carbon Risk Score and Fossil Fund Involvement % – funds may receive the Low Carbon designation, which allows investors to easily identify low-carbon funds within the global universe.

The portfolio Carbon Risk Score is a number between 0 and 100 (a lower score is better). A portfolio's Carbon Risk Score is the asset-weighted sum of the carbon risk scores of its holdings, averaged over the trailing 12 months. The carbon risk of a company is Sustainalytics' evaluation of the degree to which a firm's activities and products are aligned with the transition to a low-carbon economy. The assessment includes carbon intensity, fossil fuel involvement, stranded assets exposure, mitigation strategies, and green product solutions.

Fossil Fuel Involvement % is the portfolio's asset-weighted percentage exposure to fossil fuels, averaged over the trailing 12 months. Companies with fossil fuel involvement are defined as these in the following subindustries: Thermal Coal Extraction, Thermal Coal Power Generation, Oil & Gas Production, Oil & Gas Power Generation, and Oil and Gas Products and Services.

To receive the Low Carbon designation a fund must have Carbon Risk Score below 10 and a Fossil Fuel Involvement % of less than 7% of assets. For these metrics to be calculated, at least 67% of a portfolio's assets must be covered by Sustainalytics company carbon-risk research. All Morningstar carbon metrics are calculated quarterly.

Amana Income Fund was rated on 95% and Amana Growth Fund was rated on 84% of assets under management

Throughout this report, we incorporate data from Sustainalytics, a leading provider of ESG research and ratings. To determine the adequacy of a program, system, or policy in mitigating a company's risk exposure to material ESG factors within the company's industry, Sustainalytics measures the degree to which the company's economic value is potentially affected by those factors.

Ownership of Securities Mentioned

As of September 30, 2019, the Funds held the following percentages of securities in their portfolios (% of net assets):

	Amana Income	Amana Growth	Amana Developing World	Amana Participation
3M	2.48%			
Taiwan Semiconductor	2.98%	2.67%	2.99%	
Novo Nordisk		2.44%		
Air Products & Chemicals	3.35%			
TJX Companies		3.67%		
Rio Tinto ADS	0.47%			

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.*