




Fund Commentary

Q2 2020



Amana Mutual Funds Trust



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Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about Amana 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 Funds.

Environment & Outlook

Despite the economic carnage afflicting the global economy since the outbreak of the coronavirus pandemic, by the end of the first quarter, the stock market had already plumbed its greatest depths, with March 23 marking a nadir on the S&P 500 Index of 2,237.40. Over the course of the second quarter, while not recovering all the lost ground from the February peak, the market roared back a stunning 37% from the March low, and registered the best quarterly performance for the S&P 500 Index since the fourth quarter of 1998.¹ In our first quarter commentary, referencing the extreme volatility, we opined that "...the best course of action is to remain invested...attempting to time such moves will likely diminish portfolio values." Prescient advice. Investors are sometimes thrown a curve by near-term stock market performance that's uncorrelated with economic conditions. In April, with businesses shuttering, unemployment soaring, retail sales collapsing, and travel nonexistent, the market staged a dramatic rebound. To an extent, the turnaround signaled that investors had come to terms with an unexpected and "novel" threat, as well as a willingness to look through the current disruption toward a normalized economy, spurred by hopes of a contained virus and businesses re-opening. More significantly, it reflected rapid fiscal and monetary action to support businesses and individuals through a \$2 trillion stimulus bill (the CARES Act) enacted at the end of March, abetted by Federal Reserve action such as rate cuts, reserve ratio reductions, and a return to quantitative easing through (for all intents and purposes) unlimited purchases of Treasury bonds and government-backed mortgages. The bond buying was later extended to include even commercial paper. As has been the case since the Global Financial Crisis (GFC), the "Fed Put" remains in play. Milton Friedman's famous dictum that "Inflation is always and everywhere a monetary phenomenon" has a new corollary – stock market performance is often, if not always, a monetary phenomenon.

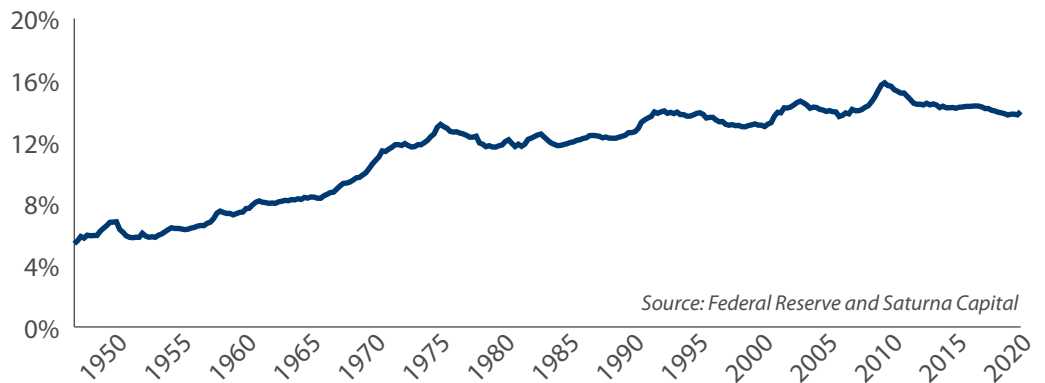
**Stock market performance
is often, if not always, a
monetary phenomenon.**

We now face the conundrum of how to approach the second half of the year. Unsurprisingly, our advice stays the same; a position we do not take casually. Poor policy decisions have accelerated the tragic progression of the coronavirus, and the moves among a number of states to reverse previous re-opening measures indicate the economy remains deeply in the woods. On June 30, Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, stated "We are now having 40-plus thousand new cases a day. I would not be surprised if we go up to 100,000 a day if this does not turn around and so I am very concerned."²



Disease spread of such a degree implies extended shutdowns and unavoidable concomitant damage to corporate profitability and to state and local budgets. Unlike the federal government, states and municipalities do not have the luxury of engaging in Modern Monetary Theory. Of the 50 states, 49 have balanced budget requirements³ and the unprecedented declines in tax revenues imply equally unprecedented budget cuts absent federal relief. According to the Federal Reserve, state and local expenditures accounted for 14% of US GDP as of January 2020.⁴

State & Local Government Expenditures as a Percentage of US GDP



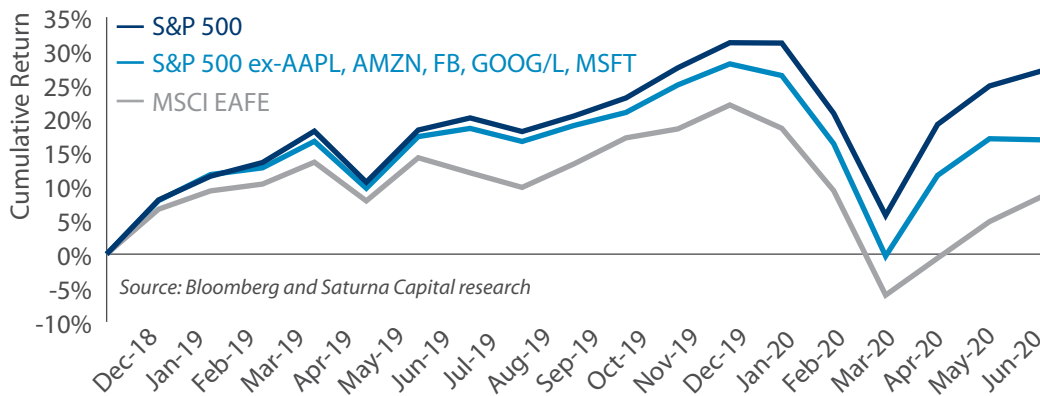
State budget distress carries significant ramifications for employment, education, healthcare, emergency services, and countless other activities. Counterintuitively, and related to our point above concerning monetary phenomena and stock market performance, dire finances at the state and local level could lead to further federal monetary and fiscal stimulus that ultimately supports equity prices, especially given the dearth of attractive investment alternatives in today's low-interest rate environment.



International Opportunities

The Amana Funds all have some exposure to international markets, especially Amana Developing World and Amana Participation. Many other countries, particularly those in Europe and Asia, have handled the coronavirus pandemic more competently than the United States, and transmission is diminishing. Others, such as Brazil, have been similarly ham-handed with prevention. Whether the former implies more attractive investment opportunities remains uncertain. For some time, investors have noted the outperformance of US markets versus their international counterparts. Index comparisons, however, can be misleading. In the chart below we compare the performance of the S&P 500, the S&P 500 absent Facebook, Apple, Amazon, Alphabet, and Microsoft, and the MSCI EAFE Index.

Impact of US Tech Companies on Equity Index Returns



As shown above, while the S&P 500 has led the way, stripping out the stocks named above leaves us with an S&P index that, while still outperforming international developed markets, has a much-reduced advantage. For anyone who wishes to own a portfolio consisting only of five technology/social media stocks, that information would be useless. For everyone else, the example illustrates that investment opportunities outside of the US may be just as attractive as domestic candidates.

Portfolio Manager Updates

On April 30, 2020, Mr. Nicholas Kaiser stepped down from active fund management of the Amana Income Fund and Amana Growth Fund. Monem Salam, MBA assumed Portfolio Manager responsibilities for the Amana Income Fund, with Scott Klimo, CFA and Bryce Fegley, CFA serving as Deputy Portfolio Managers. Mr. Klimo assumed portfolio manager responsibilities for the Amana Growth Fund with Mr. Salam and Christopher Paul, CFA serving as deputy portfolio managers. Additionally, Mr. Klimo handed management of the Amana Developing World Fund to Mr. Salam. Mr. Klimo will serve as deputy portfolio manager along with Levi Zurbrugg, MBA.

Amana Income Fund



Monem Salam MBA
Portfolio Manager



Scott Klimo CFA
Deputy Portfolio Manager



Bryce Fegley MS, CFA, CIPM®
Deputy Portfolio Manager

Amana Growth Fund



Scott Klimo CFA
Portfolio Manager



Monem Salam MBA
Deputy Portfolio Manager



Christopher E. Paul MBA, CFA
Deputy Portfolio Manager

Amana Developing World Fund



Monem Salam MBA
Portfolio Manager



Scott Klimo CFA
Deputy Portfolio Manager



Levi Stewart Zurbrugg MBA, CPA®
Deputy Portfolio Manager

Amana Participation Fund



Patrick Drum MBA, CFA, CFP®
Portfolio Manager



Elizabeth Alm CFA
Deputy Portfolio Manager

Performance data quoted herein represents past performance and does not guarantee future results.

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Amana Income Fund

As of June 30, 2020

The Amana Income Fund is intended to weather rocky markets with stability. This doesn't mean that the Fund will not lose value, but rather that it might lose less. The opposite effect is that in an up market, it might keep up but not gain as much, which proved true in the second quarter. That said, one can see how well the Fund did by looking at how well individual stocks in the portfolio did. In the first quarter, the majority of the 10 Largest Contributors were showing a negative number, and all of the 10 Largest Detractors were showing more than a 15% decline. This was completely reversed in the second quarter, where all of the 10 Largest Contributors were showing a more than 15% gain, and a majority of the 10 Largest Detractors were showing a gain.

As people waited for government checks to arrive in the mail and adjusted to the new normal of working from home, the winners that stood out were those that benefited from that new normal. Technology continued to be a clear winner, led by one of our holdings, Microsoft. Now with a market capitalization of over US \$1.5 trillion, the company benefited most from workers accessing files from home (Azure), students learning from home (Surface), and much free time being spent streaming movies and playing video games (Xbox). This trend will likely hold; COVID-19 cases continue to spike in the US and many stay-at-home orders have been extended. Semiconductors also benefit from this theme, as they are the brains behind most hardware.

Businesses tend to "fire first and hire last" in challenging times. This explains the unprecedented spike in unemployment claims over the second quarter. Businesses will be slow to hire as they look for ways to increase productivity through automation. This translates to the Industrials sector becoming more efficient, and accordingly, the Fund's Industrials holdings had a strong rebound led by Rockwell Automation.

We cannot discount the change in public opinion of the pharmaceutical industry. In a typical election cycle, around this time (less than six months before a presidential election), the industry is used as a scapegoat for the faults in the nation's health care system. However, the pharmaceutical industry is a vital part of how we will end the pandemic. Creating a vaccine is only one side of the equation; production in large quantities and efficient

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10 Largest Contributors	Return	Contribution
Microsoft	29.40%	1.63
Rockwell Automation	41.87%	1.61
Microchip Technology	55.95%	1.61
Eli Lilly	18.91%	1.25
McCormick	27.56%	1.06
Parker Hannifin	42.07%	1.01
Illinois Tool Works	23.80%	0.87
PPG Industries	27.57%	0.78
Taiwan Semiconductor ADS	19.68%	0.66
AbbVie	30.71%	0.66

10 Largest Detractors	Return	Contribution
Carlisle	-4.03%	-0.12
Nutrien	-5.99%	-0.02
Corteva	-2.57%	-0.01
Carrier Global	-5.65%	-0.01
Alcon	3.43%	0.01
Otis Worldwide	12.12%	0.02
Procter & Gamble	9.42%	0.04
Methanex	14.87%	0.05
Pfizer	1.21%	0.09
Novartis ADS	5.93%	0.10

Top 10 Holdings	Portfolio Weight
Eli Lilly	7.21%
Microsoft	6.39%
Rockwell Automation	5.01%
Intel	4.22%
McCormick & Co	4.22%
Microchip Technology	4.16%
Illinois Tool Works	4.12%
Taiwan Semiconductor ADS	3.79%
PPG Industries	3.33%
Parker Hannifin	3.21%

30-Day Yield	
Investor Shares (AMANX):	1.00%
Institutional Shares (AMINX):	1.24%

Asset-weighted average debt to market cap: 17.5%

Amana Growth Fund

As of June 30, 2020

After providing downside protection in the first quarter with outperformance of 593 basis points against the S&P 500 Index, the Amana Growth Investor shares fully participated in the stock market rebound, gaining 22.63% versus a 20.54% return for the S&P 500 Index.

As a result, the year-to-date Fund appreciation of 5.88% stands nearly 900 basis points ahead of the Index return of -3.08%. Technology stocks were the primary driver, while the Fund also benefited from well-placed Consumer Staples selections such as Clorox and Church & Dwight.

Last quarter, fewer than half of our Top 10 Contributors made a positive contribution, while in the second quarter only one stock failed to return at least 20%. Among the top contributors, Adobe stands as the sole returnee from the first quarter. Semiconductor stocks enjoyed a strong second quarter recovery as evidenced by ASML and Qualcomm's excellent performance. Several times we have written about Lowe's and its margin opportunity in now being piloted by the highly skilled former Home Depot executive Mr. Marvin Ellison. The fact that it is well-placed for stay-at-home repairs and renovations only increases its appeal. Indeed, we believe a key theme of summer 2020 could be the home repair "stay-cation." Cosmetics companies suffered in the first quarter as investors reasonably asked, if nobody's going out, why do you need make-up? Estée Lauder, in fact, detracted the most from Fund returns in the first quarter before rebounding in the second quarter. If remote work and video meeting become more ingrained, however, people will want to look good and camera filters can only do so much.

Considering that only one of the detractors declined in value during the quarter, the table heading stands as a misnomer. In any event, during the quarter we sold the Bristol-Myers CVR, which is a "Contingent Value Right" that depends on three drugs acquired during the Celgene purchase to receive FDA approval for it to have any value. Bristol-Myers investors received the CVR as part of the Celgene acquisition, but we judged its speculative nature to be inappropriate for the Fund. Nike is a new addition to the Fund. We added it on the day of a strong negative reaction to quarterly results that failed to meet market expectations. How anyone could set reasonable expectations in the environments

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10 Largest Contributors	Return	Contribution
Apple	43.84%	2.71
Adobe	36.79%	2.22
ASML Holding	41.37%	1.61
Intuit	29.05%	1.50
Lowe's	57.96%	0.97
Qualcomm	35.87%	0.94
Church & Dwight	20.84%	0.81
Trimble	35.69%	0.81
Agilent Technologies	23.64%	0.75
Estée Lauder, Class A	18.41%	0.66

10 Largest Detractors	Return	Contribution
Bristol-Myers Squibb CVR	-22.37%	-0.01
Nike, Class B	2.27%	0.01
Bristol-Myers Squibb	6.35%	0.04
EMCOR Group	8.01%	0.06
Synnex	25.10%	0.06
TJX Companies	5.75%	0.15
Newmont	11.18%	0.15
PepsiCo	10.99%	0.17
Gartner	21.85%	0.20
Johnson & Johnson	7.99%	0.23

Top 10 Holdings	Portfolio Weight
Apple	8.18%
Adobe	7.75%
Intuit	5.93%
ASML Holding	5.04%
Church & Dwight	4.13%
Estée Lauder, Class A	3.85%
Amgen	3.73%
Agilent Technologies	3.54%
Qualcomm	3.25%
Cisco Systems	3.11%

Asset-weighted average debt to market cap: 10.2%

Amana Developing World Fund

As of June 30, 2020

The developing world, while seeing overall recovery between the first and second quarters, covers a wide swath of the earth; therefore, there are many disparities. Every country's exposure to China had a direct impact on when that country took measures to test, isolate, and quarantine their citizens. Due to proximity, Asian economies were hit first, but late in the second quarter, Africa and South America (whose economies were already suffering before this year) were taking the brunt of the new cases. Most countries in the developing world have done a good job of containment, due in large part to cultural and political nuances. For example, there is no debate about the use of masks in Asian countries; they have been using them for years to avoid the toxic fumes of pollution.

The same themes that drove the developed markets higher also can also be seen in the developing world. People stayed home, played video games, streamed movies, and in relation to this Fund, bought things online rather than in-store. The major standout in our Funds was the Technology sector, with Silergy and Tencent leading the way. Semiconductors such as Taiwan Semiconductor and Micron Technologies also stood out. Meanwhile, world travel came to a grinding halt, and although it was initially predicted to have a strong rebound, each country closed its borders indefinitely. It is for this reason that we liquidated our small position in Grupo Aeroportuario Sureste, an airport operator in Mexico.

Often governments use uncertainty to push detrimental agendas that otherwise would face opposition from their citizenry. This was the case in Malaysia, where a new prime minister was sworn in by the King, even though the position is normally decided by election. COVID-19 also saw a slowdown in the civil unrest in Hong Kong, allowing the passing of a new law that had been opposed for the past few years. Our holdings in Hong Kong, led by Techtronics and Tencent, were able to overcome worry and post strong gains.

One of the unique features of our Fund is that no matter the domicile, we are able to purchase companies whose majority assets and/or revenues come from emerging markets. This gives us the flexibility to buy the best

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10 Largest Contributors	Return	Contribution
Silergy	98.54%	4.21
Tencent Holdings ADR	30.73%	1.66
Techtronic Industries	52.00%	1.48
Taiwan Semiconductor ADS	19.68%	0.60
Advantech	21.25%	0.52
Baidu ADS	18.95%	0.52
Micron Technology	22.49%	0.50
Sercomm	27.31%	0.49
Kansas City Southern	17.67%	0.48
Ford Otomotiv Sanayi	38.27%	0.47

10 Largest Detractors	Return	Contribution
Clicks Group	-16.12%	-0.55
China Mobile ADS	-7.91%	-0.17
KPJ Healthcare	-9.09%	-0.16
Advanced Info	-2.30%	-0.05
Advanced Info Service NVDR	-1.89%	-0.01
Kontoor Brands	1.25%	0.00
Qualcomm	2.47%	0.01
Hong Kong & China Gas	0.28%	0.03
Indofood CBP Sukses Makmur	4.55%	0.06
BIMB Holding	5.92%	0.08

Top 10 Holdings	Portfolio Weight
Silergy	7.83%
Tencent Holdings ADR	6.65%
Techtronic Industries	4.00%
Taiwan Semiconductor ADS	3.44%
Baidu ADS	3.11%
Advantech	3.11%
Samsung Electronics	3.04%
Kansas City Southern Industries	2.80%
ASM Pacific Technology Limited	2.74%
Clicks Group	2.73%

Asset-weighted average debt to market cap: 11.0%

Amana Participation Fund

As of June 30, 2020

In response to the coronavirus pandemic, extraordinary fiscal and monetary measures were launched by governments and central banks around the world to provide economic and financial stability during this period of uncertainty. The two largest central banks, the US Federal Reserve and the European Central Bank, reported a combined balance sheet with total assets in excess of \$14.0 trillion at the end of the second quarter, reflecting a 49.6% increase since year-end 2019 when it was just \$9.1 trillion.⁵ We also have witnessed the price of oil drop into negative territory during the month of April. For the first time in history, the price of Western Texas Intermediate (WTI) fell as low as -\$38.45 per barrel on April 20, 2020. The failure of the OPEC+ meeting on March 9, 2020, to come to an agreement to cut oil production caused a massive supply disruption, resulting in the collapse of the price of oil.⁶

Members of the Gulf Cooperation Council (GCC) have also initiated a series of similar economic stimulus packages in the developed countries. According to credit rating agency Fitch, these packages amount to “nearly 30% of GDP in Bahrain and Oman, more than 10% of GDP in Kuwait, Qatar and the UAE and over 7% of GDP in Saudi Arabia.”⁷ The GCC countries have put their own spin on the stimulus packages, including benefits such as loan repayment forgiveness to businesses, the suspension and deferral of government fees and taxes, accelerated payments to contractors, increased health care spending, and private sector salary support.

All these measures are meant to act as a buffer for the downward economic trajectory of its GCC members. For example, the International Monetary Fund anticipates the GCC members’ economies to shrink by 7.6% by the end of 2020.⁸ In June of 2020, the IMF revised the growth projections for the Kingdom of Saudi Arabia to -6.8%, down from -4.5% published in its April 2020 forecast.⁹ At the end of 2019, Saudi Arabia experienced an economic growth rate of 0.3%, down from 2.8% in 2018. It is reasonable to expect these forecasts will remain fluid for some time.

All these enormous monetary and fiscal programs have caused asset valuations to rise as dramatically as they had fallen during the first quarter of 2020. For example, the Dow Jones Sukuk Index and the FTSE Sukuk Index

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Top 10 Holdings	Portfolio Weight
Perusahaan Penerbit SBSN	4.83%
SOQ Sukuk A	4.76%
Perusahaan Penerbit SBSN	4.68%
ICD Sukuk	4.56%
Almarai Sukuk	4.42%
TNB Global Ventures Cap	4.30%
EIB Sukuk	4.28%
Equate Sukuk Spc	4.11%
QIB Sukuk	3.95%
KSA Sukuk	3.91%

30-Day Yield	
Investor Shares (AMAPX):	1.80%
Institutional Shares (AMIPX):	2.04%

Credit Profile	
AAA	3.00%
AA	4.76%
A	13.96%
BBB	48.94%
BB	0.78%
Not rated	21.38%
Cash and equivalents	7.18%

Credit ratings are the lesser of S&P Global Ratings or Moody’s Investors Service. If neither S&P nor Moody’s rate a particular security, that security is categorized as not rated (except for US Treasury securities and securities issued or backed by US agencies which inherit the credit rating for the US government). Ratings range from AAA (highest) to D (lowest). Bonds rated BBB or above are considered investment grade. Credit ratings BB and below are lower-rated securities (junk bonds). Ratings apply to the creditworthiness of the issuers of the underlying securities and not the Fund or its shares. Ratings may be subject to change.

Performance Summary

As of June 30, 2020

Average Annual Total Returns (Before Taxes)	YTD	1 Year	3 Year	5 Year	10 Year	15 Year	Expense Ratio
Income Fund Investor Shares (AMANX)	-2.86%	7.78%	8.68%	8.48%	11.09%	9.25%	1.06%
Income Fund Institutional Shares (AMINX)	-2.80%	7.95%	8.91%	8.73%	n/a	n/a	0.82%
S&P 500 Index	-3.08%	7.51%	10.72%	10.72%	13.98%	8.82%	n/a
Growth Fund Investor Shares (AMAGX)	5.87%	15.98%	17.70%	14.87%	14.12%	11.24%	1.03%
Growth Fund Institutional Shares (AMIGX)	5.98%	16.24%	17.97%	15.15%	n/a	n/a	0.79%
S&P 500 Index	-3.08%	7.51%	10.72%	10.72%	13.98%	8.82%	n/a
Developing World Fund Investor Shares (AMDWX)	-3.29%	3.80%	1.34%	0.90%	0.38%	n/a	1.31%
Developing World Fund Institutional Shares (AMIDX)	-3.19%	3.87%	1.50%	1.09%	n/a	n/a	1.14%
MSCI Emerging Markets Index	-9.78%	-3.39%	1.89%	2.86%	3.27%	n/a	n/a
Participation Fund Investor Shares (AMAPX)	1.75%	3.85%	2.95%	n/a	n/a	n/a	0.88%
Participation Fund Institutional Shares (AMIPX)	1.87%	4.20%	3.22%	n/a	n/a	n/a	0.64%
FTSE Sukuk Index	3.38%	7.07%	5.15%	n/a	n/a	n/a	n/a

Expense ratios shown are as stated in the Funds' most recent Prospectus dated September 27, 2019.

Performance data quoted represents past performance, is before any taxes payable by shareowners, and is no guarantee of future results. Current performance may be higher or lower than that stated herein. Performance current to the most recent month-end is available by calling toll-free 1-800-728-8762 or visiting www.amanafunds.com. Average annual total returns are historical and include change in share value as well as reinvestment of dividends and capital gains, if any. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Shares of a Fund may only be offered for sale through the Fund's prospectus or summary prospectus.

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. The FTSE Sukuk Index measures the performance of global Islamic fixed income securities, also known as sukuk. The CBOE Volatility Index, known by its ticker symbol VIX, is a popular measure of the stock market's expectation of volatility implied by S&P 500 index options. When available, Saturna uses total return components of indices mentioned. Investors cannot invest directly in the indices.

Institutional Shares of the Amana Funds began operations September 25, 2013.

The Amana Participation Fund began operations September 28, 2015.

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 goes up and down. The Amana Mutual Funds limit the securities they purchase to those consistent with Islamic principles. This limits opportunities and may affect performance. Each of the Funds may invest in securities that are not traded in the United States. Investments in the securities of foreign issuers may involve risks in addition to those normally associated with investments in the securities of US issuers. These risks include currency and market fluctuations, and political or social instability. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.

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.

Performance Summary

As of June 30, 2020

Morningstar Ratings™ ^A	Overall	1 Year	3 Year	5 Year	10 Year
Amana Income Fund – “Large Blend” Category					
Investor Shares (AMANX)	★★★★	n/a	★★★★	★★★★	★★★
% Rank in Category	n/a	20	52	57	80
Institutional Shares (AMINX)	★★★★	n/a	★★★★	★★★★	☆☆
% Rank in Category	n/a	19	50	53	77
Number of Funds in Category	1,230	1,380	1,230	1,058	806
Amana Growth Fund – “Large Growth” Category					
Investor Shares (AMAGX)	★★★★★	n/a	★★★★★	★★★★★	★★★★
% Rank in Category	n/a	57	37	30	67
Institutional Shares (AMIGX)	★★★★★	n/a	★★★★★	★★★★★	☆☆☆
% Rank in Category	n/a	56	36	27	65
Number of Funds in Category	1,237	1,343	1,237	1,084	809
Amana Developing World Fund – “Diversified Emerging Markets” Category					
Investor Shares (AMDWX)	★★★	n/a	★★★★★	★★★	★★★
% Rank in Category	n/a	17	46	75	97
Institutional Shares (AMIDX)	★★★	n/a	★★★★★	★★★	☆☆☆
% Rank in Category	n/a	17	44	71	97
Number of Funds in Category	704	815	704	595	246
Amana Participation Fund – “Emerging Markets Bond” Category					
Investor Shares (AMAPX)	★★★★	n/a	★★★★	n/a	n/a
% Rank in Category	n/a	5	30	n/a	n/a
Institutional Shares (AMIPX)	★★★★★	n/a	★★★★★	n/a	n/a
% Rank in Category	n/a	4	23	n/a	n/a
Number of Funds in Category	233	276	233	n/a	n/a

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^A Morningstar Ratings™ (“Star Ratings”) are as of June 30, 2020. The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance (not including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance

figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

% Rank in Category is the fund’s percentile rank for the specified time period relative to all funds that have the same Morningstar category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Percentile ranks within categories are most useful in those categories that have a large number of funds.

Unshaded stars indicate extended performance. Extended performance is an estimate based on the performance of a Fund’s oldest share class, adjusted for fees.

The Amana Mutual Funds offer two share classes – Investor Shares and Institutional Shares, each of which has different expense structures.

Amana Income Fund *Continued from page 7*

delivery is also important. Companies we own that have such production facilities, such as Eli Lilly and Johnson & Johnson, will likely play a key role.

For the past 31 years, the Fund was managed by Nick Kaiser. During the second quarter of 2020, Monem Salam became the new Fund manager. Kaiser positioned the Fund well and no major changes are expected in the foreseeable future, as the Fund is well-exposed to the above-mentioned themes. That said, there are always opportunities to invest in companies with strong balance sheets that continue to pay increasing dividends. During the quarter, we sold our positions in Alcon, Raytheon, Corteva, Nutrien, Methanex, and Carrier Global, and nominally reduced positions in McCormick, Air Products, Linde, and Microsoft.

Amana Growth Fund *Continued from page 8*

of these past two quarters is beyond us, while we were impressed with the 75% increase in online sales. Nike has worked hard to develop its omnichannel competence. TJX, on the other hand, has almost no online presence and would seem disadvantaged until we have a vaccine. Nonetheless, the financial struggles of Macy's and Neiman Marcus play right into TJX's wheelhouse of strong buyer skills and creating a "treasure hunt" experience for its customers. Newmont, arguably the world's preeminent gold miner, is another new position. Gold prices are rising, driving Newmont's earnings higher. We believe the government will provide additional stimulus, supporting further gold price appreciation.

While Novo Nordisk has outperformed Qualcomm year-to-date, during the second quarter Qualcomm rebounded more dramatically and replaced Novo Nordisk among the Top 10 Holdings.

Amana Developing World Fund *Continued from page 9*

companies, globally, with developing world exposure. In this vein, and in order to capitalize on the move to 5G, we took an initial small position in Qualcomm. During the quarter, we sold our positions in Kontoor Brands, Grupo Aeroportuario Sureste, and Ramayana Lestari.

The second quarter saw a change in portfolio manager from Scott Klimo to Monem Salam. Salam has been deputy portfolio manager on two separate occasions and has a strong understanding of developing markets, having lived in Asia for seven years and traveled all over the world.

Amana Participation Fund *Continued from page 9*

fell by -4.09% and -3.53% by the end of the first quarter, only to rise by 5.78% and 6.93% during the second, respectively. Meanwhile, the S&P 500 Index fell by -19.60% and then rose 20.54%.

For the first half of 2020, the Amana Participation Fund Institutional Shares returned 2.00% and Amana Participation Fund Investor Shares returned 1.86%. At the same time, the FTSE Sukuk Index returned 3.40%. For the trailing 12 months, the Amana Participation Fund Institutional Shares and Amana Participation Investor Shares returned 4.20% and 3.85%, respectively. The Fund's performance can be attributed to our investment process, which emphasizes the ownership of high-quality issuers led by management teams who exercise prudence and demonstrate sound, long-term financial practices.

As of June 30, 2020, the Amana Participation Fund Institutional Shares provided a 30-day yield of 2.04% while the Fund's Investor Shares provided a 30-day yield of 1.80%. The Amana Participation Fund reported an effective duration of 3.83 years. The Fund is diversified among 31 US-dollar denominated issues.

For the first half of 2020, the top two performing issues were Tenaga Nasional, a large Malaysian utility operator and Axiata, a Malaysian telecommunications conglomerate, posting returns of 7.66% and 6.54%, respectively. For the same ending period, the two lowest performing issuers were the Emirate of Sharjah and Dubai-based Emaar Properties which returned -1.98% and -1.87%, respectively.

About The Authors



Scott Klimo CFA

Chief Investment Officer

Amana Growth Fund Portfolio Manager

Amana Income Fund and **Amana Developing World Fund** Deputy Portfolio Manager

Scott Klimo, Chief Investment Officer and Portfolio Manager, 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.



Monem Salam MBA

Senior Investment Analyst

Amana Income Fund and **Amana Developing World Fund** Portfolio Manager

Amana Growth Fund Deputy Portfolio Manager

Monem Salam is Executive Vice President and a Director of Saturna Capital. He received his degrees from the University of Texas: BA (Austin) and MBA (Dallas). He worked as the Chief Investment Officer for ITG & Associates (Dallas) until 1999; then as a representative with Morgan Stanley (suburban Dallas) until joining Saturna Capital in June 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. He is Portfolio Manager of the Amana Income and Developing World Funds, as well as investment management accounts, and a Deputy Portfolio Manager of Amana Growth Fund. Monem 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. Monem 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 the Islamic economy, Monem was ranked among 500 of the Islamic world's most prominent and influential leaders by ISLAMICA 500 in 2015.



Patrick Drum MBA, CFA, CFP®

Senior Investment Analyst

Amana Participation Fund Portfolio Manager

Patrick T. Drum, Research Analyst and Portfolio Manager, joined Saturna Capital in October 2014. He is a former select member of the United Nations Principles for Responsible Investment (UNPRI) Fixed Income Outreach Subcommittee and a former adjunct professor of finance at Pinchot University, formerly known as Bainbridge Graduate Institute (BGI). Mr. Drum has over 10 years of experience integrating ESG considerations into fixed income portfolio management. He holds a BA in economics from Western Washington University and an MBA from Seattle University Albers School of Business. He is a Chartered Financial Analyst Charterholder (CFA) and a Certified Financial Planner®. Mr. Drum has more than 20 years of investment experience in serving institutions and private clients.



Elizabeth Alm CFA®

Senior Investment Analyst

Amana Participation Fund Deputy Portfolio Manager

Elizabeth Alm CFA, Senior Investment Analyst, 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, Ms. Alm 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. Ms. Alm is a Chartered Financial Analyst (CFA) charterholder.

Footnotes to commentary:

¹ Elder, Bryce, Adam Samson, Joshua Oliver, and Hudson Lockett. Wall Street stocks seal best quarter since 1998, *Financial Times*, June 30, 2020. <https://www.ft.com/content/6d09858e-6dc8-4e74-bbcb-9f837e4aa7c8>

² Ehrlich, Jamie and Claire Foran. Fauci warns Congress that new US coronavirus could raise to 100,000 a day, *CNN*, June 30, 2020. <https://www.cnn.com/2020/06/30/politics/fauci-redford-testimony-senate-coronavirus/index.html>

³ State Balanced Budget Requirements, National Conference of State Legislatures, *NCSL.org*, 2020. <https://www.ncsl.org/research/fiscal-policy/state-balanced-budget-requirements-provisions-and.aspx>

⁴ US Bureau of Economic Analysis. State and local government current expenditures, *FRED Economic Data*, June 25, 2020. <https://fred.stlouisfed.org/series/SLEXPND>

⁵ Source: Bloomberg. The Federal Reserve balance sheet (Ticker: FARBAST) showed \$7.08 billion of outstanding assets and the European Central Bank balance sheet (Ticker: EBBSTOTA) showed \$7.00 billion as of the last week of June 2020.

⁶ Dunn, Katherine. 'Unreal': Oil prices go negative for the first time in history, *Fortune*, April 20, 2020. <https://fortune.com/2020/04/20/oil-prices-negative-crash-price-crude-market/>

⁷ Fitzpatrick, Peter. Oil Production Cut Deepens GCC Fiscal Deficit, Hinders Growth, *FitchRatings*, May 12, 2020. <https://www.fitchratings.com/research/sovereigns/oil-production-cut-deepens-gcc-fiscal-deficit-hinders-growth-12-05-2020>

⁸ Barbuscia, Davide and Marwa Rashad. Gulf economies to shrink by 7.6% this year, IMF says, *Reuters*, June 30, 2020. <https://www.reuters.com/article/us-gulf-economy-imf/gulf-economies-to-shrink-by-76-this-year-imf-says-idUSKBN2411R5>

⁹ IMF Staff. World Economic Outlook Update: A Crisis Like No Other, An Uncertain Recovery, *International Monetary Fund*, June 2020. <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

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Asset-weighted average debt to market capitalization: This ratio represents the average debt to market capitalization of the portfolio. It is calculated by taking the debt to market capitalization for each company (its debt divided by its market capitalization), then weighting these values (multiplying each by the company's percent share of total portfolio assets), then totaling the weighted values.

Effective maturity, modified duration, and effective duration are measures of a fund's sensitivity to changes in interest rates and the markets. A fund's effective maturity is a dollar-weighted average length of time until principal payments must be paid. Longer maturities typically indicate greater sensitivity to interest rate changes than shorter maturities. Modified duration differs from effective maturity in that it accounts for interest payments in addition to the length of time until principal payments must be paid. Longer durations tend to indicate greater sensitivity to interest rate changes than shorter durations. Call options and other security specific covenants may be used when calculating effective maturity and modified duration.

A Fund's **30-Day Yield**, sometimes referred to as standardized yield, current yield, or SEC yield, is based on methods of computation prescribed in SEC Form N-1A. Calculated by dividing the net investment income per share during the preceding 30 days by the net asset value per share on the last day of the period, the 30-Day Yield provides an estimate of a Fund's investment income rate, but may not equal the actual income distribution rate.

We note that unlike many funds, the Amana Funds' expenses are not subsidized by its adviser, Saturna Capital, therefore the 30-Day Yields presented are actual, according to the SEC's calculation methodology.

