



Amana Mutual Funds Trust



IDAHO TAX-EXEMPT FUND

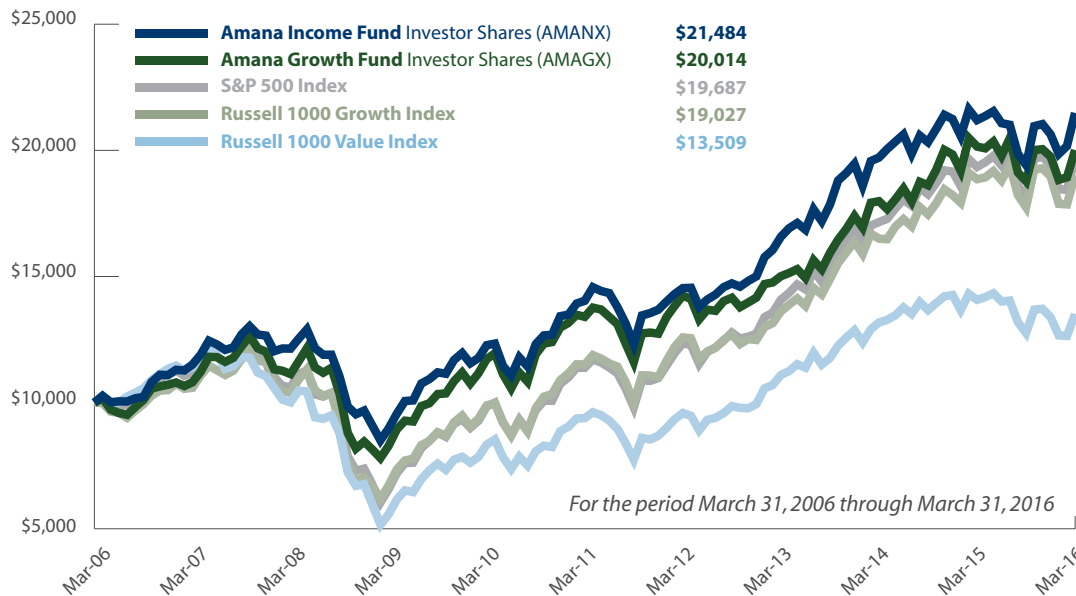


Amana's Principles and Process Lead to Sustainable Practice

May 2016

At the Amana Funds we have long described ourselves as "Value and Values-Based Investors." We have adopted this mantra because it reflects our investing philosophy and we believe such an approach improves our likelihood of achieving superior investment results over the long term. Indeed, our results over the last ten years reinforce our belief, as demonstrated in the chart below:

Growth of \$10,000



Performance data quoted represent past performance and does not guarantee future results. This chart illustrates the performance of a hypothetical \$10,000 invested at the beginning of the period and redeemed at the end of the period, and assumes reinvestment of all dividends and capital gains.

Being a value investor is an easily understood concept: we do not buy expensive stocks. We seek attractive businesses with an identifiable and sustainable competitive advantage and endeavor to purchase their shares at relatively low valuations.

Continued on next page.



By **Scott Klimo** CFA
Chief Investment Officer

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

The Amana, Sextant, Idaho Tax-Exempt, and Saturna Sustainable Funds are distributed by Saturna Brokerage Services, member FINRA / SIPC. Saturna Brokerage Services is a wholly-owned subsidiary of Saturna Capital Corporation, adviser to the Funds.

Values, however, are more nebulous and not everyone shares the same ones. Over time, we have come to appreciate that our values, as reflected in our investment philosophy, not only help to provide outstanding investment results, they also lead to investment portfolios we can be proud of from the perspective of Environmental, Social, and Governance (ESG) issues. In other words, Amana’s investing principles lead to Sustainable (with a capital “S”) investing practices and outcomes. Morningstar, in collaboration with ESG consultant Sustainalytics, recently ranked all of the funds under its coverage from a sustainability perspective. The Amana Income and Amana Growth Funds were each awarded five globes and each fund ranked in the top 1% in its category on sustainability. In the wake of this achievement we thought it worthwhile to describe in greater detail our values and how they relate to our investment practices. At Amana our values generally fall into two categories with many areas of overlap – those that surround our long-term approach and those that contribute to the reduction of risk.

Being long-term investors rather than speculators, we view ourselves as partners in the businesses in which we invest.

As partners we are concerned with corporate governance, employee welfare, and the long-term sustainability of the business and the environment in which it operates. If you’re going into business with someone, you want your partners to be high caliber individuals who operate capably, with integrity, and with a view toward the long term. Of course, such an approach also mitigates risk since management teams meeting those criteria are less likely to engage in malfeasance, mislead investors, or bend accounting rules. With regard to employee welfare it only makes sense that companies doing well by their employees will find their employees do well for the company in return. Businesses meeting the first two criteria are unlikely to run themselves into the ground through short-termism or other unsustainable practices.

One value that encompasses both our long-term approach and the desire to reduce risk is the avoidance of excessive debt. Too much debt and/or the inability to service it presents the obvious risk of bankruptcy. Even short of that, a heavy debt burden may encourage management to engage in quick fixes that only dig deeper holes. As long-term investors we are also attracted to companies able to

Morningstar Sustainability Ratings™ As of March 31, 2016

Amana Income Fund

Investor Shares (AMANX) 

Institutional Shares (AMINX) 

Among 1,398 Large Blend Funds

Amana Growth Fund

Investor Shares (AMAGX) 

Institutional Shares (AMIGX) 

Among 1,524 Large Growth Funds

Amana Developing World Fund

Investor Shares (AMDWX) 

Institutional Shares (AMIDX) 

Among 591 Diversified Emerging Markets Funds

Please see **Important Disclaimers and Disclosures** on page 5 for more information about the Morningstar Sustainability Ratings.

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sustain and grow their businesses through internally generated cash, rather than infusions from outside sources. In addition to avoiding the pitfalls of excessive debt, we believe financially solid companies are more likely to treat minority shareholders fairly, abler to take advantage of investment opportunities, and more likely to support their communities. The last may not have a direct impact on share performance, but it does give a sense of the type of individuals running the company and the culture they encourage.

A corollary to the avoidance of debt is the avoidance of traditional financial institutions. We believe the repeal of the Glass-Steagall Act¹ was a mistake, that many large financial firms create products not for the betterment of society but for the betterment of their managers' bonuses, while their trading activities are opaque and an unquantifiable risk. The Global Financial Crisis provides Exhibit A to support our position. Anybody with a dollar invested in Lehman Brothers, Countrywide Financial, Bear Stearns, or Washington Mutual lost 100% of his money. And that's just a small selection of firms that failed in the United States. British, Irish, Spanish, and other investors were also hard hit.

Finally, Amana values have led us to eschew investments in what might generally be referred to as "sin stocks." This includes alcohol, tobacco, exploitative media, and gambling. Unlike the advertising campaign, we do not believe what happens in Vegas stays in Vegas. While some of these industries have provided good investment returns over the years, we choose not to participate.

Sustainable investing has gained ever greater importance in our world of global climate change, environmental degradation, stagnant incomes, widening inequality, and the perceived unethical practices of many leading to the Global Financial Crisis. As sustainable investing has evolved, the early focus on negative screening, or avoiding certain companies/activities, has developed to include positive screening – actively seeking those companies with specific characteristics. At the Amana Funds we have been practicing both approaches since 1986, meaning we have been investing sustainably for 30 years and demonstrating it's not only possible to do well with your investments; you can also do good.

As long term investors we are attracted to companies able to sustain and grow their businesses through internally generated cash, rather than infusions from outside sources.

¹ The Glass-Steagall Act, formally known as the Banking Act of 1933, prohibited commercial banks from engaging in speculative activity, such as investment banking. Congress repealed the Glass-Steagall Act in 1999.

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Performance Summary

As of March 31, 2016

| Average Annual Total Returns (Before Taxes) | | 1 Year | 3 Year | 5 Year | 10 Year | Expense Ratio |
|--|-------|-----------|----------|----------|---------|---------------|
| Income Fund Investor Shares | AMANX | 1.34% ▲ | 9.04% ▲ | 8.88% ▲ | 7.95% ▲ | 1.13% |
| Income Fund Institutional Shares ¹ | AMINX | 1.60% ▲ | n/a | n/a | n/a | 0.88% |
| S&P 500 Index | | 1.78% ▲ | 11.78% ▲ | 11.57% ▲ | 7.00% ▲ | n/a |
| Russell 1000 Value Index | | -1.55% ▼ | 9.35% ▲ | 10.24% ▲ | 5.70% ▲ | n/a |
| Growth Fund Investor Shares | AMAGX | -0.67% ▼ | 10.06% ▲ | 8.35% ▲ | 7.18% ▲ | 1.08% |
| Growth Fund Institutional Shares ¹ | AMIGX | -0.42% ▼ | n/a | n/a | n/a | 0.83% |
| S&P 500 Index | | 1.78% ▲ | 11.78% ▲ | 11.57% ▲ | 7.00% ▲ | n/a |
| Russell 1000 Growth Index | | 2.51% ▲ | 13.56% ▲ | 12.36% ▲ | 8.28% ▲ | n/a |
| Developing World Fund Investor Shares ² | AMDWX | -8.56% ▼ | -4.78% ▼ | -2.70% ▼ | n/a | 1.54% |
| Developing World Fund Institutional Shares ¹ | AMIDX | -8.34% ▼ | n/a | n/a | n/a | 1.24% |
| MSCI Emerging Markets Index | | -12.03% ▼ | -4.41% ▼ | -4.13% ▼ | 3.01% ▲ | n/a |

Expense ratios shown are as stated in the Funds' most recent Prospectus dated September 28, 2015.

The Amana Participation Fund began operations September 28, 2015, and consequently has no historical standardized performance to report and is not yet rated by Morningstar.

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 Russell 1000 Growth Index measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values. 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.

¹ The Amana Mutual Funds offer two share classes – Investor Shares and Institutional Shares, each of which has different expense structures. Amana Income, Growth, and Developing World Funds' Institutional Shares began operations September 25, 2013.

² The Amana Developing World Fund began operations September 28, 2009.

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 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.

Shares of the Participation Fund held less than 182 calendar days are subject to a 2% early redemption fee.

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Morningstar Sustainability Ratings and Portfolio Sustainability Scores are as of March 31, 2016. The Morningstar Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund's portfolio are managing their environmental, social, and governance ("ESG") risks and opportunities relative to the fund's Morningstar category peers. The Morningstar Sustainability Rating calculation is a two-step process. First, each fund with at least 50% of assets covered by a company-level ESG score from Sustainalytics receives a Morningstar Portfolio Sustainability Score™. The Morningstar Portfolio Sustainability Score is an asset-weighted average of normalized company-level ESG scores with deductions made for controversial incidents by the issuing companies, such as environmental accidents, fraud, or discriminatory behavior. The Morningstar Sustainability Rating is then assigned to all scored funds within Morningstar Categories in which at least ten (10) funds receive a Portfolio Sustainability Score and is determined by each fund's rank within the following distribution: High (highest 10%), Above Average (next 22.5%), Average (next 35%), Below Average (next 22.5%), and Low (lowest 10%). The Morningstar Sustainability Rating is depicted by globe icons where High equals 5 globes and Low equals 1 globe. A Sustainability Rating is assigned to any fund that has more than half of its underlying assets rated by Sustainalytics and is within a Morningstar Category with at least 10 scored funds; therefore, the rating is not limited to funds with explicit sustainable or responsible investment mandates. Morningstar updates its Sustainability Ratings monthly. Portfolios receive a Morningstar Portfolio Sustainability Score and Sustainability Rating one month and six business days after their reported as-of date based on the most recent portfolio. As part of the evaluation process, Morningstar uses Sustainalytics' ESG scores from the same month as the portfolio as-of date.

The Funds were rated on the following percentages of Assets Under Management:

| | |
|-----------------------------|-----|
| Amana Income Fund | 98% |
| Amana Growth Fund | 96% |
| Amana Developing World Fund | 72% |

The Morningstar Portfolio Sustainability Scores and Morningstar Sustainability Ratings are new. The Funds' portfolios are actively managed and is subject to change, which may result in a different Morningstar Sustainability Scores and Ratings.