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.

We extend heartfelt appreciation to our clients who continue to support our sustainable strategies. We view this annual Impact Report as a means of communicating to our clients, and others at large, how we think about sustainability from an investment perspective. We hope to illuminate how investing through an ESG lens can benefit clients both in reaching their financial goals and making a positive impact.

Q1 2019 marks the 4th anniversary of the Saturna Sustainable Funds.

Over the past few years, ESG investment strategies have proliferated. Many asset managers have entered the market or switched previously non-sustainable funds to a sustainable focus. Over $11.6 trillion of all professionally managed assets were under ESG investment strategies as of 2018, or $1 in every $4 invested in the United States. This marks an increase from only $3 trillion in 2010.[1] As sustainability and ESG integration grows in the mainstream investment world, so does the importance of credibility and communicating a quality impact analysis. Saturna has been committed to such an analysis, using a quantitative scoring model for each holding as well as a holistic analysis of corporate strategy, impact, and risk. Additionally, we recognize the adoption and implementation of the United Nations' 17 Sustainable Development Goals (SDGs) can act as a compass for investors. The framework of the SDGs adds depth and sophistication when looking at both risk and impact as an investor.

Notable market participants adopting ESG considerations include rating agencies. In January of 2019, Fitch became the last of the three major US credit rating agencies to formally incorporate ESG considerations into their credit ratings assessment. According to Andrew Steel, Global Head of Sustainable Finance, Fitch Ratings shared that their "initial results show that 22% of our current ratings are being influenced by E, S, or G factors, with just under 3% currently having a single E, S, or G subfactor that by itself led to a change in the [issuer's credit] rating."[2] Fitch's move brought it in line with both Moody's and S&P, which have both put forth new methodologies employing ESG considerations.

With all three of the US primary credit rating agencies now incorporating ESG considerations as part of their comprehensive credit rating analysis, we see this development as an endorsement of the fundamental shift toward a broader framework of what constitutes modern credit research. We are pleased to see this adoption gain further traction among the fixed-income community as it helps drive home to debt issuers that material ESG considerations matter. More importantly, these developments ultimately serve the interests of investors by protecting their capital.

SUSTAINABLE DEVELOPMENT GOALS

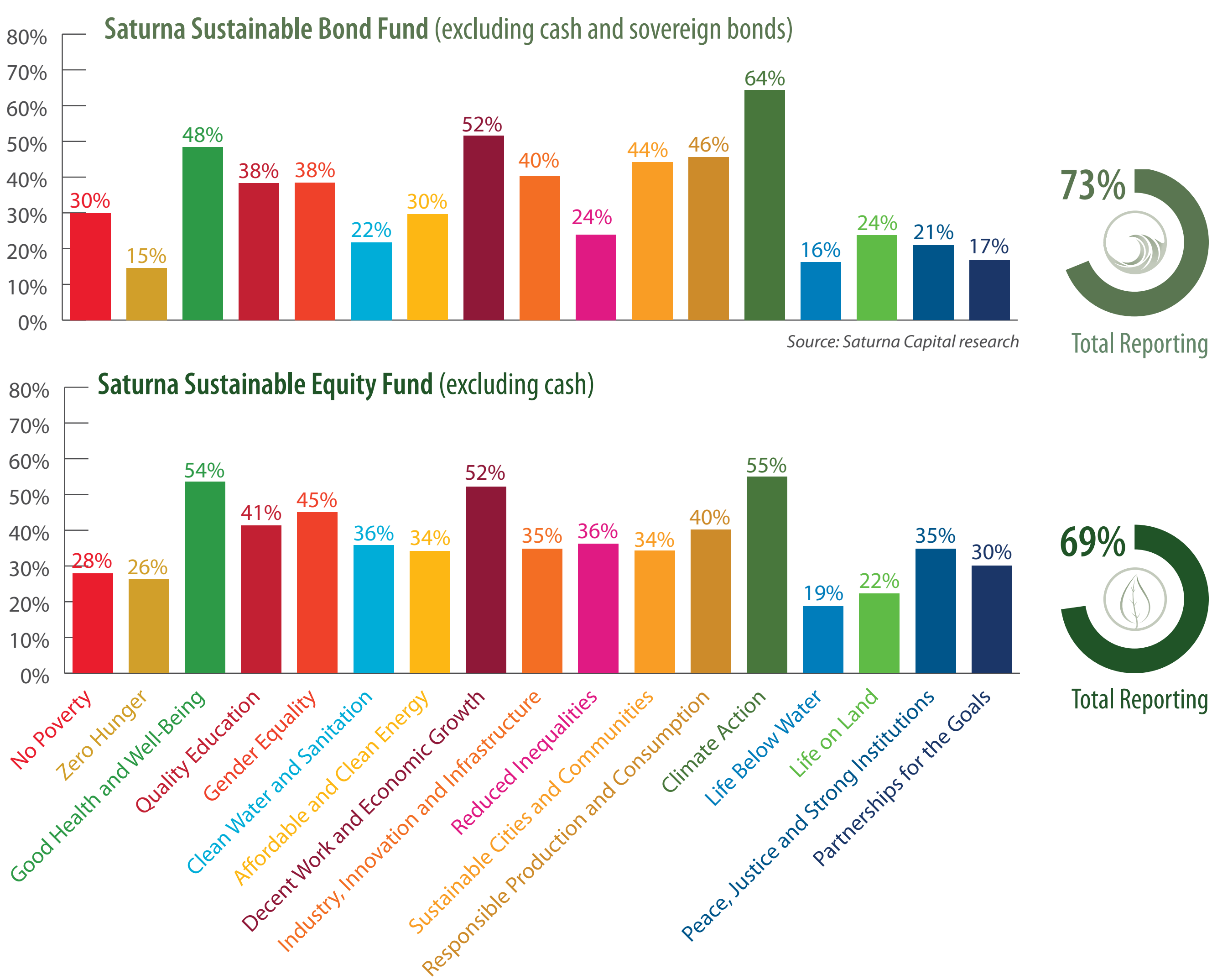
The Global Goals for Sustainable Development (SDGs), officially known as *"Transforming Our World: the 2030 Agenda for Sustainable Development"* are 17 goals and 169 targets that were created to end poverty, promote prosperity and well-being for all, and protect the planet. The SDGs set a course and framework to achieve these objectives. When evaluating our investments, we believe that this framework will be the new standard by which sustainability will be reported and measured. Contribution to these goals not only allows investors to identify areas of risk but also potential new opportunities.

Saturna is thoughtful about how we construct our portfolios and how we incorporate the SDGs. The inclusion of the SDGs represents an evolutionary extension of Saturna's proprietary ESG scoring model within our actively managed investments. We believe a truly value-added strategy requires active management with robust qualitative and quantitative analysis. In the rush by many investment companies to capture the growing market demand for sustainable strategies, we remind investors to exercise prudence in understanding the framework of how asset managers incorporate ESG considerations – substance matters more than just form and marketing.

This question of substance versus form extends beyond an asset manager's incorporation of ESG considerations and lends itself to the evaluation of individual companies and investments within a strategy. We are excited about the SDGs, in one respect, due to the specific nature of the goals and targets within those goals. Specific disclosures related to a company's contribution to a goal do not lend themselves as easily to "greenwashing." They can help investors identify opportunities that are substantive and companies that incorporate ESG as part of a holistic strategy.

The following two graphs detail SDG reporting for the two Saturna Sustainable Funds. To create these charts, we went through a detailed review of how each of our holdings incorporates the SDGs. To be counted as reporting on a goal, the company must disclose a specific contribution to a goal, within the framework of the SDGs. The contribution can be through regular business activities, policies, or charitable contributions and partnerships. We're pleased that 68.9% of the holdings of Saturna Sustainable Equity Fund (excluding cash, which comprised 2.1% of the portfolio) and 72.6% of the holdings of Saturna Sustainable Bond Fund (excluding cash, which comprised 4.9% of the portfolio; and excluding sovereign (government issued) bonds, which comprised 20.5% of the portfolio) report on one or more of the SDGs.

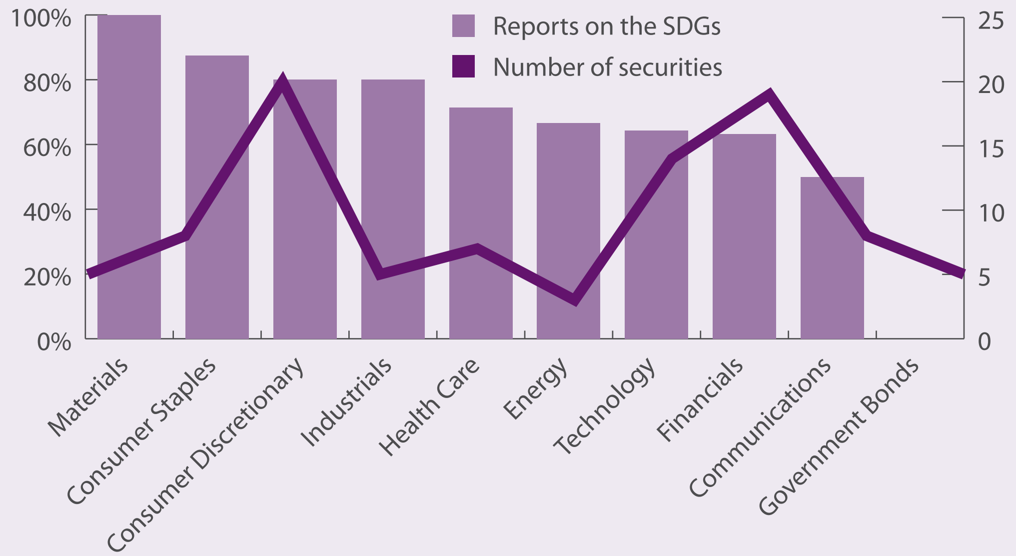
Fund Holdings Reporting on the SDGs (% by number of holdings)



Over the next year, the Funds will continue to formalize the incorporation of the Goals as the availability and adoption of the framework continues to grow. One of the biggest challenges for an investor concerning sustainability is the availability and quality of data. For example, currently, the same type of reporting is unavailable for the indices to which we compare the Funds.

SDG reporting across our holdings is not distributed evenly by sector – 100% of our holdings in the Materials sector report on at least one SDG versus 50% in the Communications sector. Provided below is a graph for the combined holdings of both Saturna Sustainable Bond and Sustainable Equity Funds by number of holdings (not market value) which shows SDG reporting by sector. In total, 68% of our 94 holdings report on at least one SDG.

SDG Reporting by Sector (all holdings of both Funds)



CASE STUDIES

5 GENDER EQUALITY

SUSTAINABLE DEVELOPMENT GOAL 5

Achieve gender equality and empower all women and girls

One of the targets within SDG 5 is to "ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life." To guide the process of achieving the Goal, the United Nations provides implementation strategies: in this case, to "adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels." When investors and corporations use this framework, these targets provide a guide to measure impact and risk.

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

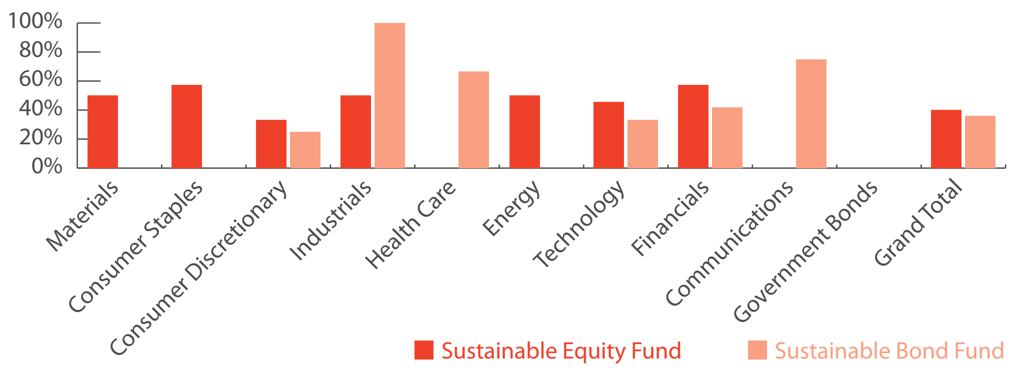
Three or more women on the board	Sustainable Bond	67%
	Sustainable Equity	70%
	MSCI ACWI	48%
33% or more women on the board	Sustainable Bond	47%
	Sustainable Equity	43%
	MSCI ACWI	25%

Case Study

Canadian Imperial Bank's Women in Leadership Bond packages loans from companies that promote women in leadership and sold CAD $1 billion of 3-year deposit notes in September of 2018. While the Sustainable Funds don't currently invest in deposit notes, the Sustainable Bond Fund does own another Canadian Imperial Bank (CIBC) bond and we are excited to invest in forward-thinking companies.

Bonds offered under this new framework support CIBC's corporate lending to companies where a minimum of 30% of the board or executive positions are held by women, or, they are signatories of the Catalyst Accord 2022. In addition, all companies included must have a minimum of one woman on the board and one woman in an executive position.

SDG 5: Gender Equality (% reporting by number of holdings)



7 AFFORDABLE AND CLEAN ENERGY

SUSTAINABLE DEVELOPMENT GOAL 7

Ensure access to affordable, reliable, sustainable and modern energy for all

Energy is the dominant contributor to climate change, accounting for around 60% of total global greenhouse gas emissions.[3] Improvements in energy efficiency and use of renewable energy on a corporate level can not only improve operational cost savings, but also bolster the demand and production of renewable energy. One of the targets within this Goal is to double the global rate of improvement in energy efficiency by 2030. We consider a company's use of renewable energy and their renewable energy programs during portfolio selection.

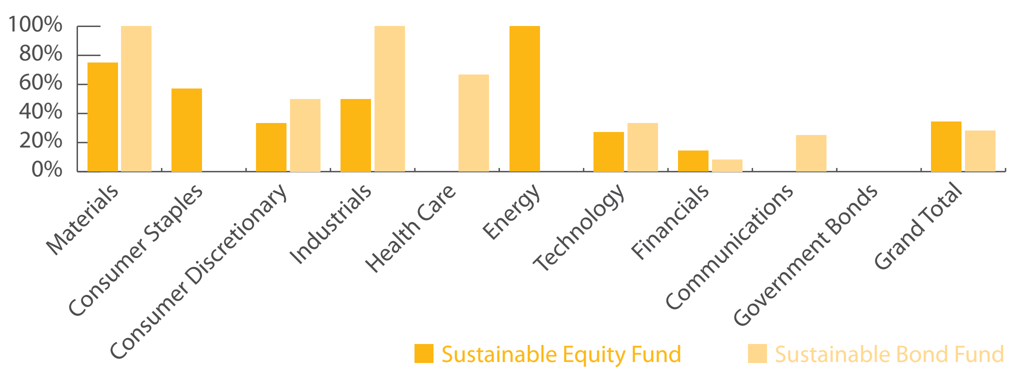
Percent of holdings / constituents reporting (by number of holdings)

Implemented renewable energy program quantitative targets with clear deadlines	Sustainable Bond	41%
	Sustainable Equity	32%
	MSCI ACWI	17%
More than 10% of company's primary energy use comes from renewable energy sources	Sustainable Bond	36%
	Sustainable Equity	46%
	MSCI ACWI	22%

Case Study

Ecolab provides specialized cleaning and sanitizing products to the food service, hospitality, lodging, health care, government, education, and retail industries. Ecolab's Global Industrial segment accounts for 37% of the business, providing water treatment and processing applications, cleaning, and sanitizing solutions to customers within a variety of industries. The remainder of Ecolab's business focuses on energy, providing a range of process and water treatment offerings to enhance asset integrity, recovery rates, and environmental compliance. Ecolab has produced annual Sustainability Reports since 2004 and publishes additional data detailing its environmental performance supplementary to the metrics provided in the Sustainability Reports. This data covers Ecolab's performance in water and energy conservation, renewable energy, fuel use, emissions, and waste. From a financial perspective, Ecolab has enjoyed accelerating earnings growth over the past two years, a trend that is expected to continue until 2021.

SDG 7: Affordable and Clean Energy (% reporting by number of holdings)



8 DECENT WORK AND ECONOMIC GROWTH

SUSTAINABLE DEVELOPMENT GOAL 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

The UN states that as part of this Goal, sustainable economic growth will require societies to create the conditions that allow people to have quality jobs that stimulate the economy, while not harming the environment. Job opportunities and decent working conditions are also required for the whole working age population.[4] Targets within this goal focus on job creation, and safe and secure working environments, including those in precarious employment.

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

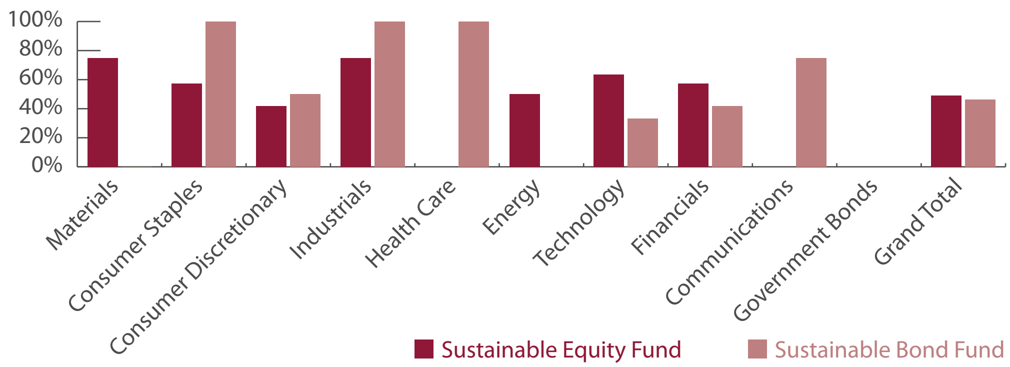
Formal policy on monitoring supplier compliance with social standards	Sustainable Bond	58%
	Sustainable Equity	66%
	MSCI ACWI	34%

Case Study

Barry Callebaut is a chocolate producer with hundreds of thousands of farmers in their supply chain. The company faces a massive challenge in monitoring and quality control. While we acknowledge they are still refining this process, they have made great strides with their goals and targets in this regard after facing controversies in the past. They are one of the up and coming companies which are on the right track and in a position to have a massive impact on thousands of farmers' lives. They have recently reported on their stated goals and progress towards those goals.

- Barry Callebaut has a goal to bring 500,000 small farmers out of extreme poverty by 2025 (defined as making less than $1.90/day by the World Bank).
- They began creating farmer data sets that map, among other things, the size of a farm, its soil quality, its productivity, as well as the household it has to support. So far, they have mapped 130,811 cocoa farms in the database.
- The company hopes to increase yields on cocoa farms and encourages farmers to cultivate crops other than cocoa. In 2018, they distributed 2.1 million cocoa seedlings and 393,000 shade trees.
- So far, 169,460 cocoa farmers in the supply chain have been lifted out of poverty.

SDG 8: Decent Work and Economic Growth (% reporting by number of holdings)



SUSTAINABLE DEVELOPMENT GOAL 10

Reduce inequality within and among countries

Saturna acknowledges that economic growth is not sufficient to reduce poverty if it is not inclusive. To reduce inequality, policies should be universal in principle, paying attention to the needs of disadvantaged and marginalized populations.[5] A target within this Goal is to adopt policies – especially fiscal, wage, and social protection policies – and progressively achieve greater equality. The Saturna Sustainable Funds increasingly look at discrimination and diversity policies within our holdings as a sign of not only good governance, but also as a contribution to this Goal.

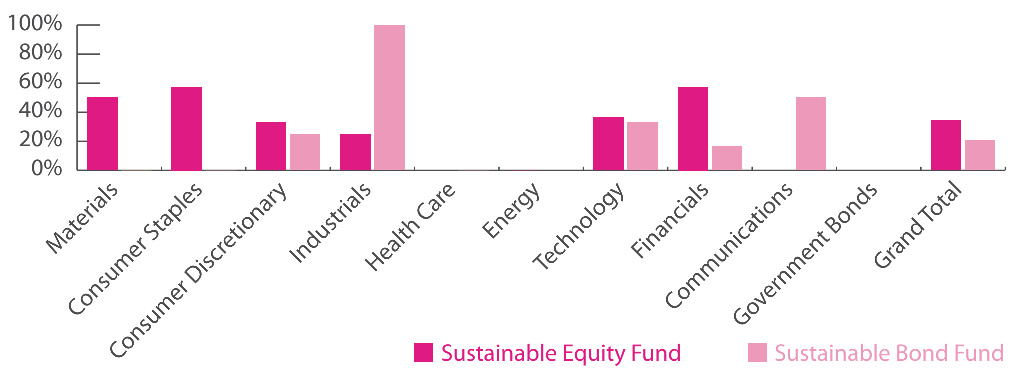
Percent of holdings / constituents reporting (by number of holdings)

Has adequate and formalized anti-discrimination policy	Sustainable Bond	89%
	Sustainable Equity	89%
	MSCI ACWI	66%
Has strong diversity policy	Sustainable Bond	57%
	Sustainable Equity	34%
	MSCI ACWI	22%

Case Study

Achieving SDG 10 doesn't just improve quality of life, it can also be important for investors to understand the diversity and inclusion policies of the companies in which they invest. According to the McKinsey report *Delivering through Diversity,* ethnic and cultural diversity is also correlated with profitability. Companies with the most ethnically diverse executive teams – not only with respect to absolute representation but also a variety or mix of ethnicities – were 33% more likely to outperform their peers on profitability.[6] Fostering a corporate culture of diversity and inclusion is key to not only reducing inequalities and retaining diverse talent, but also potentially to long-term value creation. **Starbucks** is held in both Funds and ranks consistently high in transparency. In 2018 they announced 100% gender and racial pay equity for US partners, and set a goal for pay equity globally. Transparent pay discussions and wage disclosure are a key step in achieving this goal and promoting wage equality.

SDG 10: Reduced Inequalities (% reporting by number of holdings)



13 CLIMATE ACTION

SUSTAINABLE DEVELOPMENT GOAL 13

Take urgent action to combat climate change and its impacts

The impacts of climate change are being felt globally and will only continue to grow more severe without urgent action. Many lives and national economies hang in the balance as the risks related to our changing climate are widespread and severe. As investors, it is important to identify companies positively contributing to this Goal. Targets within the Goal include a focus on both mitigating climate change, and improving education and awareness. Corporations can contribute to this goal by reducing carbon emissions, setting ambitious emissions goals for the future, and innovating low-carbon products and services. A company's supply-chain and operations should also demonstrate resilience to the risks associated with our warming planet.

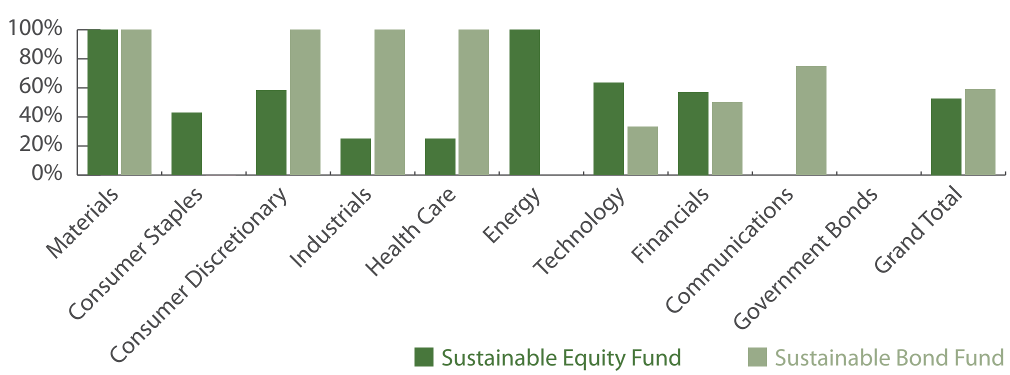
Percent of holdings / constituents reporting (by number of holdings)

Carbon disclosures on Scope 1& 2	Sustainable Bond	88%
	Sustainable Equity	90%
	MSCI ACWI	73%
Has strong greenhouse gas reduction program	Sustainable Bond	76%
	Sustainable Equity	79%
	MSCI ACWI	57%
Carbon intensity below industry mean	Sustainable Bond	56%
	Sustainable Equity	46%
	MSCI ACWI	30%
Carbon intensity decline more than 10% in past three years	Sustainable Bond	48%
	Sustainable Equity	40%
	MSCI ACWI	32%

Case Study

Vestas Wind Systems' expansion in recent years – overtaking General Electric in 2016 as the top installer of wind turbines in the US – encouraged an optimistic view of its opportunities for long-term growth. As of the third quarter in 2018, Vestas reported slightly higher revenue than in the third quarter of 2017, and an order increase of 25% year-over-year, leading to an all-time high order backlog.

SDG 13: Climate Action (% reporting by number of holdings)



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SUSTAINABLE DEVELOPMENT GOAL 16

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Some of the targets within this Goal are to develop effective, accountable, and transparent institutions at all levels, and substantially reduce corruption and bribery in all their forms. Good governance and effective policies are some of the most powerful tools that corporations have to combat corruption and provide transparency. The Funds seek to invest in companies with a strong board and companies with strong anti-bribery and anti-corruption policies.

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

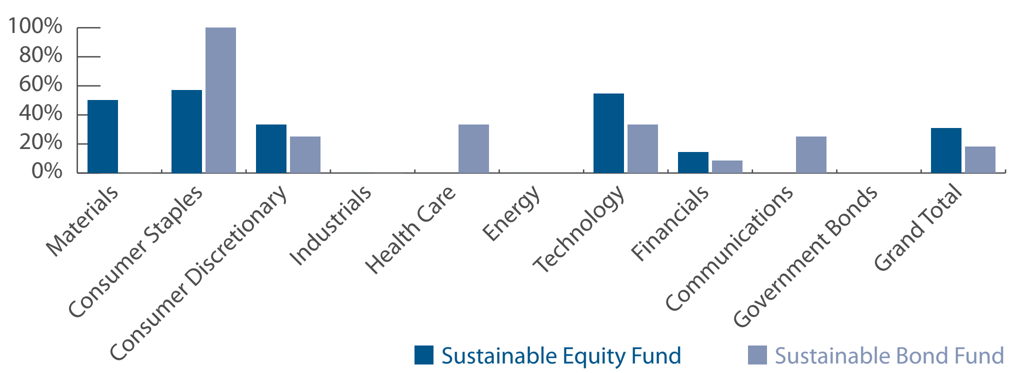
> 75% board independence	Sustainable Bond	69%
	Sustainable Equity	55%
	MSCI ACWI	44%
Has adequate anti-bribery and anti-corruption policies	Sustainable Bond	93%
	Sustainable Equity	85%
	MSCI ACWI	64%

Case Study

Roche, a global biotech giant, depends on a network of suppliers and service providers. They require all suppliers to follow the Roche Supplier Code of Conduct which covers standards of practice such as ethics, health and safety, and management systems. They report that in 2018, 100% of business-critical suppliers committed to the Supplier Code of Conduct.[7]

- 20,000 suppliers completed training on the Code.
- They conducted 721 audits of global suppliers for compliance with the Code.
- 100% of their procurement managers were trained in anti-corruption practices.

SDG 16: Peace, Justice and Strong Inst. (% reporting by number of holdings)



Ownership of Securities Mentioned

As of March 31, 2019, the Funds held the following percentages of securities in their portfolios (% of net assets):

	Saturna Sustainable Bond	Saturna Sustainable Equity
Barry Callebaut	3.6%	
Canadian Imperial Bank	3.0%	
Ecolab		2.3%
Roche	1.7%	
Starbucks	1.6%	2.3%
Vestas Wind Systems		1.3%

FUND STRATEGY OVERVIEWS

SATURNA SUSTAINABLE EQUITY FUND

The Saturna Sustainable Equity Fund seeks investments that exhibit long-term sustainability characteristics. We believe issuers with superior environmental, social, and governance records tend to have lower volatility and a greater chance for success in the long term. We think that companies proactively managing business risks related to ESG issues are more resilient and make valuable contributions to society and the global economy. We prefer issuers demonstrating financial sustainability as measured through management strength, low debt, and strong balance sheets.

Investment Process

Saturna Capital, the Fund's adviser, is committed to analyzing an issuer's strength through a holistic lens and believes that ESG investing must include identifying how a company addresses the key sustainability factors that materially impact its industry. Using a combination of negative and positive screening, Saturna's analysts seek issuers who outperform their peers on a variety of ESG factors. Companies that have fully embraced corporate responsibility emerge as leaders in our screening process, and those are the investments we select for the Fund; additionally, we analyze financial sustainability during our screening process, in an effort to improve the probability of achieving superior and sustainable returns.

Saturna employs an ESG rating system based on its own, as well as third-party, data to identify issuers thought to present low risks among a variety of ESG factors. Saturna 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. Saturna positively screens for issuers with low ESG risk profiles which, in addition to material and non-financial ESG considerations such as carbon emissions, water usage, renewable energy, and fair labor practices.

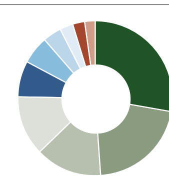
In order to assess the relevance of the data that underpins our sustainable ratings, we carefully examine the quantity and quality of reporting for each scoring factor, including how the reporting varies – both in response rates and the distribution of reported data – by industry, sector, country, and region. We evaluate companies according to their transparency and their quality (i.e., how their reporting compares to their peers). While the quantitative ESG scoring process provides an invaluable stock identification tool, we believe meaningful stock evaluation and portfolio inclusion requires active management – detailed fundamental analysis of industry, financial, managerial, and ESG considerations.

TOP 10 HOLDINGS

	% of Net Assets
Adobe	4.70%
Dassault Systemes ADR	3.95%
Mastercard, Class A	3.42%
Apple	3.35%
Church & Dwight	3.02%
Microsoft	2.99%
Home Depot	2.88%
TJX Companies	2.82%
Accenture, Class A	2.80%
Unilever	2.78%
Total	**32.71%**

SECTOR ALLOCATION

Technology	27.94%
Consumer Discretionary	21.04%
Financial	14.00%
Consumer Staples	12.50%
Health Care	7.45%
Materials	5.94%
Industrials	3.88%
Communications	2.80%
Energy	2.33%
Cash and equivalents	2.12%



Data as of March 31, 2019. Country and sector weightings are shown as a percentage of total net assets.

Principal Investment Strategies

Under normal conditions, the Fund invests at least 80% of its net assets in equities of issuers located throughout the world that the Fund's adviser believes demonstrate sustainable characteristics.

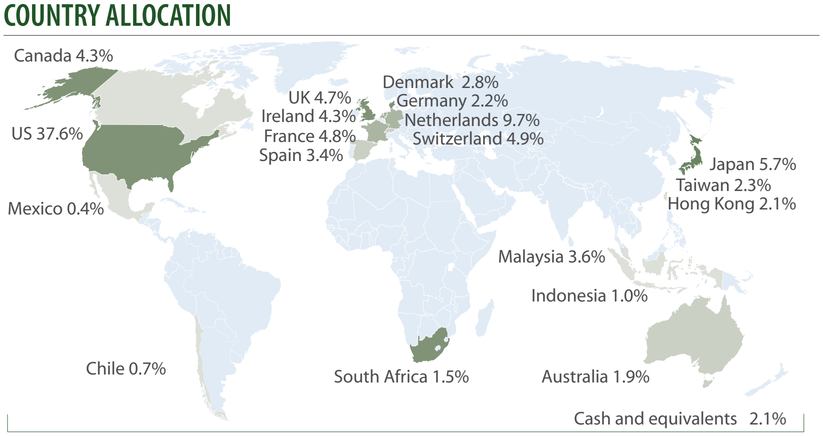
The Saturna Sustainable Equity Fund diversifies its investments across industries, companies, and countries, and generally follows a large and mid-cap value investment style. The Fund prefers seasoned companies that are expected to grow revenue and earnings, favoring equities of companies trading for 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 principally invests in securities of companies with market capitalizations of greater than $5 billion. The Fund may invest up to 30% of net assets in companies with headquarters in countries with developing economies and / or markets.

Principal Risks of Investing

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.

COUNTRY ALLOCATION



SATURNA SUSTAINABLE BOND FUND

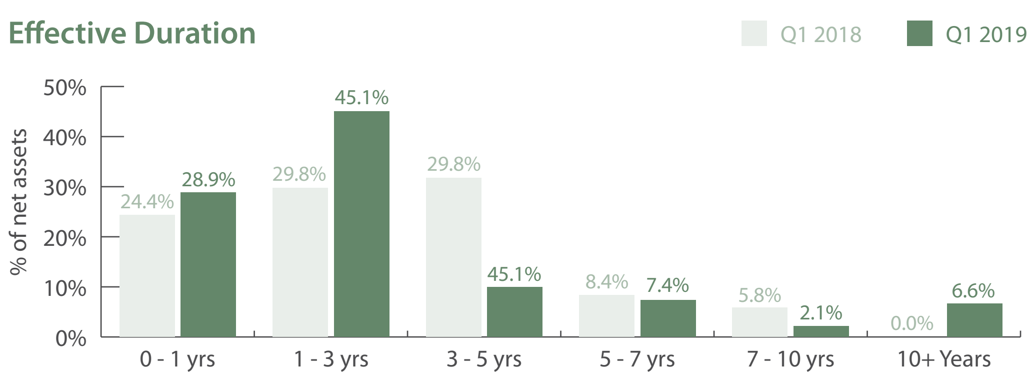
The Saturna Sustainable Bond Fund is constructed very differently than its FTSE WorldBIG® Index with respect -to issuers, currency allocation, credit ratings, and coupon structure. The Fund takes a more conservative position with duration and currency allocation as the Fund is substantially shorter, and underweight the Index's large allocations to the euro and Japanese yen. The Fund's coupon structure is also more diverse and the Index does not allocate to step-up or fixed-to-floating rate securities. These differences are aimed to position the portfolio for excellent long-term performance aimed to provide total return and capital preservation.

When evaluating the Fund's strategy, we are not only mindful about corporate credit, sustainability, and governance factors but also macro and global economic trends. We see a possibility of a potential pivot point with the Federal Open Market Committee's interest rate hike regime as observed by Federal Chairman Jerome Powell's decision to hold off on an additional interest rate hike during their March 2019 meeting.[8] It is unclear if this pause marks the end of the Fed's nine rate hikes which began in December of 2015, but caution is warranted given developments in the global economy. We are closely monitoring the shift of the Federal Reserve's outlook on the economy and how that may impact future interest rates.

Duration Management

Duration is one of the most important strategic decisions made in the Fund, as duration determines the price sensitivity of the holdings relative to overall changes in interest rates. As of March 31, 2019, the Fund had an effective duration of 2.54 years and the Index had an effective duration of 6.98 years. The shorter duration allows a more conservative investment profile and ultimately less volatility.

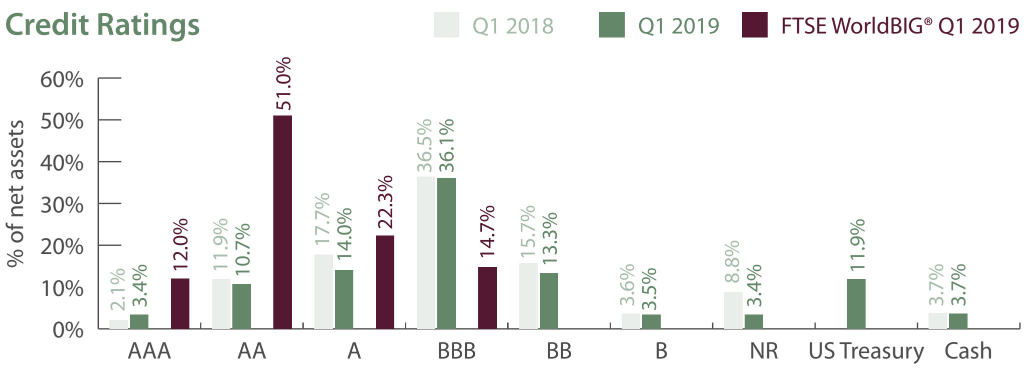
As seen in the graph below, positioning in the 3-5 year duration bucket was significantly reduced. The Fund shortened its duration for corporate issuers to reduce price volatility. However, the duration in the 10+ year bucket has increased due to US Treasury purchases. The Fund took advantage of long-end performance by adding duration in longer Treasury bonds. The Treasury positions have provided a hedge as the yield curve continues to invert and global growth slows. In this scenario, the longer-end yields decline (meaning positive total return) and the Treasurys provide excellent exposure to the long-end without credit risk or price volatility related to widening corporate spreads. The Fund's 2-year Treasury position remains stable given the current Fed policy, and avoids the volatility in the belly of the curve.



Credit Ratings

The Fund's holdings are chosen by a careful review of credit and ESG factors. This in-depth review process allows the Fund to hold a wider range of credit profiles relative to the Index, and ultimately to focus more on corporate issuers. Sovereign issuers are beginning to issue bonds with a green or sustainable focus, but it's challenging to calculate data such as carbon footprint and other sustainability metrics for them. When the Fund does buy sovereign bonds, we look at the governance, climate risk susceptibility, and environmental democracy characteristics. The Index allocates a much larger percentage of "AA" and "AAA" bonds relative to the Fund. The Fund is strategically overweight the "BBB" space primarily through shorter duration corporate positions.

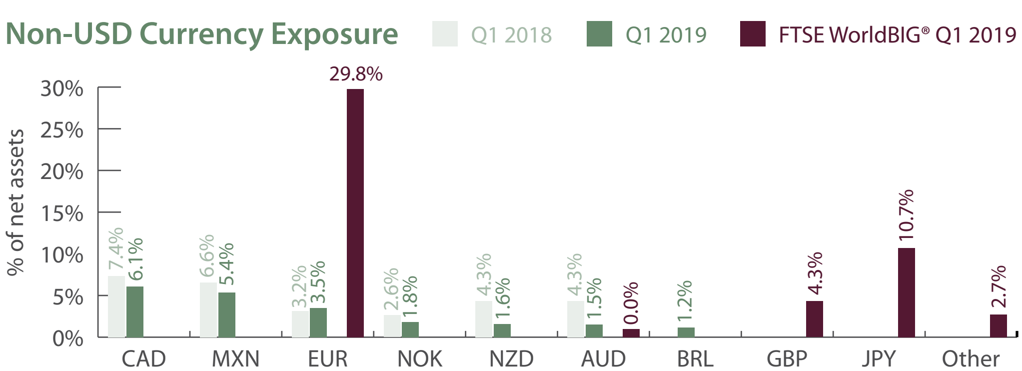
Over the past year, the Fund has reduced exposure to non-rated and high-yield securities, and deployed capital in US Treasurys for strategic curve positioning. This enables a stronger investment profile in periods of corporate stress or risk-off environments.



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.

Currency Management

A diversified portfolio of securities denominated in different currencies can help investors preserve the purchasing power of their domestic currency if it depreciates relative to foreign currencies. Broadly speaking, the Fund emphasizes a bias for US dollar denominated securities while permitting diversified exposure to non-US dollar denominated debt. Although the allocations will change, at the end of the first quarter of 2019, the Fund allocated 79.0% to US dollar denominated debt. The Fund's largest non-USD currency exposures include: 6.1% in the Canadian dollar (CAD), 5.4% in the Mexican peso (MXN), 3.5% in the euro (EUR), 1.6% in the New Zealand dollar (NZD), and 1.5% in the Australian dollar (AUD). The Fund is significantly underweight both the euro and Japanese yen relative to the Index. The FTSE WorldBIG® is allocated 29.8% to the euro and 10.7% to the Japanese yen.



Green Bonds

At the end of the first quarter, the Sustainable Bond Fund owned two green bonds: Abu Dhabi Bank's green bond (which happens to be the very first green bond issued from the Middle East) and the Germany-based Kreditanstalt fuer Wiederaufbau (KfW Development Bank). The Fund also owned the very first American corporate sustainable issue offered by Starbucks.

Coupon Structure

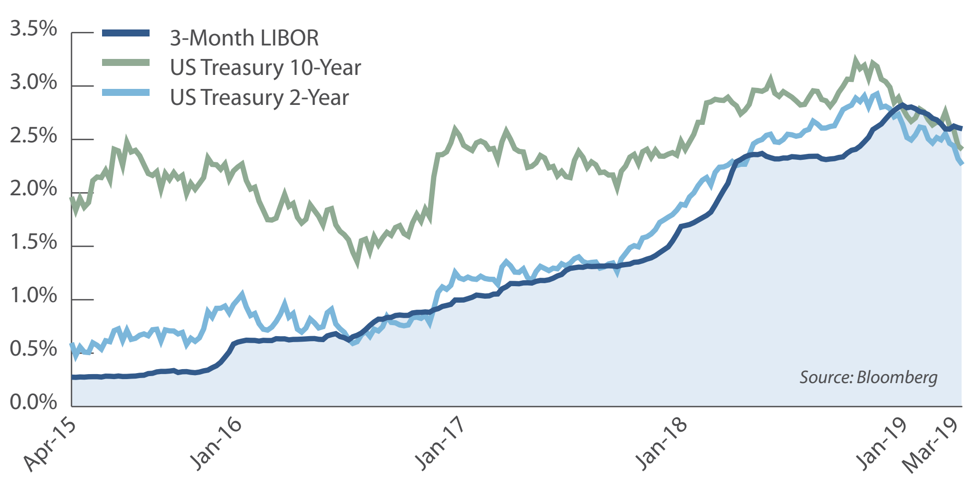
The Fund owns a diverse range of income payment schemes, including floating-rate, step-up coupons along with traditional fixed-rate bonds. The Fund currently retains a strategic allocation of 80% fixed-rate securities, 15% fixed-to-floating rate securities, and 5% step-up securities. Floating-rate and step-up coupons offer different rates of return over a security's tenure, and differ from traditional bonds that pay a fixed coupon over the life of the security. The rationale for owning a diverse allocation of coupon payment schemes is that it permits investors to obtain current market rates of income without having to engage in active rebalancing of the portfolio, so as interest rates rise, the income of the bond also rises.

Floating Rate

The floating-rate securities held in the Fund reset quarterly, to a per-determined spread over 3-month LIBOR. As LIBOR rises so does the income paid by the Bond. These securities tend to have shorter durations, because the duration of the security becomes, in effect, the length of time until the next reference rate reset (or 0.25 years). This allows the Fund to benefit during periods of rising rates, while not taking a large amount of interest-rate risk.

The graph below, which compares the 3- month LIBOR to the 2-year and 10-year US Treasury since the Fund's inception, illustrates the benefits of the strategy: it shows how interest rates of different security tenures can shift during a rising interest rate cycle. Note that the shorter duration, floating note rates offers a competitive yield of 2.60% relative to longer duration securities like the 2-year and 10-year US Treasury which had yields of 2.39% and 2.55% at the end of the first quarter of 2019, respectively.

3-month LIBOR versus US Treasury Yields



Step-up Coupons

Step-up securities feature scheduled interest payment increases to retain investors' willingness to own longer-tenured notes. For example, the Fund owns a Toyota step-up security, rated "AA-" by S&P, with a March 20, 2030 maturity. The security will pay an annual coupon rate of 3.00% until March 20, 2021, at which time the rate increases to 3.50%. Starting in 2026 the coupon rises each year increasing from 4% to 10% in the final year before maturity. This strategy potentially protects the bond price performance through maturity.

Footnotes

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[4] *United Nations. Sustainable Development Goal 8, Decent Work and Economic Growth. https://www.un.org/sustainabledevelopment/economic-growth/*

[5] *United Nations. Sustainable Development Goal 10, Reduced Inequalities. https://www.un.org/sustainabledevelopment/inequality/*

[6] *Hunt, Vivian, Yee, Lareina, Prince, Sarah. Delivering through diversity. Mckinsey & Company, January 2018. https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity*

[7] *Roche. Goals & Performance. https://www.roche.com/sustainability/suppliers/goals_performance.htm*

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About the Authors

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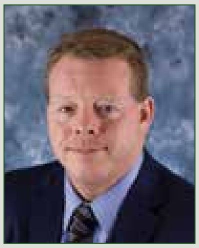
President and Portfolio Manager

Jane Carten, President and Director, joined Saturna Capital in June 1997. Ms. Carten graduated from Western Washington University with an MBA and undergraduate degree in Computer Science and Business. As President, Ms. Carten oversees Saturna's daily operations and directs Saturna's internal and external information systems, managing the technology and marketing activities. She also directs Saturna's continuing education program and the philanthropic efforts of the firm. Ms. Carten is active in the Bellingham Bay Rotary and is a member of the Young Presidents' Organization; she is a former member of the Whatcom Museum Children's Advisory Board. She is a founder and former director of the nonprofit OpenAccess Internet Services and is a Bellingham Sister Cities member and contributor.

Elizabeth Alm CFA®
Investment Analyst and Deputy Portfolio Manager

Elizabeth Alm CFA, 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, 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.



Patrick Drum MBA, CFA®, CFP®
Senior Investment Analyst and Portfolio Manager

Patrick T. Drum, Research Analyst and Portfolio Manager, joined Saturna Capital in October 2014.

He is a former adjunct professor of finance for the Sustainable MBA Program at the Bainbridge Graduate Institute (BGI) currently known as Presidio Graduate School. Mr. Drum 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 and a Certified Financial Planner®.

Prior to joining Saturna Capital, Mr. Drum led environmental, social, and governance (ESG) research and was director of fixed income portfolio management since 2007 with a private account group at UBS Institutional Consulting Services specializing in investment management for global conservation and national wildlife park endowments as well as sustainable-social screened client portfolios. He is a former Chair of the United Nation's Principles for Investment (UNPRI) Fixed Income Outreach Subcommittee and a current member of the UNPRI's Bondholder Engagement Working Group (BEWG), an advisory committee working to elevate important ESG considerations and best practices among issuers and investors.

Mr. Drum's past experience also includes business valuation at Moss Adams and portfolio management at Washington Mutual Bank. Mr. Drum is a member of the board of trustees to the Museum of Glass in Tacoma and a member of Rotary.

The Saturna Sustainable Funds limit the securities they purchase to those consistent with sustainable principles. This limits opportunities and may affect performance.

Investing involves risk, including possible loss of principal. Generally, an investment that offers a higher potential return will have a higher risk of loss. Stock prices fluctuate, sometimes quickly and significantly, for a broad range of reasons that may affect individual companies, industries, or sectors. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. A bond fund's price will typically follow the same pattern. Investments in high-yield securities can be speculative in nature. High-yield bonds may have low or no ratings, and may be considered "junk bonds." Investing in foreign securities involves risks not typically associated directly with investing in US securities. 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.

The FTSE WorldBIG Bond Index is a multi-asset, multi-currency benchmark, which provides a broad-based measure of the global fixed income markets. The MSCI ACWI covers approximately 85% of the global investable universe, with large- and mid-cap representation across 23 developed market and 23 emerging market countries. The MSCI ACWI Ex-US Index, produced by Morgan Stanley Capital International, measures equity market performance throughout the world excluding US-based companies. Investors cannot invest directly in the indices.

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***Effective maturity** and **modified 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.*

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