2020 IMPACT REPORT

SATURNA
SUSTAINABLE FUNDS

About Saturna

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

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

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

The end of the first quarter of 2020 marked the five-year anniversary since the inception of the Saturna Sustainable Funds. We look forward to continue serving our investors while providing them with an asset allocation option that integrates environmental, social, and governance (ESG) considerations.

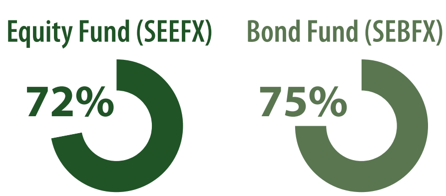
This Impact Report is a means of communicating to our clients how we approach sustainability from an investment perspective. This report contains useful information about the portfolios' ESG key performance indicators (KPIs) for the first quarter of 2020, relative changes in KPIs from the previous year, positioning of the portfolios, and our strategic outlook for the upcoming year. For example, we are pleased to share that at the end of the first quarter, the Saturna Sustainable Bond Fund held 25% of its assets in green bonds.

2020 so far has proven to be an extremely different social, investment, and economic climate from that at the end of 2019. Many people's priorities have shifted to mitigate the spread of COVID-19. Serving our clients and helping them achieve their investment objectives remains our priority. Economic growth will likely continue to be impacted by rolling lockdowns and other virus mitigation measures that restrict social interaction. This crisis will continue to add heightened risk to portfolios; to identify and mitigate that risk, we must view investments through an ESG lens. Social programs are more important than ever, as is governance. Environmental and climate change risks must continue to be addressed, even with tighter fiscal conditions.

Preparedness is key in weathering a severe storm. We believe the incorporation of ESG factors into our investment process adds a degree of insulation to extreme exposures, similar to how a sturdy ship would see a traveler through rough seas. We expect further volatility and stormy seas during the coronavirus pandemic, however our process has helped us to proactively position our portfolios for adverse investment climates, and also helped us allocate among issuers that we believe are better business stewards of their operations and investors' capital.

Reducing environmental impact

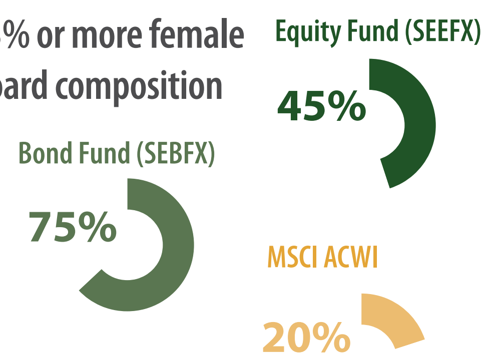
Less carbon intensity* vs. the MSCI ACWI



Carbon intensity is tonnes of carbon emitted per $1 million in sales or assets.

Focusing on diversity

33% or more female board composition



Summary of Investment Process

Saturna Capital, the Funds' 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 on a variety of ESG factors. Companies with robust corporate responsibility policies emerge as leaders in our screening process, and those are the investments we select for the Funds; additionally, we analyze financial sustainability, in an effort to improve the probability of achieving superior results.

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

In order to assess the relevance of the data used to generate 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.

For more information on the Funds' investment process, please visit www.saturnasustainable.com

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.

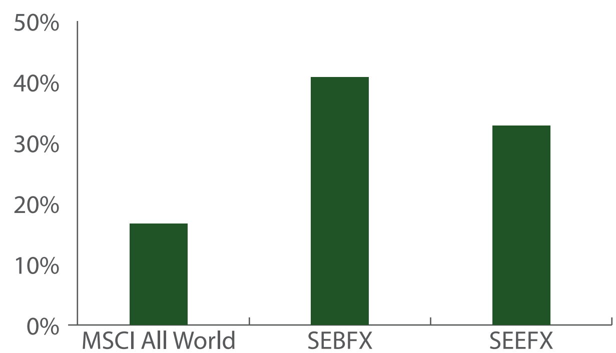
As the world grapples with COVID-19, it becomes apparent that the urgency to achieve the SDGs has increased. In a few months this crisis has undone years of progress in bringing people out of poverty. Unemployment, supply chain disruptions, and deepening inequalities are just some of the challenges the global community is facing. We believe that a robust process for evaluating the strength of ESG factors within our investments is key to navigating these challenges. Now is not the time to back off in achieving these global goals, but rather to re-build a better world from this crisis. We believe those companies that are strategically and deeply committed to a sustainable future will ultimately be better positioned for the challenges that lay ahead.

According to the UN, "To make all the goals a reality will require the participation of everyone, including Governments, the private sector, civil society organizations, and people around the world. The fight against COVID-19 is no exception."[1] As investors who have focused on sustainability for more than 30 years, we are proud to have a robust process for incorporating ESG in our portfolios. Times of great volatility expose the strengths and weaknesses of not only corporations but also sovereign governments.

In our last report, we highlighted how the specific nature of the goals, and the ambitious objectives and targets within those goals, can be a tool for investors. We can use a company's disclosure about their contribution to the SDGs as part of our process of determining which businesses are fully incorporating ESG into their corporate strategy and culture, and which are possibly "greenwashing" their business. As investors, we seek investments in entities that are intentional in their efforts to address broad stakeholder concerns and build a sustainable business model, and hence a more resilient investment. Incorporation of the SDGs should go beyond just reporting a specific contribution to the goals; they should be setting quantitative targets for the future. Both Saturna Sustainable Equity and Saturna Sustainable Bond hold significantly more companies that set at least one quantitative target for the SDGs.

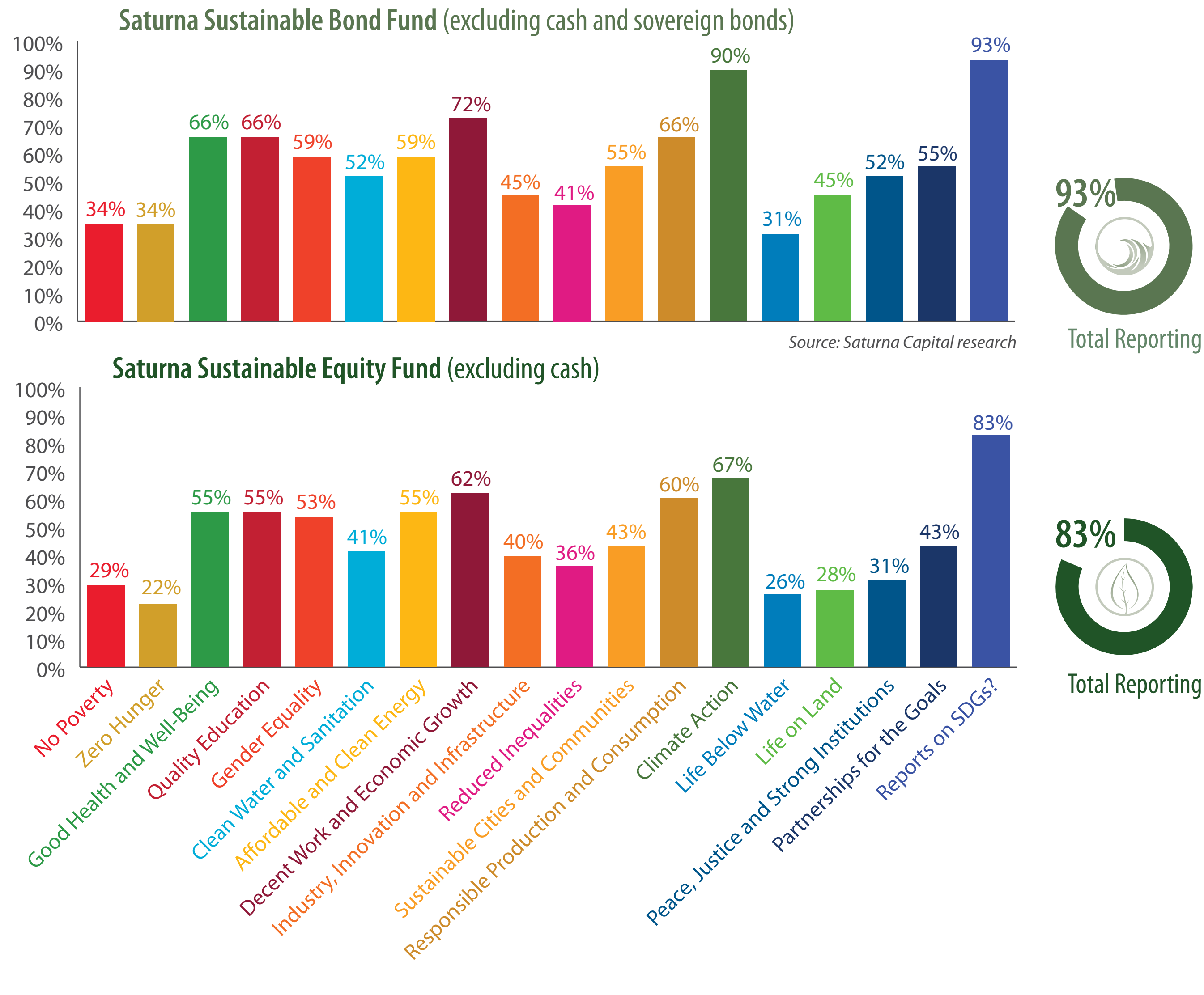
Quantitative Target

Has a quantitative target for at least one SDG



SDG reporting has substantially improved from last year. In our portfolios, the total percent of corporate issuers reporting on the SDGs for the Sustainable Bond Fund went from 73% to 93% (it should be noted that this percentage excludes roughly 29% of holdings in the portfolio issued by sovereign entities, such as the United States, Mexico, and Columbia – these entities do not report on the SDGs in a way that can be meaningfully attributed to the debt securities they issue and are therefore excluded), and the Sustainable Equity Fund went from 69% to 83%. More companies are listing their specific contributions to SDGs. This increase in reporting also emphasizes the necessity of incorporating deeper data into our investment process. As firms start to adopt the SDGs, it is important to recognize which entities are setting and making progress towards quantitative targets versus those who only make general statements. Additionally, many companies are not reporting on important goals that are relevant to their sector. Only 38% of holdings as measured across both Funds report on SDG 10, reducing inequalities, and 38% report on SDG 16, which focuses on good governance and transparency.*

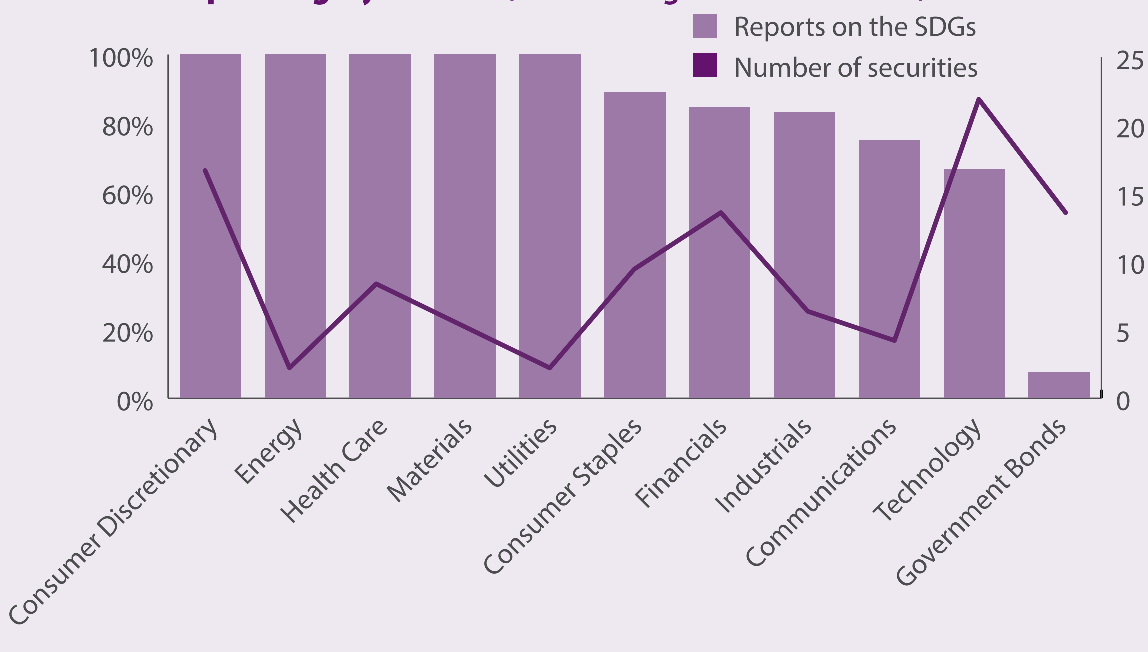
Fund Holdings Reporting on the SDGs (% by number of holdings)*



** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

SDG reporting across our holdings has increased in every sector from last year. The graph below shows the combined holdings of both Sustainable Bond Fund and Sustainable Equity Fund by number of holdings (not market value) which shows SDG reporting by sector. In total, 76% of our 99 holdings report on at least one SDG. This is up from 68% of our holdings in 2019.

SDG Reporting by Sector (all holdings of both Funds)



CASE STUDIES

3 GOOD HEALTH AND WELL-BEING

GOOD HEALTH AND WELL-BEING GOAL 3

Ensuring healthy lives and promoting well-being for all, at all ages, is important to building prosperous societies

Throughout the COVID-19 crisis, the need for an intense focus on this goal has become more apparent than ever. The virus presents a humanitarian crisis that exposes the weaknesses in how employers address health and safety. As investors and global citizens, we believe it is of paramount importance to review the corporate response to this crisis, as poor management of employee safety is not only immoral but also can hurt the business.

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

Companies have a strong Health and Safety Management System	Sustainable Bond	75%
	Sustainable Equity	45%
	MSCI ACWI	27%

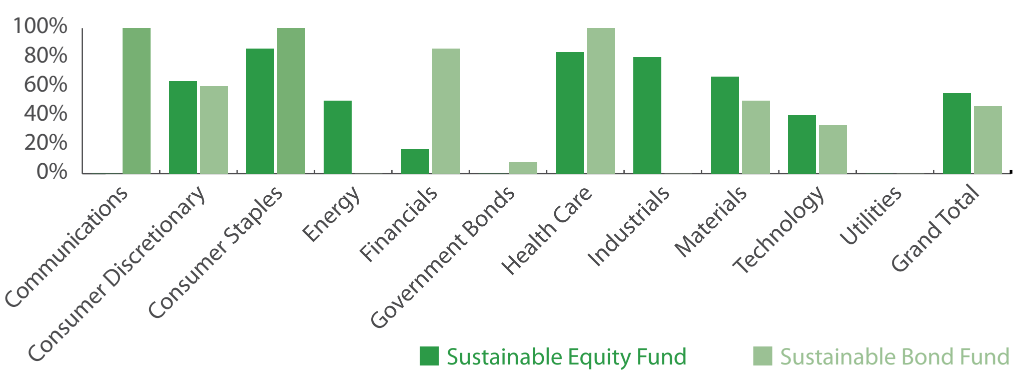
In order to be included, companies must have a managerial responsibility for health and safety issues, along with performance monitoring and measurement alongside reporting.

Case Study

Roche is a pioneer in healthcare and a frontrunner in personalized healthcare. One of the targets within this goal is to strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction, and management of national and global health risks. Roche has been active in the global effort to contain the spread of COVID-19. They recently received FDA approval for a highly accurate antibody test. Roche has also entered into a deal with the UK government to roll out a testing program across England by supplying up to 10 million tests.[2] Early testing and research into COVID-19 will likely be a major component of stopping the disease.

Beyond the specific contributions to COVID-19, they also have the ability to make a significant impact on the affordability and availability of healthcare. While there remains room for improvement, they have been acknowledged by the Dow Jones Sustainability Indices as an industry leader in addressing drug costs.[3] For example, the company provides a program in Pakistan where the costs of some cancer medications are split 50/50 by Roche and the Pakistani government and provided free to citizens. In 2019 the program benefitted around 8,600 people.[4]

SDG 3: Sustainable Development (% reporting by number of holdings)*



** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

5 GENDER EQUALITY

SUSTAINABLE DEVELOPMENT GOAL 5

Achieve gender equality and empower all women and girls

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

Gender equality is an important component of Saturna Capital's internal investment process. Research has shown that a more gender-diverse board and management team correlates with better profitability.[5] Diversity is a component of our quantitative ESG model and also part of our qualitative analysis. Beyond the holdings in the portfolio, Saturna supports these ideals in practice. According to Morningstar only 10.7% of active mutual fund managers are women.[6] Within Saturna's Sustainable Funds, 50% of the managers of Saturna Sustainable Equity Fund and Saturna Sustainable Bond Fund are female. Across the firm, the percentage is close to 22%. The inclusion of a more diverse investment team helps foster a broader perspective within our investment decision-making process.

In addressing the impacts of COVID-19 we also acknowledge that the pandemic is likely to impact women disproportionately versus men.[7] The recession has had a severe impact on service industries that typically hire female employees, like restaurants and hotels. Additionally, the closure of schools and daycare facilities is likely to impact women as the primary caretakers more than their male counterparts. Companies with strong policies, flexible work schedules, and consistent reporting will ultimately continue to reap more of the benefits of a diverse workforce.

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

		2020	2019	Change
Three or more women on the board	Sustainable Bond	78%	67%	11%
	Sustainable Equity	64%	70%	-6%
	MSCI ACWI	37%	48%	-11%
33% or more women on the board	Sustainable Bond	63%	47%	16%
	Sustainable Equity	45%	43%	2%
	MSCI ACWI	20%	25%	-5%

** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

5 GENDER EQUALITY

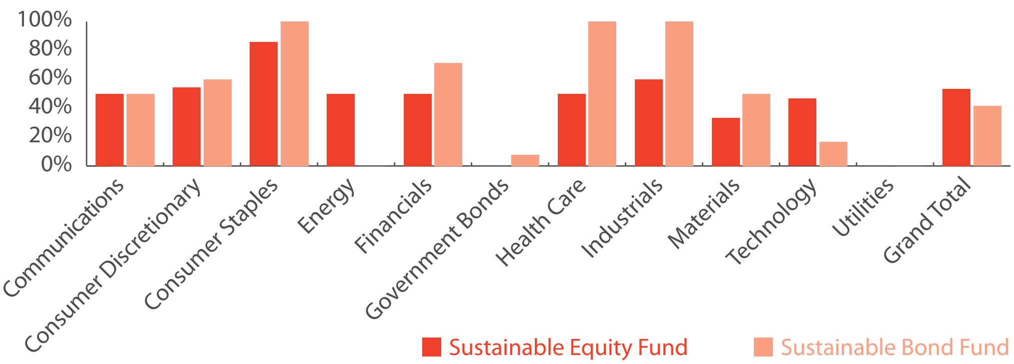
SUSTAINABLE DEVELOPMENT GOAL 5

Case Study

AXA has performed well in reaching gender parity on their Board of Directors. In 2019 their board was 53% female. The company has also set quantitative targets to reach gender parity among senior executives, and eliminate gender pay gaps by 2023. We view their efforts favorably as they have set and reached firm targets related to gender, especially related to their board.[8] Currently only 32% of top senior executives are women, so progress is still needed for parity, but they disclose and track their progress through time and have implemented programs to achieve this goal.

- Among the shortlisted applicants for each open senior position, will be at least one man and one woman.
- AXA has increasingly disclosed gender pay information for several business segments.

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



** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

SUSTAINABLE DEVELOPMENT GOAL 7

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

Improvements in energy efficiency and use of renewable energy on a corporate level can not only improve operational cost savings but can 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. During portfolio selection, we consider a company's use of renewable energy and their renewable energy programs. In both KPIs, the Saturna Sustainable Equity Fund and Saturna Sustainable Bond Fund have improved while the index has declined.

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

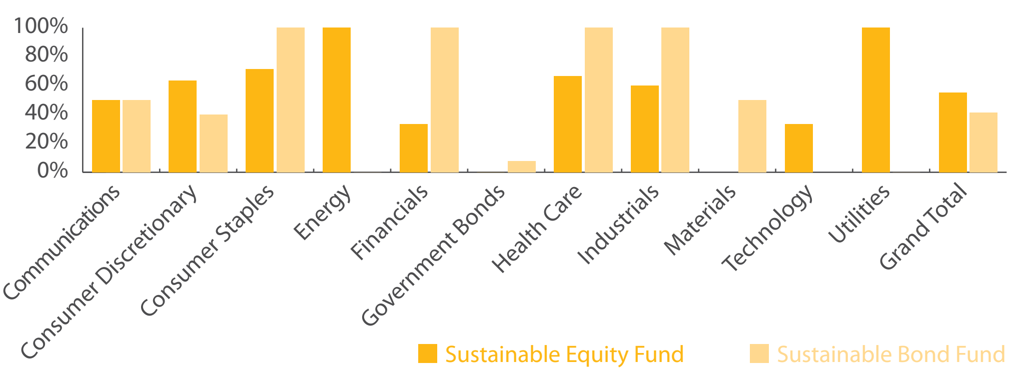
		2020	2019	Change
Implemented renewable energy program quantitative targets with clear deadlines	Sustainable Bond	70%	41%	29%
	Sustainable Equity	40%	32%	8%
	MSCI ACWI	15%	17%	-2%
More than 10% of company's primary energy use comes from renewable energy sources	Sustainable Bond	80%	36%	44%
	Sustainable Equity	53%	46%	7%
	MSCI ACWI	16%	22%	-6%

Case Study

Koninklijke Philips is a Dutch health technology company. The company has made the transfer to renewable energy a firm-wide priority. Currently, the company reports that 95% of operations and 100% of their manufacturing sites are powered by renewable energy.[9]

- US operations are powered by renewable electricity from the Los Mirasoles windfarm.
- On-schedule opening of Windpark Krammer windfarm in 2019 by a Dutch monarch makes Philips' Netherlands-based operations 100% powered by renewable energy.

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



** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

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 without harming the environment. This goal is of particular importance given the breadth and depth of the current economic crisis. Strong economic recovery starts with access to good and safe employment.

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

Initiatives to reduce the social risks in its supply chain	Sustainable Bond	89%
	Sustainable Equity	91%
	MSCI ACWI	73%
Initiatives to train new and existing employees on career development - at all levels	Sustainable Bond	93%
	Sustainable Equity	95%
	MSCI ACWI	85%

** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

8 DECENT WORK AND ECONOMIC GROWTH

Case Study

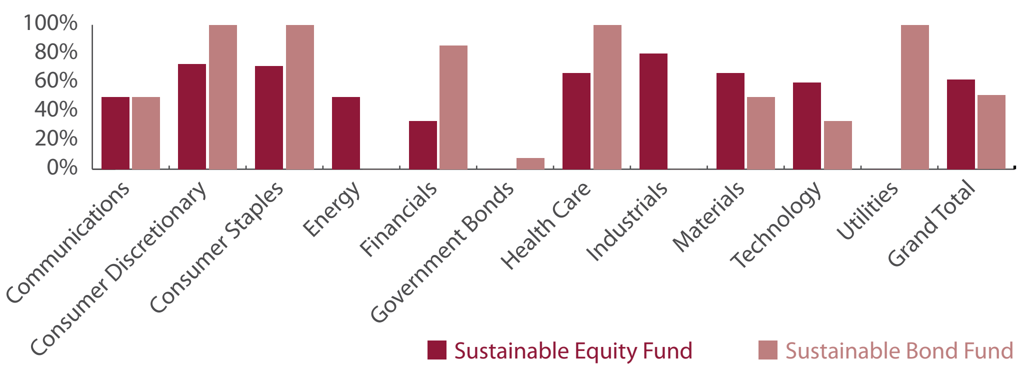
Majid Al Futtaim focuses on the development and operation of malls, retail stores, entertainment hubs, and leisure facilities. SDG 8 is one of their firm-wide focus goals.

Majid Al Futtaim has put policies in place to promote safety across the business and supply chain and protect labor rights including wages and benefits, gender equality, child labor, health and safety, and employee accommodation. Additionally, through learning and development centers in Egypt and Georgia, they aim to encourage entrepreneurship and skills development in local communities to drive economic growth and employment.

- All operating companies must promote the advancement of international human rights by ensuring accommodation and employment conditions for all employees and direct (Tier 1) contractors must comply with the International Labour Organisation's eight core conventions from 2018-onwards.
- In 2019 they implemented an expanded company-wide Employment Conditions Policy covering 44,000 employees. Of the 19 major construction projects under management in 2019, 14 completed the year without any lost time or major incidents.

The company continues to be a thought leader in ESG in the Middle East, ahead of many companies in terms of policies and reporting. In addition to forward-thinking policies on worker safety and development, they were the first in the region to achieve LEED certification across their properties portfolio and target an energy net-positive business model by 2040.[10]

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



** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

10 REDUCED INEQUALITIES

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.[11] 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.

In light of recent events we have strengthened our reporting standard, only showing companies that have a very strong discrimination policy versus just an adequate one as reported last year. Note both years are showing companies with strong policies. In order to be included, a company must list the types of discrimination they are committed to eliminate, and in committing to ensure equal opportunity, they must also reference the International Labour Organization (ILO) conventions.

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

		2020	2019	Change
Has strong discrimination policy	Sustainable Bond	46%	46%	-1%
	Sustainable Equity	55%	45%	9%
	MSCI ACWI	17%	21%	-4%
Has strong diversity policy	Sustainable Bond	55%	57%	-2%
	Sustainable Equity	35%	34%	1%
	MSCI ACWI	17%	22%	-5%

** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

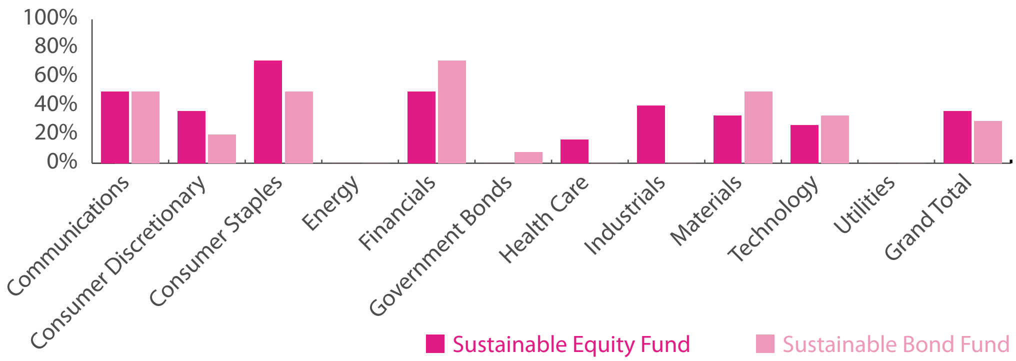
Case Study

Microsoft develops, manufactures, licenses, supports, and sells computer software, consumer electronics, personal computers, and related services. Transparency is key to change, and companies that have very strong policies on diversity and inclusion, as well as disclose relevant information to track their progress, are viewed favorably. 86% of Russell 1000 companies disclose that they have a diversity and inclusion policy, yet only 11% actually disclose their targets.[12]

Microsoft has ranked very highly in workforce transparency and is one of only 4% of companies on the Russell 1000 that actually disclose a detailed demographic report.[13] Additionally, they have programs that actively promote diversity and inclusion.

- They lead the TEALS program, which connects teachers with tech-industry volunteers to build a diverse pipeline of talent for the future.[14]
- They offer 20 weeks paid maternity leave and require suppliers to offer paid paternal leave.
- They collaborate with historically Black colleges and universities and other diverse universities to encourage students to pursue studies in computer science and related STEM fields.

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

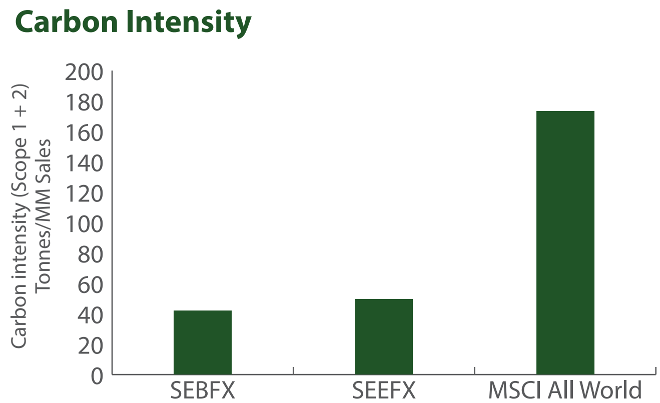


** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

SUSTAINABLE DEVELOPMENT GOAL 13

Take urgent action to combat climate change and its impacts

"It is imperative that we not only restart the world economy — but also reset it. It would be a tragedy if after spending US$10 to 20 trillion of public money we simply rebuild the same unequal, vulnerable and high carbon economy we had before," - *Dr. Andrew Steer, President and CEO of World Resources Institute.*[15]



Building a low-carbon economy is one of the most important challenges we must face. As an investor, Saturna factors in repercussions of climate change and carbon risks to our portfolios in every investment decision within the Sustainable Funds. Tracking trends in carbon intensity, GHG reduction programs, and how a company compares with its peers are all part of the analysis. As the world begins to recover from the COVID-19 crisis, forward-thinking companies will be better positioned going forward to thrive in the new economy.

Saturna Sustainable Equity Fund has only 1/3 of the carbon intensity of the MSCI All-World Index, and Saturna Sustainable Bond Fund has only 1/5 of the intensity. The investment process favors companies that are leaders in curtailing greenhouse gas emissions.

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

		2020	2019	Change
Discloses Scope 1 and either Scope 2 or Scope 3 GHG Emissions	Sustainable Bond	100%	88%	12%
	Sustainable Equity	90%	90%	0%
	MSCI ACWI	64%	73%	-9%
Has strong greenhouse gas reduction program	Sustainable Bond	82%	76%	6%
	Sustainable Equity	74%	79%	-5%
	MSCI ACWI	49%	57%	-8%
Carbon intensity below industry mean	Sustainable Bond	73%	56%	17%
	Sustainable Equity	48%	46%	2%
	MSCI ACWI	26%	30%	-4%
Carbon intensity decline more than 10% in past three years	Sustainable Bond	73%	48%	25%
	Sustainable Equity	48%	40%	8%
	MSCI ACWI	27%	32%	-5%

** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

13 CLIMATE ACTION

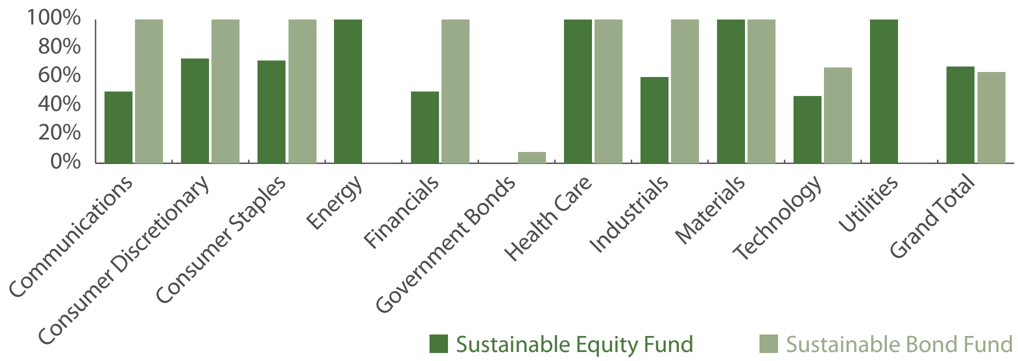
Case Study

Stora Enso specializes in the production of paper, packaging boards, and wood products. Their CEO was one of 150 company CEOs to sign a statement of their intention to aggressively pursue climate action in the face of COVID-19. The signatories acknowledge that in the face of these crises, we cannot afford to tackle only one or the other. Human health depends on planetary health.[16]

The company's carbon intensity is well below their industry median. As a forestry company, they face considerable challenges on the pathway toward a carbon-neutral economy, but also have the opportunity to make a large impact as an industry leader. They have been top ranked by both the Transition Pathway Initiative and the Carbon Disclosure Project (CDP) as a leader in climate action and management quality.[17]

- The company has reduced their CO_2 emissions per saleable tonne of pulp and paper by 25% since 2010.
- By substituting fossil-based materials, Stora Enso's products saved an estimated 20 million tonnes of CO_2 in 2019, which is comparable to the average annual CO_2 emissions of 5.1 million cars.
- Suppliers of the company need to respond to a set of questions about their CO_2 emissions, contributing to science-based emissions targets.

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



** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

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 with strong anti-bribery and anti-corruption policies.

Good governance is the foundation upon which good corporate decisions are made, and where the full integration of ESG factors starts.

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

		2020	2019	Change
> 75% board independence	Sustainable Bond	75%	69%	6%
	Sustainable Equity	60%	55%	5%
	MSCI ACWI	39%	44%	-5%
Has adequate anti-bribery and anti-corruption policies†	Sustainable Bond	87%	93%	-6%
	Sustainable Equity	75%	85%	-10%
	MSCI ACWI	41%	64%	-23%

† There appears to be a broad decrease across the board from 2019 to 2020 of companies with an adequate policy. Part of this is due to the higher standard of reporting required to be "adequate". A policy needs to have a prohibition of bribery, a definition of bribery or corruption, and also a definition of conflicts of interest and commitment to minimize those. A general statement about the issue no longer is considered adequate.

** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

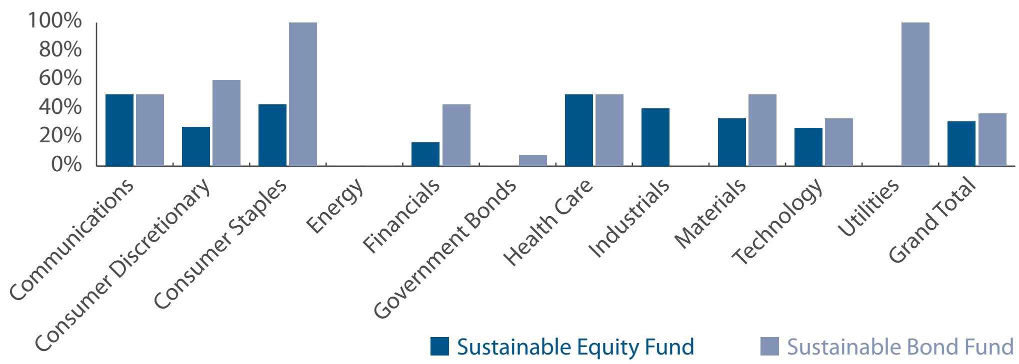
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Case Study

Schneider Electric provides energy and digital automation solutions for efficiency and sustainability. The company continues to have very clear disclosure about contributions to the SDGs and how their governance policies fit within that framework. Despite governance being one of the most important aspects to an investment decision, relatively few companies disclose their specific contribution to SDG 16.

- Ninety percent of their board is independent, and 35% are female.
- The company has a zero-tolerance policy for corruption including hidden payments, kickbacks, or facilitation payments.
- The company has a strong Anti-Corruption Code of Conduct.
- They developed an anti-corruption e-learning program, which is mandatory for employees whose job functions expose them to such risks.
- The company supports responsible lobbying, political activity, and donations.
- They respect the rights of workers to form and join unions.
- They support equal rights and fair treatment of LGBTQ+ people.

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



** Excluding holdings issued by sovereign entities, such as US Treasurys and foreign government bonds.*

FUND STRATEGY OVERVIEWS

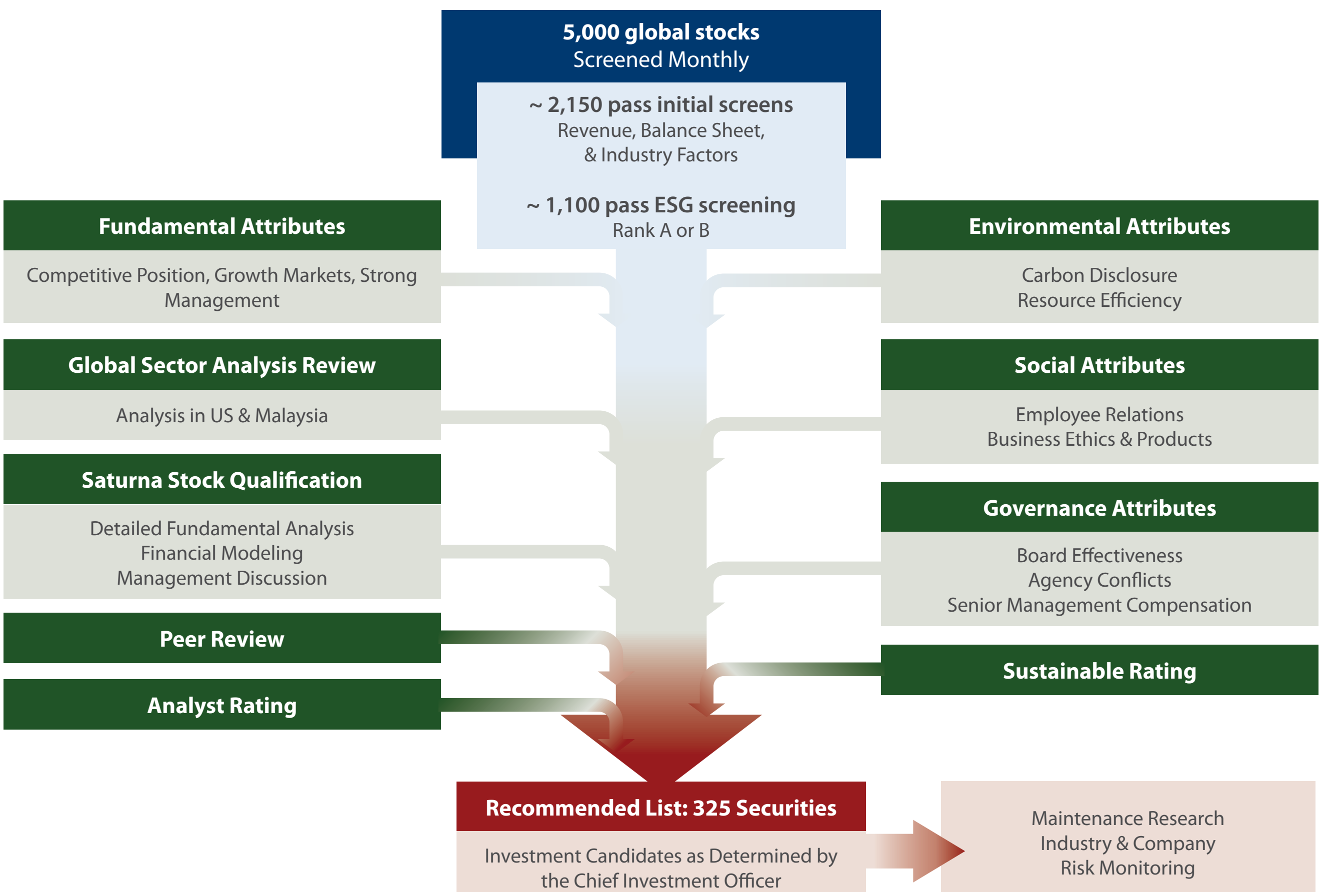
SATURNA SUSTAINABLE INVESTMENT PROCESS

Saturna 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 and strong balance sheets.

Investment Process - Equity

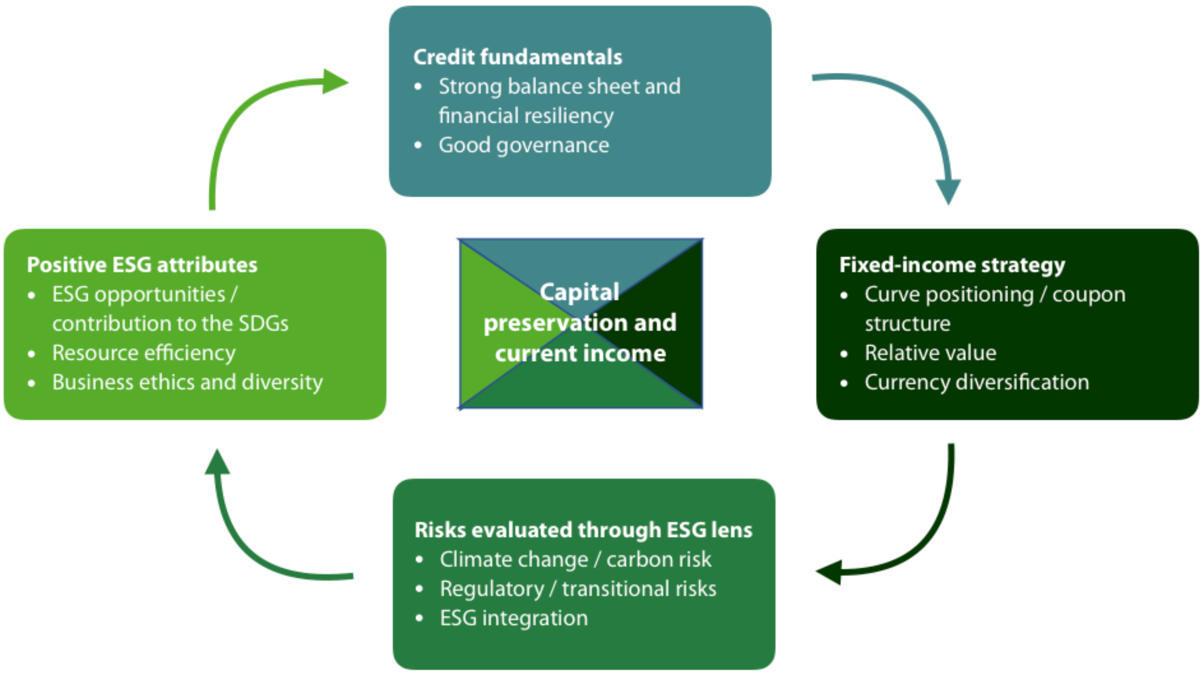
As part of the integrated ESG investment process specialized for equities, Saturna seeks to invest in issuers that demonstrate sustainable characteristics. Sustainable issuers are generally larger, more established, consistently profitable, financially strong, and with low risks to ESG. Issuers generally have sustainable profits, strong balance sheets, management strength, high quality operations, risk consciousness, low debt, and established business.

The graphic below details the equity research process.



Investment Process - Fixed Income

Within the fixed-income strategy, ESG is integrated into a wholistic analysis that includes positive and negative ESG characteristics, credit fundamentals, and overall portfolio strategy. All factors are considered with a central goal of capital preservation and current income. Ultimately, we believe issuers who excel when viewed through the lens of environmental, social, and governance standards will contribute to portfolio risk reduction and long-term value for investors.



Risks of Investing

Investing in securities 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. 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.

SUSTAINABLE EQUITY FUND CHARACTERISTICS AND ALLOCATION

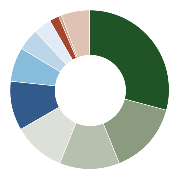
Investment Strategies

Under normal conditions, the Sustainable Equity 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.

SECTOR ALLOCATION

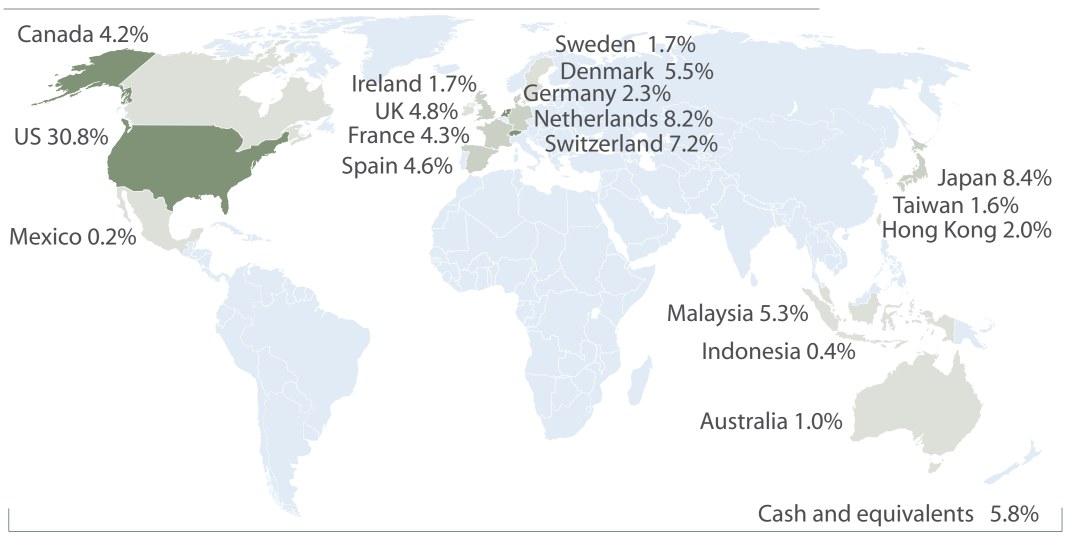
Technology	29.40%
Consumer Discretionary	14.62%
Health Care	12.14%
Consumer Staples	10.62%
Industrials	10.04%
Financials	6.86%
Materials	4.49%
Energy	3.64%
Utilities	2.00%
Communications	0.38%
Cash and equivalents	5.81%



TOP 10 HOLDINGS

	% of Net Assets
Adobe	3.77%
Apple	3.16%
Hartalega Holdings	2.64%
Microsoft	2.53%
Dassault Systemes	2.26%
L'Oreal ADR	2.18%
Schneider Electric ADR	2.14%
Novozymes ADR	2.13%
Sony ADS	2.09%
Legrand	2.04%
Total	**24.94%**

COUNTRY ALLOCATION



Data as of June 30, 2020. Country and sector weightings are shown as a percentage of total net assets.

SATURNA SUSTAINABLE BOND FUND CHARACTERISTICS AND ALLOCATION

Investment Strategies

When evaluating the Fund's strategy, we are mindful of an issuer's credit rating profile, sustainability, governance factors, and of macro and global economic trends. The Saturna Sustainable Bond Fund differed from the FTSE WorldBIG® Index in the first quarter with respect to issuers, currency allocation, credit ratings, and coupon structure. The Fund had a shorter duration and was more conservative compared to the Index's large allocations to the euro and the yen. The Fund's coupon structure was more diverse, and the Index did not allocate to step-up or fixed- to-floating rate securities. These differences were aimed to position the Fund's portfolio for excellent long-term performance with an emphasis on capital preservation.

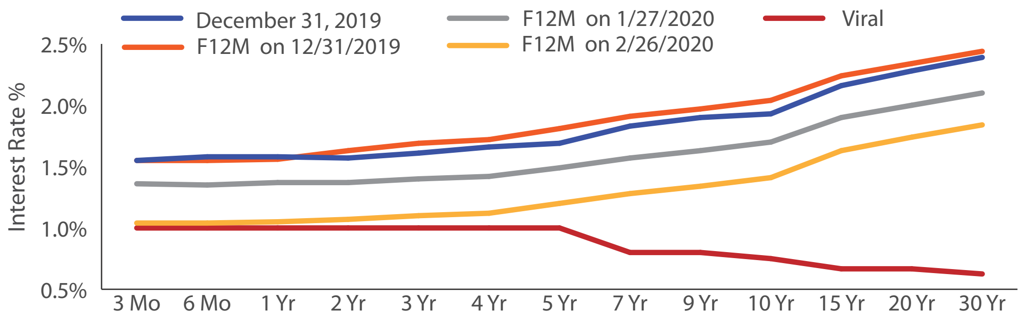
How we approached the investment climate and mounting risks prior to the coronavirus directly affected how we insulated clients during the extreme market downturn. Due to that approach, the Sustainable Bond Fund is well-positioned to benefit from the opportunities ahead.

Long before the end of 2019, we had been taking proactive measures to reduce risk. We have been tracking data indicating elevated risks, some at excessive levels. Some examples include:

- Excessive financial engineering was prevalent. Many of these financial engineering schemes were funded through debt issuance.
- The number and frequency of yield curve inversions observed around the world grew. The Overnight Index Swap rate (OIS) inverted on April 9th, 2018, and thirteen months later, on May 9th, 2019, the US yield curve inverted, marking the fourth such inversion. By the time of the US Treasury yield curve inversion there was a sequence of other inversions leading up to the fourth inversion.
- In August of 2018, the strong US dollar began creating US dollar funding issues for over-indebted emerging market issuers. This, in part, led to a US dollar liquidity imbalance causing market volatility at the end of 2018.
- At the end of 2019, negative-yielding debt exceeded $11.2 trillion, down from its apex of $17.0 trillion back in August of 2019, as the 10-year German government Bund yield fell to a near all-time low of -0.71%.
- At the end of 2019, Greece's 10-year debt was yielding 1.47%, 45-basis points below the US Treasury which was yielding 1.92%. It wasn't long ago that the Greek debt crisis was a threat to the stability of the European Union.

Each of these examples points to weaknesses we saw even before the coronavirus pandemic disrupted the global economy.

Yield Curve Projections: 12m Forward Interest Rates as of Date Against Virus Curve

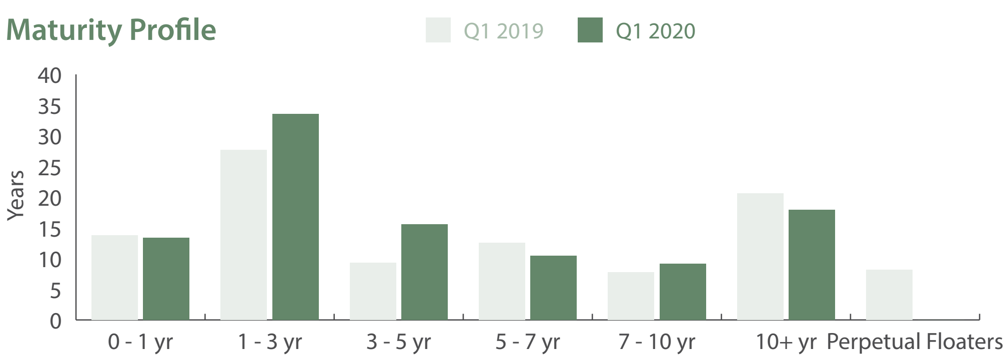


Duration and Yield Curve Management

We believed macro-economic risks were elevated enough late January through early February of 2020 that we were likely to experience a severe rough patch. In late January of 2020, we ran simulations on the potential impact of the coronavirus on the US Treasury yield curve. These simulations offered valuable insight on macro-economic factors such as GDP, inflation, currencies, and global rates. We have included forward yield curves, labeled F12M for the period of December 2019 through February 2020, against our simulated curve. The rate movements in early February confirmed that we would likely experience a risk-off environment. The collapse in US interest rates created a series of other knock-on effects on other asset classes with equities, the credit markets, cash markets with liquidity drying up, and foreign exchange markets. While we underestimated the adversities ahead of us, we were largely able to step out of harm's way.

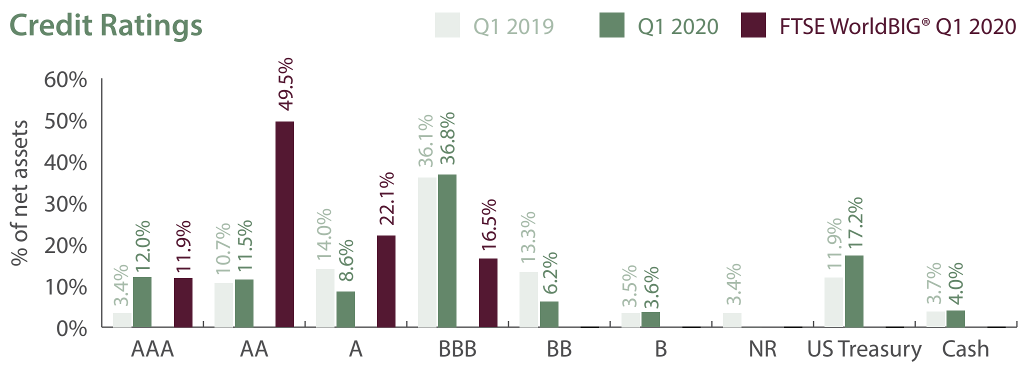
As a complement to our upward movement in credit quality and defensive focus among counter-cyclical industries, we also used strategies such as employing a butterfly, an allocation similar to a barbell strategy, which prioritizes owning positions on the long end and short end of the yield curve. The rationale of this strategy is take advantage of the changes in the yield curves, specifically a decline in rates in the front and long end of the yield curve, while reducing exposure to the belly of the curve, otherwise issues with maturities in the 3- to 7-year range.

Maturity Profile



Credit Ratings

The Sustainable Bond Fund had greater exposure in higher-investment grade credit issuers when compared to the prior year. At the end of 2019, the Sustainable Bond portfolio held 48.4% of its assets in AAA through single A-rated issuers, up from 30.9% at the end of 2018. We took additional defensive measures by focusing on industries that are better positioned to weather an adverse economic climate. The Sustainable Bond Fund honors the divestment campaign and does not own any issuer tied with fossil fuel extraction or related downstream industries. The Fund has a heavy emphasis on the consumer non-cyclical industries, such as the food industry, business services, technology, government, and government-related issuers. The byproduct of the Fund's intentional positioning helps insulate against market stresses and risks.



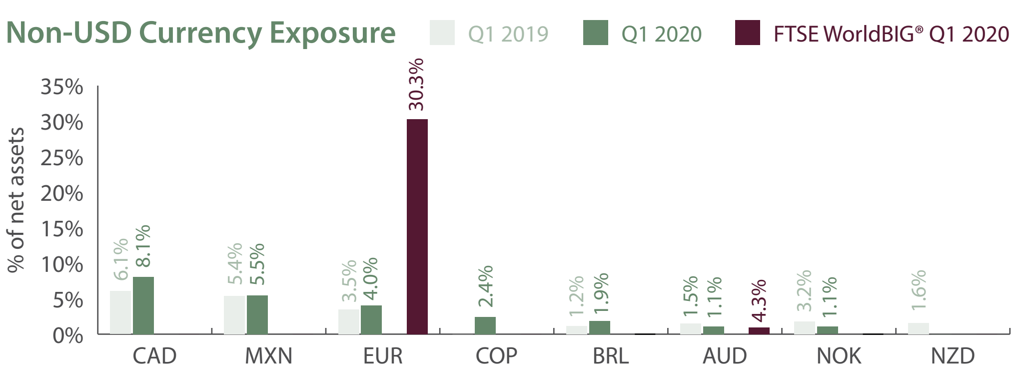
Credit ratings are the lesser of S&P Global Ratings or Moody's Investors Service. If neither S&P nor Moody's rate a particular security, that security is categorized as not rated (except for US Treasury securities and securities issued or backed by US agencies which inherit the credit rating for the 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

Consistent with our Fund's mandate to incorporate a global exposure of both US dollar and non-US dollar securities, we reduced our exposure to non-US dollar issuers as a means of insulating against risk. At the end of the first quarter, non-US dollar currency exposure was 24.0%, down from 28.9% at the end of the third quarter of 2019. Our allocation among non-US dollar exposure emphasized higher-grade issuers where possible. Some of the issuers included AAA-rated supranational institutions such as International Finance Corporation, a member of the World Bank Group, whose objective is focused exclusively on the private sector in developing countries. This particular issue was a green bond with a Mexican peso exposure. Others included the Province of Ontario's green bond, with a credit rating of AA- by Fitch, to provide a Canadian dollar exposure.

Our non-US dollar strategy is focused on deglobalization, which emphasizes a potential environment of regionalized trade taking precedent over a global theatre; this is sometimes referred to as the 'tri-polar world.' Under this potential scenario, regional trading is prioritized in the Americas, Asia, and Europe. Recent US 'enhanced' trade agreements reflect these growing alignments. An example is the recent passage of the Revised NAFTA agreement, sometimes referred to as the USMCA North American trade agreement, which was passed by the Senate on January 16, 2020.[18] Another potential of the advance of deglobalization has been the notable limitations of global supply chains during the COVID-19 outbreak. It is highly likely that many governments and companies will reevaluate the advantages and risks of their extended supply chain.

At the end of the first quarter, the Fund's non-US North American exposure was 13.6%. The Fund's South American exposure was 4.3%, 2.4% in Columbian peso and 1.9% in Brazilian real. The Sustainable Bond held a 4.0% to the euro, far below the FSTE benchmark's 30.3% allocation. The rationale for the lower euro allocation is that most debt securities trade in Europe at a low or negative interest rate (negative yield). We don't find negative-yielding debt to be consistent with the investment objective of capital preservation. Following the FTSE WorldBig's allocation to the euro is the Japanese yen, with a 10.3% weighting, followed by the British pound at 4.1%.[19]



Green Bonds

At the end of the first quarter, 25% of the Sustainable Bond Fund assets under management (AUM) held green bonds.

Strategic Outlook

In June of 2020, the International Monetary Fund (IMF) revised their Global Economic Outlook, projecting a more challenging environment than was previously forecast in April of 2020. The IMF anticipates global growth to decline by -4.9%, down -1.9% below their April 2020 forecasts of -3.0%, far more than the output loss seen during the 2008–09 global financial crisis of -0.1%.[20, 21]

The onset of large government-sponsored stimulus packages is helping to stabilize financial markets by bringing needed liquidity and broad support for families and businesses. Time will show how effective these stopgap measures will be. The full extent of economic damage caused by the pandemic is still unclear; however, we know that it has exacted a tragically high toll of deaths and illness, as well impairing many businesses. By the end of the first half of 2020, credit rating agency S&P downgraded 1,592 issuers, representing a 101% increase over the 792 downgrades made during the entire year of 2019.[22]

These challenges also provide significant opportunities for us to monitor. We have found favorable relative value prospects that have not been seen before, and we are looking at issuers that have been mispriced due to the broad market sell-off. Other opportunities exist among security structures, such as floaters, as well as in non-US dollar currencies.

The Sustainable Bond Fund is extremely well-positioned to benefit from these opportunities. Our large concentration of high-investment grade securities, in conjunction with our industry allocation among issuers in the consumer staples industry and government-sponsored bonds, offers the fund considerable flexibility.

Our progress can be tracked with our quarterly commentaries.

Ownership of Securities Mentioned

As of June 30, 2020, the Funds held the following percentages of securities in their portfolios (% of net assets):

	Saturna Sustainable Bond	Saturna Sustainable Equity
Axa	2.00%	
Majid Al Futtaim	4.09%	
Microsoft	5.10%	2.53%
Philips	4.19%	1.62%
Roche	0.79%	1.73%
Schneider Electric		2.14%
Stora Enso	0.87%	

Footnotes

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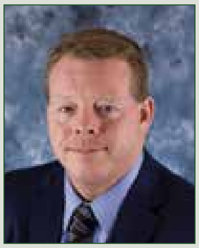
About the Authors

Jane Carten MBA
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®
Senior 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** is the average amount of time until receipt of all interest and principal payments due. When call options and other security-specific covenants can add uncertainty about the timing of payments, observed market prices may be used to determine the implied timing when calculating effective maturity.*

***Effective duration** and **modified duration** are measures of a fund's sensitivity to changes in interest rates and the markets. A fund's modified duration is a dollar-weighted average length of time until principal and interest payments must be paid. Longer maturities typically indicate greater sensitivity to interest rate changes than shorter maturities. Effective duration differs from modified duration in that it accounts for the optionality embedded in call options and other security specific covenants that can change expected cash flows as the result of the movement of interest rates. Longer durations tend to indicate greater sensitivity to interest rate changes than shorter durations.*

Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about the Saturna Sustainable Funds in a current prospectus or summary prospectus, please visit www.saturnasustainable.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 Saturna Sustainable Funds.

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