

Fund Commentary

Q1 2020





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Common sense tells us markets are not linear, while the old joke tells us “common sense” is anything but. Until the fourth quarter of 2018, market volatility had become easy to forget amid steady gains and minimal drawdowns following the Global Financial Crisis (GFC). In the fourth quarter of 2018 we received a lesson in the lack of linearity, but the bull market of 2019 quickly healed wounds and the downturn faded from memory. This year, after a buoyant start to the new decade, investors suddenly woke to the realization that the novel coronavirus and associated COVID-19 illness are serious issues with unpredictable, yet hugely significant economic ramifications. This provided a renewed reminder that markets can fall as easily as rise, and often do so violently.

The sell-off has been jarring but one need only zoom out 15 months to find a market level lower than the first quarter S&P 500 Index close of 2584.59. The downturn in the fourth quarter of 2018 took the Index to a low close of 2351.10 on December 24, while the corona-crisis dropped the index to 2237.40 on March 23 before rebounding. The sell-off was fast and the recovery to date has been unpredictable, leading us to repeat a core maxim; we believe the best course of action is to remain invested. When markets are suffering double-digit single-day declines and breaking records set in the 1920s and 30s, nerves of steel may be required...but we think such drawdowns can present good opportunities in equities. Time and again, investors exit the market after it has already declined, thinking they'll get back in at a lower point, only to watch market indices rebound past their point of sale. It's difficult to remain invested today. It was also difficult to remain invested during the GFC but the S&P 500 Index was back above water within two years. Measured from the trading day before Lehman Brothers declared bankruptcy on September 15, 2008, through the pre-virus peak on February 19, 2020, the S&P 500 Index has enjoyed an 11.40% annualized return.

Nerves of steel may be required . . . but we think opportunities in equities are especially good.

S&P 500 Index (September 12, 2008 - March 31, 2020)

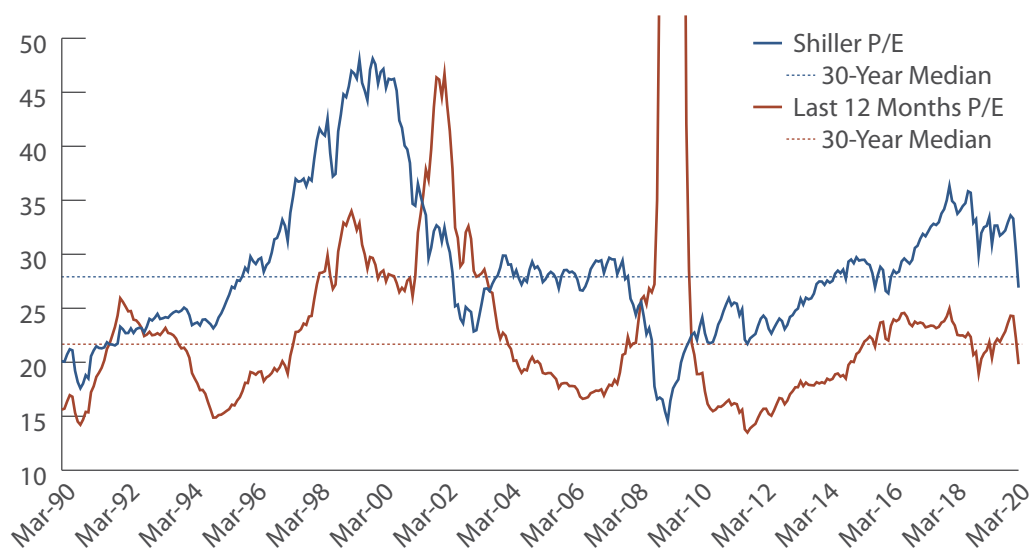


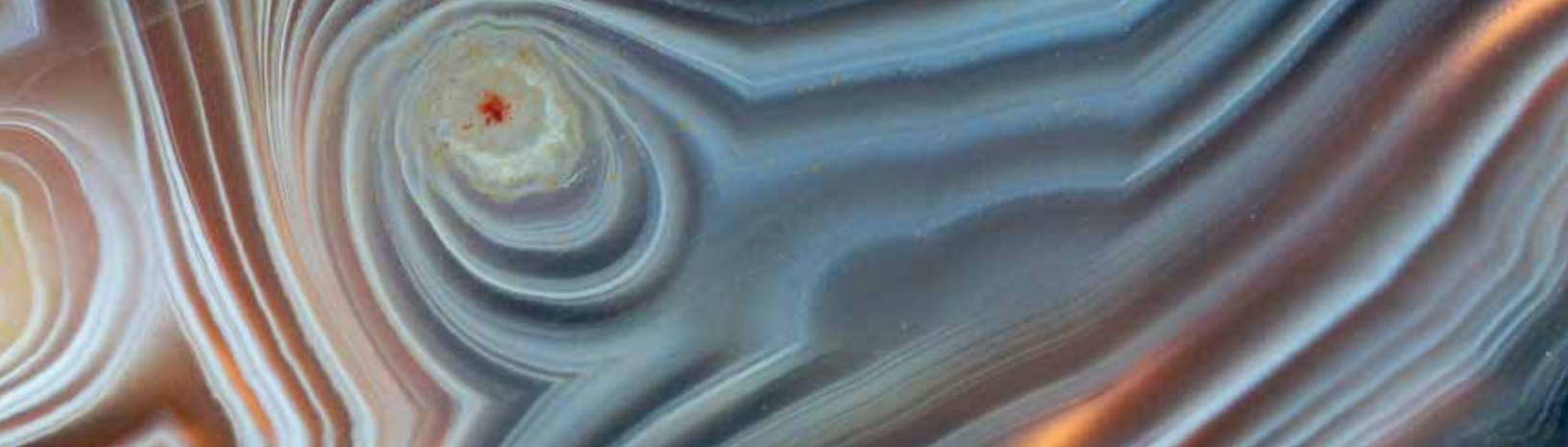


Valuation View

We cannot give any assurances that the market will not re-test the lows of March. With the widespread economic disruption caused by the virus and the unprecedented government actions taken to combat it, further swoons are, perhaps, inevitable. That, however, does not detract from our message that attempting to time such moves will likely diminish portfolio values. It may be easier for investors to maintain their market exposure when reviewing current valuations. Stretched valuations have been a source of concern for some time. Reduced tax rates, improving margins, and higher returns on capital from a tech-heavy market have all been rolled out as explanations. Of course, the current economic slowdown/shutdown will dramatically depress earnings for a time, but investors are likely to look through that to the day when conditions return to normal. In this sort of environment, the Shiller P/E ratio (also known as the CAPE ratio)¹ becomes the best lens through which to view valuations. As we can see in the chart below, the Shiller P/E ratio has returned to the 30-year median. While not representing the fire sale valuations of the GFC, one can make the case that the financial disruptions of that time raised legitimate questions regarding the survival of the system, while the coronavirus is an exogenous event from which we should be able to recover. Certainly, China has presented encouraging signs in that regard.

Shiller and Last 12 Month P/E Ratios





A Source of Resilience

We believe the Sextant Funds are well-placed for the current environment, especially in light of concerns surrounding financial sustainability and liquidity. The core investment philosophy of the Sextant Funds has always been to seek companies demonstrating financial sustainability, which can be likened to a moat protecting against the slings and arrows of outrageous fortune. We believe minimizing losses plays a key role in investment success. When logistics grind to a halt, customers evaporate, and liquidity tightens, a strong balance sheet and skilled management can provide resilience and financial strength that has undoubtedly been a contributing factor to Fund performance. While absent specific debt guidelines for the Funds, we rate companies based on the level of their total debt to market capitalization, assigning a letter grade to different levels, with A-rated stocks being the least indebted, D-rated stocks the most financially stretched, and F-rated stocks engaged in prohibited activities. Over the first quarter of the year we see a clear correlation between debt levels and stock performance.

Performance of US Equities with market capitalization greater than \$5 bn as of 3/31/2020²

Letter Grade	A	B, C or D	F	All
Median Total Return YTD	-18.69%	-24.63%	-28.86%	-21.74%
Average Total Return YTD	-17.17%	-25.44%	-27.72%	-21.50%
Number of Companies	262	101	118	481
Median Mkt Cap (bn USD)	\$16.43	\$12.44	\$16.51	\$15.69

A wide range of variables determines how any stock performs but removing financial frailty from the equation makes intuitive sense. We might also note it accurately describes the approach Saturna Capital takes to managing its own business. Our balance sheet reflects our investment philosophy, with no debt and ample reserves. He's no Shakespeare but Warren Buffet once observed, "It's only when the tide goes out that you learn who's been swimming naked." Rest assured, Saturna Capital is appropriately attired.

Sextant Growth Fund

As of March 31, 2020

After two strong years in 2018 and 2019, the Sextant Growth Fund faltered slightly as the bull market continued its run through January and the first part of February. When coronavirus fears took hold, however, the Fund demonstrated defensive characteristics that helped it recover by the end of the quarter. For the first quarter the Sextant Growth Fund Investor Shares shed -15.13%, against a drop of -19.60% for the S&P 500 Index. The Fund was fortunate to have significant positions in Technology, Consumer Discretionary, and Health Care companies that were well-positioned to weather, or even benefit, from the disruptions brought by the pandemic.

If there's one theme upon which people seem to agree, it's that the current "shelter-at-home" protocols will accelerate the transition to online shopping; a state of affairs that works to the benefit of Amazon. In the meantime, aggressive moves to stock the larder led to a surge in Amazon orders. Indeed, during the quarter Amazon announced plans to hire an additional 100,000 warehouse workers.³ If the pandemic leads retailers to ramp up their online competency, they will likely require cloud services and will be equally likely to not want to give that business to Amazon. Microsoft's Azure Cloud Services will happily accommodate. Remote work may be driving software demand higher and it seems likely that hardware demand (read Xbox) increased during the quarter. While the remainder of our "Contributors" suffered negative returns, it's worth making a few comments. For those not signed up for Amazon Prime, there's still Costco, another firm in an enviable position when consumers are stocking for hard times. We mentioned the Xbox, but gamers also need games. We invested in Take-Two last year on the thesis that gaming demonstrates attractive long-term growth opportunities and online distribution would reduce costs and improve margins. With a ready-made excuse to spend eight hours in front of a screen in the basement, such online game delivery must have helped Take-Two. Neither Texas Instruments nor Qualcomm performed well but small positions minimized the negative return. Oracle and Adobe exemplified the resilience experienced across much of the software industry, while Bristol-Myers and Merck benefited from low valuations, strong balance sheets, and attractive dividends going into the crisis, minimizing the negative fallout.

We have exited the two worst performers of the quarter – Alaska Air and Ally Financial. While we believe both are top companies in their respective industries, the macro environment will be difficult through the remainder of the year. We have also exited JP Morgan for the same reason.

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10 Largest Contributors	Return	Contribution
Amazon.com	5.51%	0.44
Microsoft	0.28%	0.03
Take-Two Interactive Software	-3.12%	-0.04
Costco Wholesale	-2.79%	-0.15
Oracle	-8.37%	-0.18
Texas Instruments	-21.54%	-0.22
Adobe	-3.51%	-0.25
Qualcomm	-22.74%	-0.28
Bristol-Myers Squibb	-12.55%	-0.30
Merck & Co	-14.73%	-0.30

10 Largest Detractors	Return	Contribution
Stanley Black & Decker	-39.37%	-1.28
Ally Financial	-52.50%	-1.27
Mastercard, Class A	-18.99%	-1.23
Apple	-13.20%	-0.95
JPMorgan Chase	-35.00%	-0.93
Lowe's	-27.82%	-0.87
Ross Stores	-25.01%	-0.80
Starbucks	-24.88%	-0.71
RPM International	-22.11%	-0.71
Alaska Air Group	-57.74%	-0.68

Top 10 Holdings	Portfolio Weight
Microsoft	7.55%
Amazon.com	7.54%
Adobe	7.48%
Apple	6.43%
Mastercard, Class A	5.44%
Alphabet, Class A	4.65%
Abbott Laboratories	4.15%
Costco Wholesale	3.52%
Fidelity National Information Svcs	3.43%
Edwards Lifesciences	2.72%

Sextant International Fund

As of March 31, 2020

The Sextant International Fund Investor Shares declined -20.85% in the first quarter of 2020, compared to the -22.72% decline of the MSCI EAFE Index over the same period.

Market volatility and economic disruption are likely to persist until the numerous shocks are addressed or lessen in severity. The Fund generally holds positions in larger companies with strong balance sheets: the average market capitalization of the positions exceeded \$51 billion and the asset-weighted average debt to market cap was 31.3% at quarter-end. Calendar year 2019 and the first quarter of 2020 ended with the Fund in a defensive posture, holding a cash balance of 7.8% and 7.9%, respectively, higher than the typical level, and which provided a performance cushion.

Novo Nordisk provided the sole positive contribution to performance in the first quarter of 2020 as consistent demand for diabetes and other serious chronic disease treatments provided relative safety in a volatile market. Numerous detractors were spread across all sectors with notable losses in the airline and bank industries. Two positions exited the Top 10 Holdings, Copa Airlines (sold) and BASF (declined below the top-10 threshold), replaced by two Canadian firms (existing positions Toronto Dominion Bank, BCE). The Top 10 Holdings increased from 48.2% to 55.2% from year-end 2019 to the end of the first quarter 2020.

At quarter-end, the two largest sector allocations were Technology at 41.4% and Health Care at 12.5% of the portfolio. The Fund held 32 equity positions with an average position size of 2.9%. The Fund exited four positions (Air Canada, Adidas, Toyota Motor, and Total) during the quarter. Turnover will likely continue during the second quarter as losses are realized for tax purposes and assets reallocated.

Since the Fund's inception in September 1995, Saturna Capital Chairman Nicholas F. Kaiser ably managed the Fund, leading it to an Overall Rating of four stars from Morningstar as of March 31, 2020 (see page 13 for more details). Christopher E. Paul and Christopher W. Lang assumed portfolio management of the Fund on March 27, 2020, and will continue to invest the Fund's assets according to its longstanding mandate and style.

10 Largest Contributors	Return	Contribution
Novo Nordisk ADS	5.44%	0.16
Alcon	-9.87%	-0.13
Frontline	-21.94%	-0.14
Iberdrola	-2.52%	-0.14
Sony ADS	-12.97%	-0.15
Pernod Ricard ADR	-20.26%	-0.17
Subaru ADR	-23.89%	-0.18
Toyota Motor ADS	-14.65%	-0.23
ANA Holdings	-25.04%	-0.23
Koninklijke Philips	-17.70%	-0.27

10 Largest Detractors	Return	Contribution
Copa Holdings, Class A	-57.68%	-2.23
Air Canada	-70.44%	-1.88
MercadoLibre	-14.57%	-1.29
BASF ADR	-37.48%	-1.27
Fomento Economico Mexico ADR	-35.98%	-1.22
ASML Holding	-11.59%	-0.85
Toronto-Dominion Bank	-23.72%	-0.77
Industria de Diseno Textil	-26.47%	-0.73
Mitsubishi UFJ Financial ADS	-32.60%	-0.71
Australia & New Zealand Banking ADR	-39.33%	-0.68

Top 10 Holdings	Portfolio Weight
Wolters Kluwer	9.55%
NICE Systems ADR	8.63%
Dassault Systemes ADR	7.60%
ASML Holding	7.08%
Novo Nordisk ADS	4.53%
Novartis ADS	4.09%
Unilever ADS	3.80%
MercadoLibre	3.67%
Toronto-Dominion Bank	3.19%
BCE	3.07%

Sextant Global High Income Fund

As of March 31, 2020

The Sextant Global High Income Fund returned -16.87% in the first quarter of 2020, ending the period with \$7.8 million of total net assets, including 17.9% of cash and equivalents. The Fund outperformed its equity benchmark, the S&P Global 1200, which returned -20.72%, but underperformed its fixed income benchmark, the Bloomberg Barclays Global High Yield Corporate Index, which returned -13.59%. It also outperformed its Morningstar World Allocation peer group, which returned -17.47%.

As the reader is undoubtedly aware, the first quarter of the new decade was not auspicious, with a novel coronavirus emerging in central China in December and eventually growing into a global pandemic. It swept through most of the rest of the world by late March in spite of initially promising containment measures in China itself as well as its immediate neighbors Taiwan, Hong Kong, Japan, and South Korea. Previous pandemic scares in these neighbors, such as the SARS outbreak in 2003, appear to have helped prompt them to prepare more seriously and effectively than countries in Western Europe and in the US, where efforts to contain the outbreak have been erratic. As a consequence of the pandemic, many countries have embarked on unprecedented lockdowns of movement and commerce. Governments have also attempted to mitigate these lockdowns with unprecedented levels of fiscal and monetary stimulus, though not all governments have the financial and institutional capacity to execute such measures to similar degree.

Global equity investors rather suddenly perceived the extent to which the pandemic could impact economies: after closing at an all-time high on February 19, the S&P 500 plunged -26.5%, finishing the quarter with a 3-month return of -19.60%. Among the Fund's worst quarterly performers were financial sector firms such as the British insurer Aviva and Brazilian bank Itau Unibanco. The Fund's performance contributors in the quarter included several of its bonds, whose prices rose as interest rates fell enough to offset a widening of credit spreads. The Fund's relatively high cash position also helped to cushion the sharp equity declines.

The Fund liquidated a number of investments where events have led us to doubt future viability, including both Aviva and Itau Unibanco. New purchases included Cisco Systems, which manufactures critical internet and telecom equipment. The Fund also added to holdings in companies we believe are important employers and service providers in the countries in which they operate.

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10 Largest Contributors	Return	Contribution
US Treasury Note (2.50% 01/15/2022)	2.76%	0.23
Burlington Northern Santa Fe (5.05% 03/01/2041)	2.18%	0.03
Colony TX NFM Sales Tax Revenue (7.00% 10/01/2027)	1.72%	0.02
Colony TX NFM Sales Tax Revenue (7.625% 10/01/2042)	3.88%	0.02
Colony TX NFM Sales Tax Revenue (7.25% 10/01/2033)	1.78%	0.01
AngloGold Ashanti Holdings (5.375% 04/15/2020)	0.04%	0.00
Netflix (4.375% 11/15/2026)	0.22%	-0.01
T-Mobile (6.50% 01/15/2026)	-0.70%	-0.01
Hewlett Packard (4.65% 12/09/2021)	-1.21%	-0.02
ADT (4.125% 06/15/2023)	-4.35%	-0.08

10 Largest Detractors	Return	Contribution
Aviva ADS	-40.38%	-1.33
Itau Unibanco ADR	-49.36%	-1.17
Micro Focus ADS	-63.86%	-1.14
Equinor ADS	-37.90%	-0.90
Mexico Bonos Desarrollo (6.50% 06/10/2021)	-17.74%	-0.90
Royal Dutch Shell ADR, Class A	-39.75%	-0.87
AT&T	-24.41%	-0.81
CNOOC ADS	-37.92%	-0.72
South32 ADR	-38.96%	-0.71
Lincoln National (3.86% 04/20/2067)	-28.31%	-0.70

Top 10 Holdings	Portfolio Weight
Mexico Bonos Desarrollo (6.50% 06/10/2021)	Bond 4.60%
T-Mobile (6.50% 01/15/2026)	Bond 3.37%
Virtu Financial	Equity 3.34%
Jefferies Group (5.125% 01/20/2023)	Bond 3.27%
Netflix (4.375% 11/15/2026)	Bond 3.26%
Orange ADR	Equity 3.10%
Burlington Northern Santa Fe (5.05% 03/01/2041)	Bond 3.09%
AT&T	Equity 2.81%
Equinor ADR	Equity 2.66%
Royal Bank of Scotland (6.125% 12/15/2022)	Bond 2.65%

The Sextant Core Fund's first-quarter return of -11.94% outperformed the benchmark Dow Jones Moderate Portfolio Index return of -15.05% for the same period. The largest contributors to performance in the first quarter of 2020 were fixed income positions and a few equity positions that benefited from increased volatility. Most equity positions declined as did a few corporate debt securities. In aggregate, the fixed income positions provided positive contribution while equity positions detracted. The Fund ended calendar year 2019 with defensive posture holding a cash balance of approximately 7.0%, roughly twice the typical level, which also provided a performance cushion.

Equities

The Sextant Core Fund's mandate specifies a 60% allocation to equity securities, with two-thirds being US-domiciled companies and one-third foreign-domiciled companies. The Fund averaged an equity allocation of 59.3% in the first quarter and finished the quarter at 58.9%. Just a few positions, those that benefited from increasing volatility and declining interest rates (gold miners, securities trading, and some health care), positively contributed to performance, while numerous detractors were spread across all sectors. At the quarter-end, the two largest equity sector allocations were Health Care at 11.5% and Technology at 9.3%. The Fund held 63 equity positions (a decrease of five from year-end 2019) with an average market capitalization of \$138 billion and an average position size of 0.94%. Turnover increased during the quarter as the Fund realized losses for tax purposes and reallocated capital.

Fixed Income

Excluding cash, the Fund's allocation to bonds at quarter-end was 35.2%, compared to a target of 40%. US Government Bonds comprised 14.0% of this allocation, with investment grade corporate bonds adding 18.3% and municipal issues accounting for the remaining 2.9%. The Fund's maturity profile is roughly evenly split between issues maturing in less than five years and those maturing in more than five years. Long-term interest rates in the US reached record low levels during the quarter as investors sought the safety of near-certain payments from the Treasury amid a great deal of economic uncertainty. Bond prices increase when their interest rates decline and help offset declines in stock prices in a balanced portfolio like the Sextant Core Fund. The current extremely low levels of interest rates limit the return the Fund's bonds will provide from interest payments in the future, however.

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10 Largest Contributors	Return	Contribution
Virtu Financial, Class A	28.34%	0.24
US Treasury Bond (3.625% 2/15/2044)	19.83%	0.22
US Treasury Bond (4.5% 02/15/2036)	15.11%	0.16
US Treasury Bond (6.25% 8/15/2023)	4.50%	0.13
US Treasury Note (2.75% 11/15/2023)	4.97%	0.11
US Treasury Note (2.00% 11/30/2022)	3.80%	0.06
Novo Nordisk ADS	5.44%	0.05
Newmont Mining	4.50%	0.04
Tacoma WA Elec Sys Revenue (5.966% 01/01/2035)	6.54%	0.04
Union Pacific (3.375% 02/01/2035)	2.35%	0.03

10 Largest Detractors	Return	Contribution
VF	-45.32%	-0.69
Ally Financial	-52.50%	-0.48
Parker Hannifin	-36.70%	-0.45
Boeing (5.875 02/15/2040)	-27.69%	-0.44
Equinor ADR	-37.90%	-0.41
Johnson Controls International	-33.25%	-0.37
United Technologies	-36.71%	-0.36
ConocoPhillips	-52.30%	-0.35
Chubb	-27.70%	-0.35
Micro Focus ADS	-63.86%	-0.33

Top 10 Holdings	Portfolio Weight	
US Treasury Bond (6.25% 8/15/2023)	Bond	3.41%
US Treasury Note (2.75% 11/15/2023)	Bond	2.47%
Welltower (4.25% 4/15/2028)	Bond	2.20%
PacifiCorp (6.00% 01/15/2039)	Bond	1.70%
Gilead Sciences (3.70% 04/01/2024)	Bond	1.70%
US Treasury Note (2.00% 11/30/2022)	Bond	1.67%
Union Pacific (3.375% 02/01/2035)	Bond	1.56%
NextEra Energy	Equity	1.56%
Bristol-Myers Squibb	Equity	1.55%
Lowe's (4.25% 09/15/2044)	Bond	1.53%

The Sextant Short-Term Bond Fund returned -0.15% in the first quarter, compared to its benchmark, the FTSE US BIG Govt/Corp 1-3 Year Bond Index, which returned 1.59%. The Morningstar Short-Term Bond category returned -2.14%.

The Sextant Bond Income Fund returned 1.44% during the quarter, compared to the 3.19% return of its benchmark, the FTSE US BIG Bond Index. The average return of the Morningstar Long-Term Bond category was -0.63%.

The main drivers of positive performance this past quarter were the positions in US Treasury bonds. The Treasury yield curve experienced a massive shift downward during the first three months of the year as investors flew to quality. Both Sextant Bond Income and Sextant Short-Term Bond have exposures to Treasuries, at 27.5% and 21.7%, respectively, as of the quarter-end. The best performing security in the Bond Income Fund was the 2041 Treasury position which produced a total return of 19.61%, followed by the 2039 position which returned 17.02%. Similarly, in the Short-Term Bond Fund, the top three performers were the 2021, 2023, and 2025 Treasury positions, with the 2025 Treasury returning 6.69%. The FTSE US Big Bond Index has around a 40% allocation to Treasuries, which explains its relative outperformance this past quarter. However, as noted above, both Funds outperformed their respective Morningstar categories. The diversity of both strong corporate bonds and government securities is geared to diversifying the portfolio for expected future volatility of both Treasury bonds and corporate bonds.

Socially and economically, the first quarter of 2020 was defined by the novel coronavirus. As governments across the world instituted social distancing policies, economies ground to a halt and central banks rushed to stem the economic impacts of the pandemic. The US Federal Reserve reacted quickly, cutting the federal funds target rate by 1.5% through two emergency interventions on March 3 and 15.

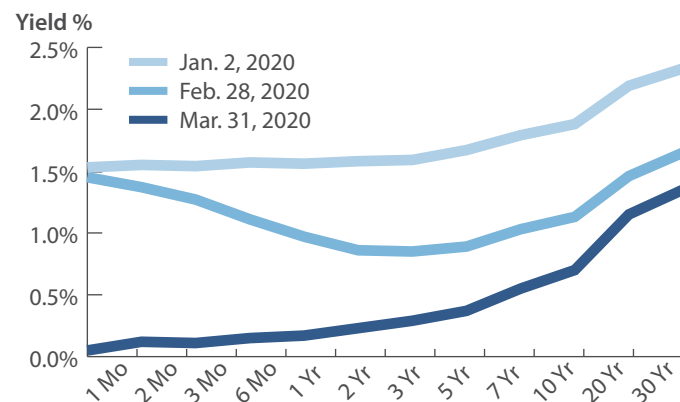
Changes in the yield curve over the course of the quarter provide a telling depiction of events. On January 2, investors were presented with an upward sloping yield curve with 30-year Treasury bonds yielding 2.3%, 0.8% higher than 1-month Treasury bills. This supported the then narrative of a strong economy. By the end of February, investor concerns of the spreading coronavirus grew. On February 28, much of the yield curve had become inverted, with 30-year Treasury bonds now only 0.2% higher than the 1-month Treasury bill. By the quarter-end, the yield curve had again steepened, albeit at a

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Sextant Short-Term Bond Fund	
Top 10 Holdings	Portfolio Weight
US Treasury Note (2.875% 4/30/2025)	7.74%
US Treasury Note (3.625% 02/15/2021)	5.68%
US Treasury Note (2.50% 08/15/2023)	4.93%
McCormick & Co (2.70% 08/15/2022)	4.60%
Honeywell International (4.25% 03/01/2021)	4.23%
Loews (2.625% 05/15/2023)	4.13%
Qualcomm (2.60% 01/30/2023)	3.76%
Burlington Northern Santa Fe (3.05% 09/01/2022)	3.74%
Costco Wholesale (2.75% 5/18/24)	3.71%
3M (2.00% 06/26/2022)	3.68%

Sextant Bond Income Fund	
Top 10 Holdings	Portfolio Weight
US Treasury Bond (4.25% 5/15/2039)	9.56%
US Treasury Bond (5.375% 02/15/2031)	4.74%
Microsoft (4.20% 11/03/2035)	3.48%
Apple (4.50% 02/23/2036)	3.46%
Intel (4.00% 12/15/2032)	3.39%
US Treasury Bond (3.375% 11/15/2048)	3.08%
US Treasury Note (3.625% 02/15/2021)	3.05%
Burlington Northern Santa Fe (5.05% 03/01/2041)	2.97%
US Treasury Bond (6.125% 08/15/2029)	2.69%
Praxair (3.55% 11/07/2042)	2.68%

Treasury Yield Curve, Q1 2020



Sextant Growth Fund *Continued from page 6*

Mastercard's appearance is easy to understand given the fall in shopping, dining, and travel but we view that as quicker to rebound and see the sell-off as an opportunity. The same is true of Ross, Lowe's, and Starbucks. We view RPM's coatings business as something that can rebound smartly, along with Stanley Black & Decker's power tools. With the growing importance of its services business, we were not surprised to see Apple as relatively resilient.

Stanley Black & Decker exited the Top 10 and was replaced by Edwards Life Sciences.

Sextant Global High Income Fund *Continued from page 8*

We are concerned about deterioration in the prospects for future economic potential. A sustained pause in commerce impairs human and organizational capital, while the substantial uncertainty as to the pace at which activity may safely return to "normal" will impede businesses' willingness to take risk, or even to remain in business at all. With the outbreak traversing the world in differing phases, and wide variation in containment and mitigation strategies, international travel and tourism are likely to remain moribund for much of the next year, at least. And although better coordination and standardization among countries could improve this situation, we fear that the turn away from global cooperation and multinational institutions in recent years will only accelerate, with a heightened risk of financial crises and government instability.

Sextant Core Fund *Continued from page 9*

Looking Forward

Market volatility and economic disruption are likely to persist until the numerous shocks are addressed or lessen in severity. Portfolio comparison to market indices is problematic with fast moving news and uncertain outlooks. Using month-end prices with admittedly stale corporate guidance and consensus estimates (set prior to and only partially adjusted for the pandemic), 50 percent of the Fund's equity portion is valued below a 15.0 forward price-to-earnings multiple and above a trailing 5% free cash flow yield. Likewise, about half of the Fund's equity portion is projected to yield annually more than 2.50% at first-quarter-end. The Fund generally holds positions in companies with strong balance sheets, and the asset-weighted average debt to market cap was 14.2% at quarter-end. Equity capital allocation remains near the 60% mandate level and focus remains biased to value and income characteristics with an emphasis on value.

Sextant Short-Term Bond Fund, Sextant Bond Income Fund *Continued from page 10*

lower level, due to Fed cuts on short-term rates. On March 31, 1-month Treasury bills yielded 0.1% while 30-year bonds stood at 1.4%, rates not seen since the 2008 financial crisis.

As Treasury yields shrank, corporate credit spreads spiked. Heightened investor concern on the economic impacts from the coronavirus resulted in a widespread flight to safety. Signifying this reduced appetite for risk, the spread on high-yield corporate debt grew from 3.5% on January 2 to 10.9% on March 23 before retreating to 8.8% at the quarter-end. Although not as extreme, the spread on BBB, the lowest level of investment grade debt, increased from 1.3% at the start of the quarter to 4.1% at the end.

Going into the second quarter BBB rated debt will be viewed with increased scrutiny due to the heightened risk of downgrades. As the crisis has been unfolding, we have been focusing our credit research in this space, paying special attention to corporate liquidity and flexibility. Our goal has always been to choose good companies and invest through cycles. However, with such extraordinary events, new factors must be evaluated with relation to corporate credit. We are evaluating both the risk to credit and also a potential increase in credit spread if a holding were downgraded below investment grade. During March, \$92 billion worth of debt was downgraded from investment grade to high-yield.⁴ BBB faces the greatest threat, as the effects of the coronavirus and cheap oil, energy firms often have high debt levels, work their way through the economy.

A vigorous return of volatility made its mark in the first quarter of 2020. Heading into the second quarter much uncertainty remains but amidst this uncertainty lies opportunity. The market has gone through a massive repricing episode, some of which is rational and some likely not so well founded. This reprice provides a break for fundamental analysis to show its merits. If a rising tide is admired for its ability to lift all boats, as Warren Buffet is oft quoted "it's only when the tide goes out that you learn who's been swimming naked."

Performance Summary

As of March 31, 2020

Average Annual Total Returns (before taxes)	YTD	1 Year	3 Year	5 Year	10 Year	15 Year	Expense Ratio ^A	
							Gross	Net
Sextant Growth Fund Investor Shares (SSGFX)	-15.13%	0.23%	9.68%	6.33%	9.29%	7.68%	1.20%	
Sextant Growth Fund Z Shares (SGZFX)^B	-15.08%	0.48%	n/a	n/a	n/a	n/a	0.90%	
S&P 500 Index	-19.60%	-6.98%	5.10%	6.72%	10.52%	7.57%	n/a	
Morningstar Large Growth Category	-15.48%	-3.72%	8.65%	7.64%	10.99%	8.40%	n/a	
Sextant International Fund Investor Shares (SSIFX)	-20.85%	-11.94%	4.12%	3.03%	3.15%	4.98%	1.07%	
Sextant International Fund Z Shares (SIFZX)^B	-20.83%	-11.72%	n/a	n/a	n/a	n/a	0.85%	
MSCI EAFE Index	-22.72%	-13.92%	-1.33%	-0.13%	3.20%	3.54%	n/a	
Morningstar Foreign Large Growth Category	-19.08%	-8.32%	2.03%	1.79%	4.46%	4.42%	n/a	
Sextant Core Fund (SCORX)	-11.94%	-2.60%	3.40%	2.69%	4.51%	n/a	0.90%	
Dow Jones Moderate US Portfolio Index	-15.05%	-7.40%	1.73%	2.72%	5.62%	5.38%	n/a	
Morningstar Allocation – 50% to 70% Equity Category	-14.74%	-7.01%	1.48%	2.40%	5.75%	5.16%	n/a	
Sextant Global High Income Fund (SGHIX)^C	-16.87%	-13.61%	-0.05%	2.16%	n/a	n/a	1.11%	0.75%
S&P Global 1200 Index	-20.72%	-9.45%	2.68%	4.08%	7.14%	6.05%	n/a	
Bloomberg Barclays Global High Yield Corp Index	-13.59%	-7.91%	0.46%	2.41%	5.03%	6.10%	n/a	
Morningstar World Allocation Category	-17.47%	-11.01%	-1.46%	0.13%	3.57%	4.39%	n/a	
Sextant Short-Term Bond Fund (STBFX)	-0.15%	2.20%	1.69%	1.46%	1.40%	2.30%	0.87%	0.60%
FTSE USBIG Govt/Corp 1-3 Year Index	1.59%	4.38%	2.52%	1.85%	1.58%	2.57%	n/a	
Morningstar Short-Term Bond Category	-2.14%	0.73%	1.48%	1.40%	1.81%	2.55%	n/a	
Sextant Bond Income Fund (SBIFX)	1.44%	7.95%	4.73%	3.23%	4.18%	4.16%	0.71%	0.65%
FTSE US Broad Investment-Grade Bond Index	3.19%	9.11%	4.88%	3.39%	3.90%	4.48%	n/a	
Morningstar Long-Term Bond Category	-0.63%	11.13%	6.98%	4.82%	7.03%	6.43%	n/a	

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

^A By regulation, expense ratios shown are as stated in a Fund's most recent prospectus or summary prospectus, dated March 27, 2020, and incorporate results from the fiscal year ended November 30, 2019. Higher expense ratios may indicate higher returns relative to a Fund's benchmark. The Adviser has voluntarily capped actual expenses of Sextant Global High Income at 0.75%, Sextant Short-Term Bond at 0.60% and actual expenses of Sextant Bond Income at 0.65% through March 31, 2021.

^B Z Shares of Sextant Growth and Sextant International Funds began operations June 2, 2017.

^C Sextant Global High Income Fund began operations March 30, 2012. Its annualized since inception return as of March 31, 2020, was 2.95%.

The S&P 500 Index is an index comprised of 500 widely held common stocks considered to be representative of the US stock market in general. The MSCI EAFE Index is an international index focused on Europe, Australasia, and the Far East. The MSCI ACWI Ex-US Index, produced by Morgan Stanley Capital International, measures equity market performance throughout the world excluding US-based companies. The S&P Global 1200 Index is a global stock market index covering nearly 70% of the world's equity markets. The Bloomberg Barclays Global High Yield Corporate Bond Index is a rules-based, market-value weighted index engineered to measure the non-investment grade, fixed-rate, taxable, global corporate bond market. The Dow Jones Moderate Portfolio Index is a broad-based index of stock and bond prices. The FTSE Gov./Corp. Investment Grade Index 1-3 Years is a broad-based index of shorter-term investment grade US government and corporate bond prices. The FTSE US Broad Investment-Grade Bond Index is a broad-based index of medium and long-term investment grade bond prices. Investors cannot invest directly in the indices.

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

Performance Summary

As of March 31, 2020

Morningstar Ratings™ ^A	Overall	1 Year	3 Year	5 Year	10 Year
Sextant Growth Fund – “Large Growth” Category					
Investor Shares (SSGFX)	★★	n/a	★★★	★★	★★
% Rank in Category	n/a	25	43	70	82
Z Shares (SGZFX)	☆☆☆	n/a	☆☆☆	☆☆☆	☆☆
% Rank in Category	n/a	24	40	68	81
Number of Funds in Category	1,231	1,358	1,231	1,086	812
Sextant International Fund – “Foreign Large Growth” Category					
Investor Shares (SSIFX)	★★★★	n/a	★★★★	★★★★	★★★
% Rank in Category	n/a	81	23	28	84
Z Shares (SIFZX)	☆☆☆☆	n/a	☆☆☆☆	☆☆☆☆	☆☆☆☆
% Rank in Category	n/a	78	21	26	82
Number of Funds in Category	409	466	409	340	248
Sextant Core Fund – “Allocation – 50% to 70% Equity” Category					
(SCORX)	★★★	n/a	★★★★	★★★	★★
% Rank in Category	n/a	20	23	50	85
Number of Funds in Category	640	687	640	561	413
Sextant Global High Income Fund – “World Allocation” Category					
(SGHIX)	★★★★	n/a	★★★	★★★★	n/a
% Rank in Category	n/a	76	38	11	n/a
Number of Funds in Category	396	466	396	329	n/a
Sextant Short-Term Bond Fund – “Short-Term Bond” Category					
(STBFX)	★★★	n/a	★★★	★★★	★★
% Rank in Category	n/a	31	49	54	73
Number of Funds in Category	496	573	496	442	283
Sextant Bond Income Fund – “Long-Term Bond” Category					
(SBIFX)	★★	n/a	★★	★★	★
% Rank in Category	n/a	80	89	92	100
Number of Funds in Category	36	39	36	31	25

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^A Morningstar Ratings™ (“Star Ratings”) are as of March 31, 2020. The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance (not including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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

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

The Sextant Growth and Sextant International Funds offer two share classes – Investor Shares and Z Shares, each of which has different expense structures.

About The Authors



Scott Klimo CFA®

Vice President and Chief Investment Officer

Sextant Growth, Portfolio Manager

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



Bryce Fegley MS, CFA®, CIPM®

Sextant Global High Income, Sextant Core Fund, Portfolio Manager

Bryce Fegley MS, CFA, CIPM, Senior Investment Analyst, joined Saturna Capital in 2001 and worked in brokerage/trading and later as an investment analyst. Beginning in 2010, he spent two years as President of our Malaysian subsidiary, Saturna Sdn Bhd, directing its research and fund management operations. In 2012 he returned to Saturna Capital headquarters. Prior to joining Saturna, Mr. Fegley worked in brokerage operations in Seattle from 1997-2000. Originally from upstate New York, he earned a BA in English Literature from the University of Colorado at Boulder. Mr. Fegley earned an MS in Computational Finance and Risk Management from the University of Washington in December 2017. His volunteer activities include a board role with the Whatcom Family YMCA.



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Sextant Core Fund, Sextant International, Portfolio Manager

Christopher E. Paul MBA, CFA, Senior Investment Analyst, joined Saturna Capital in August 2016. He earned an MBA Finance from New York University and a BS in Computer Science from Syracuse University. His experience includes research and management positions at asset management firms and investment banks, as well as finance and operations roles at technology companies.



Elizabeth Alm CFA®

Sextant Bond Income, Portfolio Manager

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



Levi Stewart Zurbrugg MBA, CPA®

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

Footnotes:

¹ The price-to-earnings (P/E) ratio is the share price of a company's stock divided by its reported earnings per share. The P/E ratio is also referred to as the "multiple" of a company's earnings. The cyclically adjusted price-to-earnings (CAPE) ratio uses a 10-year moving average to smooth out variations in corporate profits that can occur during business cycles. Popularized by Yale University professor Robert Shiller, the CAPE ratio is also known as the Shiller P/E ratio.

² Total return for each company calculated from December 31, 2019 through March 31, 2020. Letter grades are calculated based on proprietary score using financial statement data from Thomson Reuters as available on December 31, 2019, including total debt, total assets, accounts receivable, and average month-ending market capitalization for each company during calendar year 2019.

³ Duffy, Clare. Amazon hiring 100,000 new distribution workers to keep up with online shopping surge caused by coronavirus, CNN Business, March 17, 2020. <https://www.cnn.com/2020/03/16/tech/amazon-shipping-coronavirus/>

⁴ Smith, Molly. Virus Sell-Off Turns Bonds Into 'Fallen Angels.' Here's Why Downgrades Matter, Bloomberg, March 31, 2020. <https://www.bloomberg.com/news/articles/2020-04-01/bond-downgrades-by-the-boatload-and-why-they-matter-quicktake>

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Forward price-to-earnings ratio is calculated by dividing a company's share price by projected earnings per share over the next 12 months.

Free cash flow yield is calculated by dividing a company's free cash flow (the amount of cash a company has after it has paid all of its expenses and capital expenditures) by its market value (or enterprise value). It is a useful fundamental indicator to compare companies across different industries with different capital structures.

A Few Words About Risk

The **Growth Fund** may invest in smaller companies, which involve higher investment risks in that they often have limited product lines, markets and resources, or their securities may trade less frequently and have greater price fluctuation than those of larger companies.

The **International Fund** involves risks not typically associated with investing in US securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and lack of uniform financial, social, and political standards.

The **Core Fund** involves the risks of both equity and debt investing, although it seeks to mitigate these risks by maintaining a widely diversified portfolio that includes domestic stocks, foreign stocks, short and long-term bonds, and money market instruments.

Investment in the **Global High Income Fund** entails the risks of both equity and debt securities, although it seeks to mitigate these risks through a widely diversified portfolio that includes foreign and domestic stocks and bonds. Issuers of high-yield securities are generally not as strong financially as those issuing higher quality securities. 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."

The risks inherent in the **Short-Term Bond** and **Bond Income Funds** depend primarily on the terms and quality of the obligations in their portfolios, as well as on bond market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices rise. Bonds with longer maturities (such as those held by the Bond Income Fund) usually are more sensitive to interest rate changes than bonds with shorter maturities (such as those held by the Short-Term Bond Fund). The Funds entail credit risk, which is the possibility that a bond will not be able to pay interest or principal when due. If the credit quality of a bond is perceived to decline, investors will demand a higher yield, which means a lower price on that bond to compensate for the higher level of risk.

