

Beginning on January 29, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Idaho Tax-Exempt Fund's annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website ([www.saturna.com/reports](http://www.saturna.com/reports)), and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically anytime by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by calling 800-SATURNA (800-728-8762) or by sending an e-mail request to Idaho Tax-Exempt Fund at [info@saturna.com](mailto:info@saturna.com).

Beginning on January 2, 2019, you may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with the Fund, you can call 800-SATURNA (800-728-8762) or send an e-mail request to Idaho Tax-Exempt Fund at [info@saturna.com](mailto:info@saturna.com) to let the Fund know you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held in your account if you invest through your financial intermediary or all funds held with the fund complex if you invest directly with the Fund.

# IDAHO TAX-EXEMPT FUND



**Annual Report**

**November 30, 2019**

## Performance Summary (as of December 31, 2019)

(unaudited)

### Average Annual Returns (before any taxes paid by shareowners)

	1 Year	3 Year	5 Year	10 Year	15 Year	Expense Ratio
Idaho Tax-Exempt Fund	6.05%	3.59%	2.46%	3.05%	3.23%	0.68% <sup>1</sup>
S&P Idaho Municipal Bond Index	7.04%	4.41%	3.71%	4.74%	4.70%	n/a
"Muni Single State Intermediate" Category Average <sup>2</sup>	5.69%	3.30%	2.44%	3.20%	3.31%	0.96%

**Performance data quoted in this report 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.idahotaxexemptfund.com](http://www.idahotaxexemptfund.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.

**Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about the Idaho Tax-Exempt Fund in a prospectus or summary prospectus, ask your financial advisor, visit [www.idahotaxexemptfund.com](http://www.idahotaxexemptfund.com), or call toll free 1-800-728-8762. Please read the prospectus or summary prospectus carefully before investing.**

**A note about risk:** See Notes to Financial Statements for a discussion of investment risks. For a more detailed discussion of the risks associated with the Fund, please see the Fund's prospectus or summary prospectus.

<sup>1</sup> By regulation, the expense ratio shown in this table is as stated in the Fund's most recent prospectus, which is dated March 27, 2019, and incorporates results for the fiscal year ended November 30, 2018. The ratio presented in this table differs from expense ratios shown elsewhere in this report as they represent different fiscal periods.

<sup>2</sup> **Source: Morningstar December 31, 2019.** Morningstar, Inc. is an independent fund performance monitor. Category returns are determined monthly from total returns by Morningstar, by category as determined by Morningstar. Category average expense ratios are determined by Morningstar from prospectus level data reported by funds in the category.

On the cover: An elk in the Sawtooth Mountains.



## Fellow Shareowners:

January 14, 2020

Idaho thrived in 2019, and the nation noticed. Personal income has grown at a 6% annual rate since 2016 and the state expects this to increase from \$80 billion to \$90 billion by 2021. Remarkably, state taxpayers are as healthy as the state's finances.

Population and urban single-family home prices are both rising at some of the fastest rates in the country. While Hewlett Packard may be cutting jobs in Idaho, Amazon is expanding employment. Wheat exports to Taiwan were recently contracted to grow 10% over two years to \$576 million.

Idaho State total gross domestic product reached \$80.45 billion, a 2.4% increase for the fiscal year. State Reserve Funds grew 10% to \$459 million, equaling 8.8% of the General Fund. The Unassigned General Fund balance (for discretionary use) ended the year at \$803 million or 3% of the general fund. Idaho's Combined Net Position (a useful indicator of whether the financial position of the State is improving or deteriorating) grew \$550 million or 4.4%. Idaho also improved pension funding slightly (plan fiduciary net position as a % of total pension liabilities) to 82.6%. With so many Idaho bonds directly or indirectly relying on the state's finances, the Idaho Tax-Exempt Fund pays particular attention to these details.

The 2018 individual and corporate income tax rate reductions, and the 2018 Idaho Child Income Tax Credit contributed to an expected decline in general fund revenue of \$227 million. Softer national economic conditions also contributed to general fund revenue coming in below budget. The Idaho Legislature increased appropriations for health and welfare, education, and the Governor's New Technology initiative, leaving the state's general fund in a slight budget deficit for the period.

In 2019, Idaho initiated a comprehensive review all state regulations. The result was a significant reduction in the number of regulations. Idaho may now be one of the least regulated states in the nation. The governor is considering making this regulation cull an annual event. This unique editing process adds to the appeal of one of the nation's most economically competitive states. Cutting personal and corporate taxes as well as regulations appears to be a winning formula practically unique to Idaho.

The American Legislative Exchange Council ranked Idaho second best in the nation in its forward-looking Economic Outlook Rank. Conning's 2019 "State of the States," municipal credit report analyzes state reserves, fixed costs, debt burdens, tax collections, population growth, and pension liabilities. This year Idaho ranked third best state municipal credit in the nation citing its "strong balance sheet and generally good economic conditions."

Idaho continues to offer discriminating investors the opportunity to invest in high quality tax-exempt securities in an exceptionally creditworthy state.

Respectfully,



**Jane Carten,**  
President



**Phelps McIlvaine,**  
Vice President, Portfolio Manager

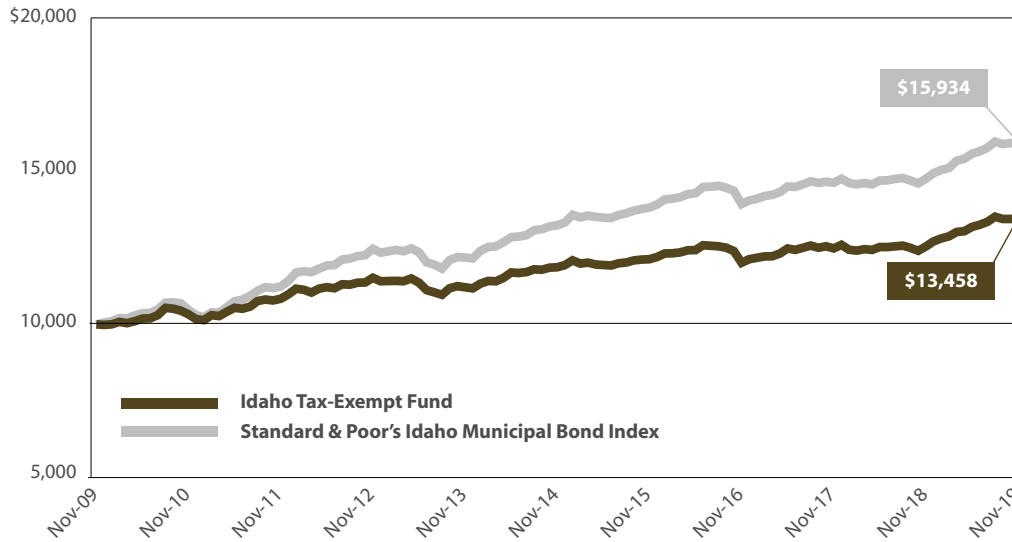
## Performance Summary

(unaudited)

### Average Annual Returns (as of November 30, 2019)

	1 Year	5 Year	10 Year	Expense Ratio <sup>1</sup>
Idaho Tax-Exempt Fund	7.30%	2.56%	3.01%	0.68%
S&P Idaho Municipal Bond Index	8.03%	3.78%	4.77%	n/a

### Growth of \$10,000



Comparison of any mutual fund to a market index must be made bearing in mind that the Index is unmanaged and expense-free. Conversely, the fund will (1) be actively managed; (2) have an objective other than mirroring the index, such as limiting risk; (3) bear transaction and other costs; (4) stand ready to buy and sell its securities to shareowners on a daily basis; and (5) provide a wide range of services. The graph compares \$10,000 invested in the Fund on November 30, 2009, to an identical amount invested in the Standard & Poor's Idaho Municipal Bond Index, a broad-based index of Idaho municipal bond prices. The graph shows that an investment in the Fund would have risen to \$13,458 versus \$15,934 in the S&P Idaho Municipal Bond Index.

**Past performance does not guarantee future results.** The "Growth of \$10,000" graph and "Average Annual Returns" performance table assume the reinvestment of dividends and capital gains. They do not reflect the deduction of taxes that a shareowner might pay on fund distributions or the redemption of fund shares.

<sup>1</sup> By regulation, the expense ratio for the Fund shown in this table is as stated in the Fund's most recent prospectus, which is dated March 27, 2019, and incorporates results for the fiscal year ended November 30, 2018. The ratio presented in this table differs from expense ratios shown elsewhere in this report as they represent different fiscal periods.

## Fund Objective

Idaho Tax-Exempt Fund seeks to provide income free from federal income, federal alternative minimum, and Idaho state income taxes. Preservation of capital is a secondary objective.

### Portfolio Diversification

	% of Total Net Assets
General Obligation	48.9%
State Education	19.9%
Real Estate	11.1%
Financial Services	5.8%
Pollution Control	2.5%
Medical - Hospitals	2.4%
Health Care Facilities	2.3%
Water Supply	2.1%
Transportation	1.6%
Other assets (net of liabilities)	3.4%

### Top 10 Holdings

	% of Total Net Assets
Teton Co, ID SCD #401 Driggs (4.00% due 09/15/2035)	4.3%
University of Idaho Revenue (5.00% due 04/01/2032)	3.6%
Canyon Co ID SCD #134 Middleton (4.00% due 09/15/2028)	3.4%
Idaho Bond Bank (4.00% due 09/15/2032)	3.3%
Idaho State Building Authority (5.00% due 09/01/2032)	3.2%
Nez Perce CO ISD #1 Lewiston (5.00% due 09/15/2029)	3.0%
Idaho Fish Wildlife Foundation Rev (5.00% due 12/01/2033)	2.9%
Ada & Canyon Cos ID JSD #2 Meridian (5.00% due 08/15/2032)	2.9%
Boise City Urban Renewal Lease Rev (5.00% due 12/15/2032)	2.7%
Idaho Housing & Finance Rev (3.00% due 07/01/2036)	2.5%

## Discussion of Fund Performance

(unaudited)

For the 12 months ended November 30, 2019, Idaho Tax- Exempt Fund returned 7.30%, which was higher than the 6.52% average annual return of its Morningstar Muni Single State Intermediate category peer group. For the five years ended November 30, 2019, the Fund provided an annualized total return of 2.56%, compared to the 2.49% annualized return for the Morningstar category peer group. The Fund's net operating expense ratio was 0.68%. For the year, the Fund's net assets fell -0.35% to \$13.49 million. The Fund's net asset value per share rose from \$5.28 to \$5.55. Over the one-year period, the Fund's outstanding shares declined 5.00% to 2.43 million.

### Factors Affecting Past Performance

2019 began with the US Federal Reserve Bank policy at an inflection point. Good US economic growth and low US unemployment justified policy normalization, meaning shrinking the Fed's balance sheet (quantitative tightening) and moving the Federal Funds rates higher. However, softening global growth, trade tensions, a flat yield curve, a strong US dollar, and faltering financial asset prices required the opposite policy response. By November 2019, US policy makers had reversed rate normalization, setting Federal Funds at 1.50%, below their level in June 2018. Quantitative tightening was halted. The policy dichotomy between US economic strength and global economic weakness was resolved with global concerns and the urgent need for greater US dollar liquidity prevailing.

This rapid policy reversal triggered a "risk on" response in financial markets. The Fed succeeded in steepening the US Treasury yield curve, discounting a flat curve's recession signal. Reinvigorated investors poured money into financial assets, and especially income producing assets like municipal bonds. Reinvestment risk suddenly re-emerged at the most urgent of investment objectives. Corporate bond spreads narrowed significantly, returning to previous lows in 1998, 2003, and 2018. High-yield spreads narrowed significantly more than investment grade spreads. US 30-yr bond yields established a new low, eclipsing the previous low in 2016.

More recently, the US Federal Reserve expanded short-term liquidity funding to address funding shortfalls in the US repo market. An unusual structural balance of payments deficit caused by record US government deficit spending, restrictive banking regulations, and weak foreign demand for US Treasury paper combined to create the funding deficit.

In echoes of 2008, the European Central Bank, Japan, and Britain also amplified their own monetary easing policies. With interest rates falling and corporate bond spreads narrowing simultaneously, bond markets produced exceptional returns.

### Looking Forward

Seven of Conning Municipal Credit Research's 10 strongest state municipal credits are in the Rocky Mountain region. The economy of the greater Rocky Mountain region looks like it will continue to outperform most of the nation. US economic growth and inflation

will likely remain relatively benign while progress on Brexit and the US China trade negotiations may relax some anxieties. New monetary and fiscal stimulus from the US, Britain, Japan, and others will be deployed to fund debt burdens, fiscal deficits as well as boost economic growth and inflation in 2020.

In the last decade, monetary and fiscal stimulus policies initially pushed bond yields higher. However, these reflation policies have a mixed record of producing lasting results. Once these policies run their course, inflation and bond yields may fall again, boosting municipal bond prices. Despite these reflation initiatives, negative nominal and real rates will not disappear. Reinvestment risk will remain the most urgent concern for bond investors over the medium to long term. The yield famine will continue.

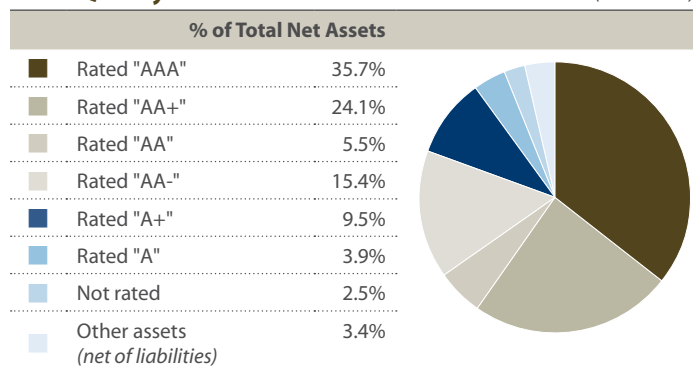
With yields only slightly higher than recent lows, credit spreads offering historically little additional compensation, and real yields near zero, it is tempting to discount the appeal of municipal bonds in 2020. But municipal bonds still offer another exceptional quality: diversification. As an asset class, municipal bonds demonstrated excellent negative correlation to common stocks on days when stock prices fell during 2019. Higher yields in the next few quarters represent a buying opportunity. For yield starved investors looking for a relatively calm mooring, Idaho municipal bonds may offer the comfort of low asset class correlation when many asset classes offer persistently high valuations and low potential returns.

For those seeking a conservative investment vehicle, the Idaho Tax-Exempt Fund offers a portfolio of high-grade issues intended to provide income exempt from federal income, federal alternative minimum, and Idaho state income taxes. The Fund may purchase carefully vetted, nonrated Idaho bonds.

Idaho Tax-Exempt Fund chooses not to invest in US territories such as Puerto Rico, Guam, and the US Virgin Islands to boost income at the expense of creditworthiness. The Fund does not employ derivatives or other financial engineering tools to modify risk and return.

### Bond Quality Diversification

(unaudited)



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.

**Schedule of Investments**

As of November 30, 2019

<b>Tax-Exempt Municipal Bonds – 96.6%</b>	<b>Coupon / Maturity</b>	<b>Face Amount</b>	<b>Market Value</b>	<b>Percentage of Assets</b>
<b>Financial Services</b>				
Idaho Bond Bank	4.00% due 09/15/2032	\$405,000	\$439,445	3.3%
Idaho Housing & Finance Rev	3.00% due 07/01/2036	335,000	339,781	2.5%
			<b>779,226</b>	<b>5.8%</b>
<b>General Obligation</b>				
Ada & Canyon Cos ID JSD #2 Meridian	5.00% due 08/15/2032	325,000	385,200	2.9%
Ada & Canyon Cos ID JSD #3 Kuna	4.00% due 09/15/2027	100,000	118,479	0.8%
Boise City ID Independent SD	3.00% due 08/01/2038	100,000	101,793	0.8%
Bonneville & Bingham Cos JSD #93	5.00% due 09/15/2031	200,000	220,218	1.6%
Bonneville & Bingham Cos JSD #93	5.00% due 09/15/2029	250,000	275,776	2.0%
Bonneville Co ID SCD #91	4.00% due 09/15/2026	15,000	16,150	0.1%
Bonneville Co ID SCD #91	4.00% due 09/15/2026	35,000	37,632	0.3%
Bonneville Co ID SCD #91	3.75% due 09/15/2032	285,000	305,318	2.3%
Boundary County ID SCD #101	4.00% due 08/15/2021	240,000	241,462	1.8%
Canyon Co ID SCD #134 Middleton	4.00% due 09/15/2028	400,000	454,840	3.4%
Canyon Co ID SCD #135 Notus	3.25% due 09/15/2031	290,000	311,518	2.3%
Canyon Co ID SCD #135 Notus	3.25% due 09/15/2032	170,000	182,208	1.4%
Canyon Co ID SCD #139 Vallivue	5.00% due 09/15/2024	260,000	286,959	2.1%
Cariboo Franklin Bannock JSD #148	3.25% due 09/15/2035	300,000	324,858	2.4%
Cassia Oneida Twin Falls JSD #151	3.375% due 09/15/2034	160,000	167,866	1.2%
Kootenai Co ID SCD # 271 UNREF	4.00% due 09/15/2025	125,000	134,370	1.0%
Kootenai Co ID SCD #271 PREREF	4.00% due 09/15/2025	40,000	43,011	0.3%
Kootenai Co ID SCD #273	4.00% due 08/15/2031	265,000	296,805	2.2%
Kootenai-Shoshone ID Area Libraries	4.25% due 08/01/2021	220,000	221,120	1.6%
Latah Co ID SCD #281 Moscow Ser B	4.00% due 08/15/2027	100,000	109,163	0.8%
Latah Co ID SCD #281 Moscow Ser B	4.00% due 08/15/2028	200,000	217,572	1.6%
Madison Co. Id. SDC #321	5.00% due 09/15/2035	250,000	307,432	2.3%
Owyhee & Canyon Co. # 363 Marsing	4.00% due 09/15/2035	150,000	169,551	1.3%
Teton Co, ID SCD #401 Driggs	4.00% due 09/15/2035	500,000	575,125	4.3%
Twin Falls Co ID SCD #411	4.00% due 09/15/2027	170,000	190,147	1.4%
Twin Falls Co ID SCD #411	4.25% due 09/15/2030	300,000	335,205	2.5%
Twin Falls Co ID SCD #411	4.75% due 09/15/2039	200,000	232,804	1.7%
Twin Falls Co ID SCD #411 Series A	4.25% due 09/15/2031	100,000	111,522	0.8%
Valley & Adams Cos ID JSD #421	3.00% due 08/01/2026	220,000	229,548	1.7%
			<b>6,603,652</b>	<b>48.9%</b>
<b>Health Care Facilities</b>				
Idaho Health Faci Auth Hos Rev	5.00% due 12/01/2047	260,000	307,663	2.3%
			<b>307,663</b>	<b>2.3%</b>
<b>Medical/Hospitals</b>				
Idaho Health Rev Trinity Health Grp	3.25% due 12/01/2028	300,000	320,085	2.4%
			<b>320,085</b>	<b>2.4%</b>
<b>Pollution Control</b>				
Idaho Bond Bank	4.00% due 09/15/2033	135,000	154,933	1.1%
Idaho Bond Bank Authority	4.30% due 09/01/2022	20,000	20,048	0.1%
Idaho Bond Bank Authority	4.00% due 09/15/2032	130,000	149,524	1.1%
Idaho Bond Bank Authority	4.125% due 09/15/2023	20,000	20,045	0.2%
			<b>344,550</b>	<b>2.5%</b>

Continued on next page.

**Schedule of Investments**
*As of November 30, 2019*

<b>Tax-Exempt Municipal Bonds – 96.6%</b>	<b>Coupon / Maturity</b>	<b>Face Amount</b>	<b>Market Value</b>	<b>Percentage of Assets</b>
<b>Real Estate</b>				
Boise City Urban Renewal Lease Rev	5.00% due 12/15/2032	300,000	355,929	2.7%
Idaho Fish Wildlife Foundation Rev	5.00% due 12/01/2033	320,000	397,815	2.9%
Idaho State Building Authority	5.00% due 09/01/2031	200,000	218,412	1.6%
Idaho State Building Authority	5.00% due 09/01/2032	400,000	436,484	3.2%
Post Falls ID LID SPA	5.00% due 05/01/2021	90,000	90,438	0.7%
			<b>1,499,078</b>	<b>11.1%</b>
<b>State Education</b>				
Boise State University ID Revenue	5.00% due 04/01/2028	125,000	146,531	1.1%
Boise State University ID Revenue	5.00% due 04/01/2032	160,000	189,946	1.4%
Idaho State University	4.00% due 04/01/2027	170,000	194,698	1.5%
Idaho State University	4.00% due 04/01/2030	245,000	275,338	2.1%
Idaho State University Revenue	3.00% due 04/01/2031	250,000	262,618	2.0%
Idaho State University Revenue	3.00% due 04/01/2032	160,000	167,410	1.2%
Nez Perce CO ISD #1 Lewiston	5.00% due 09/15/2029	330,000	408,012	3.0%
North Idaho College Dormitory Rev	4.00% due 11/01/2030	285,000	316,381	2.3%
University of Idaho Revenue	5.00% due 04/01/2028	225,000	227,702	1.7%
University of Idaho Revenue	5.00% due 04/01/2032	455,000	490,708	3.6%
			<b>2,679,344</b>	<b>19.9%</b>
<b>Transportation</b>				
Boise ID Airport Park Fac Rev	3.00% due 09/01/2028	210,000	214,299	1.6%
			<b>214,299</b>	<b>1.6%</b>
<b>Water Supply</b>				
Payette Lakes Rec Wtr & Swr Rev	4.00% due 08/01/2034	\$255,000	284,720	2.1%
			<b>284,720</b>	<b>2.1%</b>
Total investments	(Cost \$12,418,803)		13,032,617	96.6%
Other assets (net of liabilities)			454,108	3.4%
<b>Total net assets</b>			<b>\$13,486,725</b>	<b>100.0%</b>

## Statement of Assets and Liabilities

As of November 30, 2019

Statement of Assets and Liabilities	
<b>Assets</b>	
Investments in securities, at value (Cost \$12,418,803)	\$13,032,617
Cash	340,897
Interest receivable	127,427
Other assets	4,464
Receivable for Fund shares sold	250
Total assets	<u>13,505,655</u>
<b>Liabilities</b>	
Accrued advisory fees	5,514
Accrued audit expenses	4,174
Distributions payable	3,442
Payable for Fund shares redeemed	2,991
Accrued insurance expenses	912
Accrued registration/filing fees	687
Accrued Chief Compliance Officer expenses	583
Accrued other operating expenses	314
Accrued trustee expenses	222
Accrued retirement plan custody fee	91
Total liabilities	<u>18,930</u>
<b>Net assets</b>	<b>\$13,486,725</b>
<b>Analysis of net assets</b>	
Paid-in capital (unlimited shares authorized, without par value)	\$12,960,960
Total distributable earnings	525,765
<b>Net assets applicable to Fund shares outstanding</b>	<b>\$13,486,725</b>
<b>Fund shares outstanding</b>	<b>2,431,502</b>
<b>Net asset value, offering and redemption price per share</b>	<b>\$5.55</b>

## Statement of Operations

Year ended November 30, 2019

Statement of Operations	
<b>Investment income</b>	
Interest income	\$369,367
Total investment income	<u>369,367</u>
<b>Expenses</b>	
Investment advisory fees	67,172
Audit fees	6,621
Chief Compliance Officer expenses	3,902
Trustee fees	3,163
Filing and registration fees	3,125
Legal fees	3,087
Transfer agent fees	1,890
Other expenses	1,859
Printing and postage expenses	995
Custodian fees	544
Retirement plan custodial fees	99
Total gross expenses	<u>92,457</u>
Less transfer agent fees waived	(1,890)
Less custodian fee credits	(510)
Net expenses	<u>90,057</u>
<b>Net investment income</b>	<b>\$279,310</b>
<b>Net increase in net assets resulting from operations</b>	
Net realized gain from investments	\$15,726
Net increase in unrealized appreciation on investments	641,062
<b>Net gain on investments</b>	<b>\$656,788</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$936,098</b>



## Statement of Changes of Net Assets

Year ended November 30, 2019

Year ended November 30, 2018

Decrease in net assets from operations		
<b>From operations</b>		
Net investment income	\$279,310	\$361,335
Net realized gain (loss) on investment	15,726	(44,849)
Net increase (decrease) in unrealized appreciation	641,062	(232,107)
Net increase in net assets	936,098	84,379
<b>Distributions to shareholders</b>	(278,541)	(361,335)
<b>Capital share transactions</b>		
Proceeds from sales of shares	1,163,543	3,147,317
Value of shares issued in reinvestment of dividends	224,410	300,919
Cost of shares redeemed	(2,113,103)	(7,091,173)
Total capital share transactions	(725,150)	(3,642,937)
<b>Total decrease in net assets</b>	<b>(67,593)</b>	<b>(3,919,893)</b>
<b>Net assets</b>		
Beginning of year	13,554,318	17,474,211
End of year	\$13,486,725	\$13,554,318
<b>Shares of the Fund sold and redeemed</b>		
Number of shares sold	212,460	591,416
Number of shares issued in reinvestment of dividends	40,958	56,625
Number of shares redeemed	(386,786)	(1,337,291)
<b>Net decrease in number of shares outstanding</b>	<b>(133,368)</b>	<b>(689,250)</b>

## Financial Highlights

For the year ended November 30,

Selected data per share of outstanding capital stock throughout each year:

	2019	2018	2017	2016	2015
<b>Net asset value at beginning of year</b>	<b>\$5.28</b>	<b>\$5.37</b>	<b>\$5.29</b>	<b>\$5.48</b>	<b>\$5.51</b>
<b>Income from investment operations</b>					
Net investment income	0.11	0.12	0.13	0.14	0.15
Net gains (losses) on securities (both realized and unrealized)	0.27	(0.09)	0.08	(0.19)	(0.03)
<b>Total from investment operations</b>	<b>0.38</b>	<b>0.03</b>	<b>0.21</b>	<b>(0.05)</b>	<b>0.12</b>
<b>Less distributions</b>					
Dividends (from net investment income)	(0.11)	(0.12)	(0.13)	(0.14)	(0.15)
Distributions (from capital gains)	-	-	-	0.00 <sup>A</sup>	0.00 <sup>A</sup>
<b>Total distributions</b>	<b>(0.11)</b>	<b>(0.12)</b>	<b>(0.13)</b>	<b>(0.14)</b>	<b>(0.15)</b>
<b>Net asset value at end of year</b>	<b>\$5.55</b>	<b>\$5.28</b>	<b>\$5.37</b>	<b>\$5.29</b>	<b>\$5.48</b>
<b>Total return</b>	<b>7.30%</b>	<b>0.51%</b>	<b>3.90%</b>	<b>(0.95)%</b>	<b>2.21%</b>
<b>Ratios / supplemental data</b>					
Net assets (\$000), end of year	\$13,487	\$13,554	\$17,474	\$17,997	\$17,420
Ratio of expenses to average net assets					
Before transfer agent fee waiver and custodian fee credits	0.69%	0.68%	0.67%	0.67%	0.67%
After transfer agent fee waiver	0.67%	0.67%	0.66%	0.66%	0.66%
After transfer agent fee waiver and custodian fee credits	0.67%	0.67%	0.65%	0.65%	0.66%
Ratio of net investment income after fee waiver and custodian credits to average net assets	2.07%	2.20%	2.33%	2.54%	2.66%
<b>Portfolio turnover rate</b>	<b>4%</b>	<b>13%</b>	<b>20%</b>	<b>15%</b>	<b>7%</b>

<sup>A</sup>Amount is less than \$0.01

## Notes To Financial Statements

### Note 1 — Organization

Saturna Investment Trust (the "Trust") was established under Washington State Law as a business trust on February 20, 1987. The Trust is registered as an open-end, diversified management company under the Investment Company Act of 1940, as amended. In addition to Idaho Tax-Exempt Fund (the "Fund"), eight portfolios have been created to date: Sextant Short-Term Bond Fund, Sextant Bond Income Fund, Sextant Core Fund, Sextant Global High Income Fund, Sextant Growth Fund, Sextant International Fund, Saturna Sustainable Equity Fund, and Saturna Sustainable Bond Fund (each, a "Fund", and collectively, the "Funds"). The other eight portfolios are distributed through separate prospectuses and the results of those Funds are contained in separate reports.

The Idaho Tax-Exempt Fund was first authorized to sell shares of beneficial interest on September 4, 1987.

The Fund is an investment company and accordingly follows the investment accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 "Financial Services – Investment Companies."

#### Investment risks:

The value of Fund shares rises and falls as the value of the bonds in which the Fund invests goes up and down. The risks inherent in the Fund depend primarily on the terms and quality of the obligations in the Fund's portfolio, as well as on market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. Bonds with longer maturities, such as those held by the Fund, usually are more sensitive to interest rate changes than bonds with shorter maturities. Only consider investing in the Fund if you are willing to accept the risk that you may lose money.

The Fund entails 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. If a security held by the Fund defaults on payment of interest or principal, the Fund's income, ability to preserve capital, and liquidity would all be adversely affected.

Fund investments are susceptible to factors adversely affecting Idaho, such as political, economic, and financial trends unique to this relatively small state. Investing only in Idaho bonds means that the Fund's investments are more concentrated than other mutual funds, and relatively few bond price changes may lead to underperformance compared to investments selected in greater number and/or from a wider universe.

The Fund is vulnerable to income tax rate changes, either at the Idaho or federal level, since part of municipal securities' value is derived from the recipient's ability to exclude interest payments from taxation.

### Note 2 — Significant Accounting Policies

The following is a summary of the significant accounting policies, in conformity with accounting principles generally accepted in the United States of America, which are consistently followed by the Fund in the preparation of its financial statements.

#### Security valuation:

Debt securities are valued using bid-side valuations provided by an independent service. The service determines valuations using factors such as yields or prices of bonds of comparable quality, type of issue, coupon maturity, ratings, trading activity, and general market conditions. In the absence of a valuation from an independent service for a security, a fair value for such security is determined in good faith by or under the direction of the Board of Trustees.

Security transactions are recorded on trade date. Realized gains and losses on sales of securities are recorded on the identified cost basis.

#### Share valuation:

The net asset value ("NAV") per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash and other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding for the Fund, rounded to the nearest cent. The Fund's shares are not priced or traded on days the New York Stock Exchange is closed. The NAV is the offering and redemption price per share.

The Trustees have adopted certain policies and procedures with respect to frequent trading of Fund shares. The Fund is intended for long-term investment and does not permit rapid trading of its shares. The Fund cannot always identify all intermediaries, or detect or prevent trading that violates the Frequent Trading Policy through intermediaries or omnibus accounts.

#### Fair value measurements:

Accounting Standards Codification (ASC) 820 establishes a three-tier framework for measuring fair value based on a hierarchy of inputs. The hierarchy distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's investments and are summarized below.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access.

Level 2 – Observable inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Trust's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

## Notes To Financial Statements *(continued)*

The following table is a summary of the inputs used as of November 30, 2019, in valuing the Fund's investments carried at value.

Fair Value Inputs	Level 1 Quoted Price	Level 2 Significant Observable Input	Level 3 Significant Unobservable Input	Total
Municipal Bonds <sup>1</sup>	\$-	\$13,032,617	\$-	\$13,032,617
<b>Total Assets</b>	<b>\$-</b>	<b>\$13,032,617</b>	<b>\$-</b>	<b>\$13,032,617</b>

<sup>1</sup> See Schedule of Investments for industry breakout.

During the period ended November 30, 2019, the Fund had no transfers among Levels 1, 2, or 3.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

### Income taxes:

The Fund intends to comply with the requirements of the Internal Revenue Code necessary to qualify as a regulated investment company and to make the requisite distributions of income and capital gains to its shareowners sufficient to relieve it from all or substantially all federal income taxes. As the Fund intends to meet requirements for tax-exempt income dividends, and the requirements of the Idaho Department of Revenue for income dividends exempt from Idaho state income tax, no income tax provisions are required.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2016 – 2018), or expected to be taken in the Fund's 2019 tax return. The Fund identifies its major tax jurisdiction as US federal and foreign jurisdictions where the Fund makes significant investments; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

### Reclassification of capital accounts:

Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting.

As of November 30, 2019, there were no reclassifications to the capital accounts.

### Distributions to shareowners:

The Fund's dividends to shareowners from net investment income are paid daily and distributed on the last business day of each month.

Distributions of capital gains, if any, are made at least annually and as required to comply with federal excise tax requirements. Distributions to shareowners are determined in accordance with income tax regulations and are recorded on the ex-dividend date. Dividends are paid in shares of the Fund, at the net asset value on the payable date. Shareowners may elect to take distributions in cash if they total \$10 or more.

### Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

### Other:

Interest income is recognized on an accrual basis. Premiums on securities purchased are amortized and discounts are accreted over the lives of the respective securities.

### Recent accounting pronouncements:

In August 2018, FASB issued *Accounting Standards Update No. 2018-13*, "Fair Value Measurement (Topic 820: Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13"). ASU 2018-13 eliminates the requirement to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the timing of transfers between levels of the fair value hierarchy and the valuation processes for Level 3 fair value measurements. ASU 2018-13 will require the need to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements and the changes in unrealized gains and losses for recurring Level 3 fair value measurements. ASU 2018-13 will also require that information is provided about the measurement uncertainty of Level 3 fair value measurements as of the reporting date. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, and allows for early adoption of either the entire standard or only the provisions that eliminate or modify the requirements. Management has elected to adopt early the provisions that eliminate the disclosure requirements. Management is still currently evaluating the impact of applying the rest of the guidance.

## Notes To Financial Statements (continued)

### Note 3 — Transactions with Affiliated Persons

Under a contract approved by shareowners on September 28, 1995 and reviewed annually by the Board of Trustees, Saturna Capital Corporation provides investment advisory services and certain other administrative and distribution services to conduct the Fund's business. For such services, the Fund pays an annual fee equal to 0.50% of its average daily net assets. For the fiscal period ended November 30, 2019, the Fund incurred advisory fee expenses of \$67,172. Expenses incurred by the Trust on behalf of the Fund (e.g., legal fees) are allocated to the Fund and the other Funds of the Trust on the basis of relative daily average net assets.

Saturna Capital also acts as transfer agent for the Fund, for which it did not receive any compensation during the fiscal period ended November 30, 2019. Saturna Capital has voluntarily elected to waive the transfer agent fee through November 30, 2019, to reduce the Fund's operating expenses. Such fees, had they been charged, would have totaled \$1,890.

Saturna Brokerage Services, Inc. ("SBS"), a discount brokerage and subsidiary of Saturna Capital, is registered as a broker-dealer and acts as distributor for the Fund.

Saturna Trust Company ("STC"), a subsidiary of Saturna Capital, acts as a retirement plan custodian for Fund shareowners. For the fiscal period ended November 30, 2019, the Fund incurred retirement plan custodial fees of \$99.

Mrs. Jane Carten serves as a trustee and president of the Trust. She is also a director and the president of Saturna Capital and Saturna Trust Company. She is not compensated by the Trust. For the fiscal year ended November 30, 2019, the Trust paid trustee compensation expenses of \$31,500 which is included in the \$44,545 of total expenses paid for the independent Trustees. The Fund's allocation of these expenses was \$3,163.

The officers of the Trust are paid by Saturna Capital, not the Trust, except the Chief Compliance Officer, who is partially compensated by the Trust. For the period ended November 30, 2019, the Fund's allocation of these expenses was \$3,902.

On November 30, 2019, the trustees, officers, and their immediate families as a group directly or indirectly owned 17.98% of the outstanding shares of the Fund.

### Note 4 — Distributions to Shareowners

The tax characteristics of distributions paid during the fiscal periods ended November 30, 2019, and November 30, 2018, were as follows:

	November 30, 2019	November 30, 2018
Tax-exempt income	\$277,251	\$360,134
Taxable income	\$1,290	\$1,201

### Note 5 — Federal Income Taxes

The cost basis of investments for federal income tax purposes at November 30, 2019 was as follows:

Cost of investments	\$12,418,803
Gross unrealized appreciation	\$615,218
Gross unrealized depreciation	\$(1,404)
Net unrealized appreciation	\$613,814

As of November 30, 2019, the components of distributable earnings on a tax basis were as follows:

Undistributed tax exempt income	\$3,820
Tax-exempt accumulated earnings	\$3,820
Accumulated capital loss	\$(91,869)
Unrealized appreciation	\$613,814
Total accumulated earnings	\$525,765

As of November 30, 2019, the Fund had capital loss carryforwards as follows, subject to regulation.

	Carryforward	Expiration
Short-term loss carryforward	\$(55,441)	Unlimited
Long-term loss carryforward	\$(36,428)	Unlimited
	<b>\$(91,869)</b>	

### Note 6 — Investments

During the period ended November 30, 2019, the Fund purchased \$570,167 of securities and sold/matured \$1,112,441 of securities.

### Note 7 — Custodian

Under the agreement in place with UMB Bank, custody fees are reduced by credits for cash balances. Such reduction for the period ended November 30, 2019, amounted to \$510.

### Note 8 — Subsequent Events

In preparing these financial statements, the Funds have evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

There were no other events or transactions during the period that materially impacted the amounts or disclosures in the Funds' financial statements.

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of  
Saturna Investment Trust  
and the Shareholders of Idaho Tax-Exempt Fund,

### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Idaho Tax-Exempt Fund, (the "Fund"), a series of Saturna Investment Trust, including the schedule of investments, as of November 30, 2019, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of November 30, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

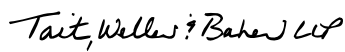
### Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the US federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We have served as the auditor of one or more of the funds in the Trust since 1997.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of November 30, 2019 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

Philadelphia, Pennsylvania  
January 29, 2020

  
Tait, Weller & Baker LLP

## Expenses

(unaudited)

All mutual funds have operating expenses. As an Idaho Tax-Exempt Fund shareowner, you incur ongoing costs, including management fees and other fund expenses such as shareowner reports (like this one). Operating expenses, which are deducted from a fund's gross earnings, directly reduce the investment return of a fund. Mutual funds (unlike other financial investments) only report their results after deduction of operating expenses.

With the Idaho Tax-Exempt Fund, unlike many mutual funds, you do not incur sales charges (loads) on purchases, reinvested dividends, or other distributions. You do not incur redemption fees or exchange fees. You may incur fees related to extra services requested by you for your account, such as bank wires. The examples below are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

### Example

The following example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (June 1, 2019, to November 30, 2019).

### Actual Expenses

The first line provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you have invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses

you paid on your account during this period. The Fund may charge for extra services (such as domestic bank wires, international bank wires, or overnight courier delivery of redemption checks) rendered on request, which you may need to estimate to determine your total expenses.

### Hypothetical Example for Comparison Purposes

The second line provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio (based on the last six months) and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareowner reports of other mutual funds. You may wish to add other fees that are not included in the expenses shown in the table, such as charges for extra services like bank wires.

Please note that the expenses shown are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees (note that the Idaho Tax-Exempt Fund does not charge any such transactional costs). Therefore, the "Hypothetical" line is useful in comparing ongoing costs only, and may not help you determine the relative total costs of owning different funds.

	Beginning Account Value [June 1, 2019]	Ending Account Value [November 30, 2019]	Expenses Paid During Period <sup>1</sup>	Annualized Expense Ratio
Actual	\$1,000.00	\$1,021.10	\$3.51	0.69%
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.59	\$3.51	0.69%






<sup>1</sup> Expenses are equal to Idaho Tax-Exempt Bond Fund's annualized expense ratio of 0.69% (based on the most recent semi-annual period of June 1, 2019 through November 30, 2019) multiplied by the average account value over the period multiplied by 183/365 (to reflect the one-half year period).

## Trustees and Officers

(unaudited)

Name, Address, and Age	Position(s) Held with Trust and Number of Saturna Fund Portfolios Overseen	Principal occupation(s) during past 5 years, including Directorships	Other Directorships held by Trustee
<b>Independent Trustees</b>			
	<b>Marina E. Adshade</b> (52) 1300 N. State Street Bellingham WA 98225	Independent Trustee (since 2017); Nine  Professor of Economics, University of British Columbia, Vancouver and Simon Fraser University;  Author	None
	<b>Ronald H. Fielding</b> , MA, MBA, CFA (70) 1300 N. State Street Bellingham WA 98225	Independent Trustee (since 2009); Thirteen	Director, ICI Mutual Insurance Company  Amana Mutual Funds Trust
	<b>Gary A. Goldfogel</b> , MD (61) 1300 N. State Street Bellingham WA 98225	Chairman (since 2017); Independent Trustee (since 1995); Nine	Medical Examiner (pathologist)  Owner, Avocet Environmental Testing (laboratory)
	<b>Jim V. McKinney</b> (58) 1300 N. State Street Bellingham WA 98225	Independent Trustee (since 2017); Nine	Executive Director, Common Threads Northwest; President/CEO, Apple Mountain LLC, consulting and development; US Army Foreign Area Officer - Political/Military Advisor to US Army Central; Senior Defense Official, Defense Attaché, US Embassy Slovenia
	<b>Sarah E.D. Rothenbuhler</b> (51) 1300 N. State Street Bellingham WA 98225	Independent Trustee (since 2017); Nine	CEO, Birch Equipment (industrial rentals and sales)
<b>Interested Trustee</b>			
	<b>Jane K. Carten</b> , MBA (44) 1300 N. State Street  Bellingham WA 98225	President, Trustee (since 2017); Nine	President and Director, Saturna Capital Corporation  Vice President and Director, Saturna Trust Company  President, Saturna Brokerage Services

**Trustees and Officers** *(continued)*
*(unaudited)*

Name (Age) and Address	Position(s) held with Trust and Number of Saturna Fund Portfolios Overseen	Principal occupation(s) during past 5 years, including Directorships	Other Directorships held by Trustee	
<b>Officers Who Are Not Trustees</b>				
	<b>Phelps S. McIlvaine</b> (66) 1300 N. State Street Bellingham, WA 98225	Vice President (since 1994); N/A	Vice President, Saturna Capital Corporation  Director, Vice President, and former Treasurer Saturna Brokerage Services	N/A
	<b>Christopher R. Fankhauser</b> (47) 1300 N. State Street Bellingham, WA 98225	Treasurer <sup>1</sup> (since 2002); N/A	Chief Operations Officer, Saturna Capital Corporation  Vice President and Chief Operations Officer, Saturna Brokerage Services  Director, Vice President, and Chief Operations Officer, Saturna Trust Company	N/A
	<b>Michael E. Lewis</b> (58) 1300 N. State Street Bellingham, WA 98225	Chief Compliance Officer <sup>1</sup> (since 2012); N/A	Chief Compliance Officer, Saturna Capital, Saturna Trust Company, and Affiliated Funds	N/A
	<b>Jacob A. Stewart</b> (39) 1300 N. State Street Bellingham, WA 98225	Anti-Money Laundering Officer <sup>1</sup> (since 2015); N/A	Anti-Money Laundering Officer, Saturna Capital Corporation, Saturna Brokerage Services  Chief Compliance Officer, Saturna Brokerage Services  Bank Secrecy Act Officer, Saturna Trust Company	N/A
	<b>Nicole Trudeau</b> (40) 1300 N. State Street Bellingham WA 98225	Secretary <sup>1</sup> (since 2018) N/A	Chief Legal Officer, Saturna Capital Corporation  Former: Counsel, Simpson Thacher & Bartlett LLP; Partner, Stradley Ronon Stevens & Young, LLP; Partner, K&L Gates LLP	N/A

Term of Office: each Trustee serves for the lifetime of the Trust or until they die, resign, are removed, or not re-elected by the shareowners. Each officer serves a one-year term subject to annual reappointment by the Trustees.

The Trust's Statement of Additional Information, available without charge upon request by calling Saturna Capital at 1-800-728-8762 and on the Funds' website, [www.idahotaxexemptfund.com](http://www.idahotaxexemptfund.com), includes additional information about the Trustees.

On November 30, 2019 the Trustees, officers, and their related accounts as a group owned 17.98% of the outstanding shares of the Fund.

During the year ended November 30, 2019, the Independent Trustees were each paid by the Trust: (1) \$2,000 annual retainer plus \$1,000 per board meeting attended (in person or by phone), plus reimbursement of travel expenses; (2) \$250 for committee meetings; and (3) \$250 per quarter for serving as chairman of the board or any committee.

Mrs. Carten is an Interested Trustee by reason of her positions with the Trust's adviser (Saturna Capital Corporation) and underwriter (Saturna Brokerage Services), and is the primary manager of the Saturna Sustainable Equity Fund portfolio. She is paid by Saturna Capital a salary, plus a bonus for each month the Saturna Sustainable Equity Fund portfolio earns a 4 or 5 star rating from Morningstar (see [www.saturna.com](http://www.saturna.com)). The officers are paid by Saturna Capital and not the Trust. As of November 30, 2019, all Saturna Capital employees listed above as officers owned shares in one or more of the Saturna Investment Trust funds, with Mrs. Carten owning (directly or indirectly) over \$0.92 million.

<sup>1</sup> Holds the same position with Amana Mutual Funds Trust



## Renewal of Investment Advisory Contract

(unaudited)

During their meeting of September 17, 2019, the Trustees of Saturna Investment Trust, including those Trustees who are not “interested persons” (as that term is defined in the Investment Company Act of 1940) of the Trust or Saturna Capital (the “Independent Trustees”), discussed the continuance of the Investment Advisory and Administrative Services Agreement (“Agreement”) between the Trust, on behalf of the Fund, and Saturna Capital. In considering the renewal of the Agreement, the Trustees discussed the nature, extent, and quality of the services provided by Saturna Capital to the Trust and the Fund. The Trustees considered Saturna Capital’s specific responsibilities in all aspects of day-to-day management of the Fund as well as the qualifications, experience and responsibilities of the Fund’s portfolio manager and other key personnel at Saturna Capital. The Trustees discussed Saturna Capital’s experience, ability, and commitment to quality service through performing internally such functions as shareowner servicing, administration, accounting, marketing, and distribution — all in addition to investment management.

The Trustees took into consideration Saturna Capital’s continued avoidance of significant operational and compliance problems, plus its investments in infrastructure, information management systems, personnel, training, and investor education materials, all designed to provide high quality investor services and meet investor needs. They recognized Saturna Capital’s efforts to recruit and retain qualified and experienced staff and improve the capital base on which Saturna Capital operates, which the Trustees believe is important to the long-term success of the Fund. They considered Saturna Capital’s focus on investors and its efforts to avoid potential conflicts of interest.

The Trustees considered the investment performance of the Fund over time, including the Fund’s average annual total returns relative to its benchmark for the one-, three-, five-, ten-, and fifteen-year periods, all as of August 31, 2019. The Trustees also considered comparative information published by Morningstar Inc. (“Morningstar”), an independent data service provider that, among other things, ranks mutual fund performance within categories comprised of similarly managed funds. The Trustees considered and discussed the Fund’s performance relative to its Morningstar category for the one-, three-, five-, ten-, and fifteen-year periods ended August 31, 2019. The Trustees also considered the Fund’s Morningstar performance ranking (three stars), and the Fund’s performance ranking relative to the Fund’s category selected by Lipper, Inc. for the one-, three-, five- and ten-year periods ended as of August 31, 2019.

With respect to long-term (10- and 15-year) performance, the Trustees found that the average annual total return of the Fund for the 10- and 15-year periods ended on August 31, 2019, was below the Morningstar category average for the same periods. The Trustees also considered the short- and medium-term performance of the Fund, noting that the Fund’s average annual total return for the five-year period ended on August 31, 2019 was below its Morningstar category average, while average annual total return for the one- and three-year periods outperformed its Morningstar category average.

The Trustees noted the risk-averse investment style of the Fund and other factors which can affect the Fund’s performance relative to its broader Morningstar category. The Trustees also noted certain differences between the Fund and the peer funds within its Morningstar category, including differences in investment strategies and asset size. The Trustees found that Saturna Capital continued to manage the Fund in a manner that is designed to be risk-averse and attractive to long-term investors. The Trustees discussed and considered the efforts of Saturna Capital to make additional resources available to assist in managing the Fund. The Trustees also considered Saturna Capital’s focus on improving investment performance without incurring materially higher levels of risk.

The Trustees also considered the performance and expenses of the Fund as compared to smaller group of funds with similar assets and investment objectives and strategies. The Trustees considered these comparative performance and expense data, along with the comparative data published by Morningstar and the Fund’s performance relative to its benchmark, to evaluate the Fund’s performance over near-term and long-term time periods.

The Trustees also reviewed the fees and expenses of the Fund, including comparative data on fees and expenses published by Morningstar, and considered the components of the Fund’s operating expenses. The Trustees noted the steps that Saturna Capital has undertaken to maintain competitive levels of Fund operating expenses. They noted the significant sponsorship of the Fund by Saturna Capital evidenced, in part, by certain fees and expenses paid by Saturna Capital out of its own resources. The Trustees recognized Saturna Capital’s efforts help make the Fund more widely available and less expensive than would otherwise be the case without Saturna Capital’s efforts.

The Trustees recognized that the Fund remains relatively small and there have not been opportunities to consider economies of scale. The Trustees noted Saturna Capital’s commitment to continue operating the Fund and the costs undertaken by Saturna Capital.

The Trustees reviewed Saturna Capital’s financial information and discussed the issue of Saturna Capital’s profitability as related to management and administration of the Trust. They discussed the reasonableness of Saturna Capital’s profitability as part of their evaluation of whether the advisory fees bear a reasonable relationship to the mix of services provided by Saturna Capital, including the nature, extent, and quality of such services.

The Trustees considered and compared the fees charged by Saturna Capital to other types of accounts, including non-mutual fund advisory clients. The Trustees noted the differences between the full range of services Saturna Capital provides to the Fund, including investment advisory services, transfer agency services, administrative and other services, as compared to the investment advisory services provided to the other advisory accounts.

*Continued on next page.*

## **Renewal of Investment Advisory Contract** *(continued)*

*(unaudited)*

The Trustees considered potential benefits to Saturna Capital's other business lines from acting as investment adviser to the Fund, but also recognized that Saturna Capital's other business lines benefit the Fund. The Trustees considered whether there are other potential benefits to Saturna Capital in continuing to manage the Fund and the Trustees found that there were no material benefits other than Saturna Capital's receipt of advisory fees.

The Trustees concluded based on their business judgement that the fees paid by the Fund to Saturna Capital were, from an arm's-length bargaining perspective, reasonable and in the best interest of the Fund and its shareowners in light of the services provided, comparative performance, expense and advisory fee information, costs of services provided, profits to be realized, and benefits derived or to be derived by Saturna Capital from its relationship with the Fund. Following this discussion, the Trustees, including the Independent Trustees, unanimously agreed to renew the Agreement of Idaho Tax-Exempt Fund with Saturna Capital.

## Availability of Portfolio Information

- (1) The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q.
  - (2) The Fund's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov) and at [www.idahotaxexemptfund.com](http://www.idahotaxexemptfund.com).
  - (3) The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800/SEC-0330.
  - (4) The Fund makes a complete schedule of portfolio holdings after the end of each month available to investors at [www.idahotaxexemptfund.com](http://www.idahotaxexemptfund.com).
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## Availability of Proxy Voting Information

- (1) A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (a) without charge, upon request, by calling Saturna Capital at 1-800-728-8762; (b) on the Fund's website at [www.idahotaxexemptfund.com](http://www.idahotaxexemptfund.com); and (c) on the SEC's website at [www.sec.gov](http://www.sec.gov).
- (2) Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (a) without charge, upon request, by calling Saturna Capital at 1-800-728-8762; (b) on the Fund's website at [www.idahotaxexemptfund.com](http://www.idahotaxexemptfund.com); and (c) on the SEC's website at [www.sec.gov](http://www.sec.gov).

## Householding Policy

To reduce expenses, we may mail only one copy of the Fund's prospectus, each annual and semi-annual report, and proxy statement when necessary, to those addresses shared by two or more accounts. If you wish to receive individual and/or more copies of these documents, please call us at 1-800-728-8762 or write to us at Saturna Capital/Idaho Tax-Exempt Fund, P.O. Box N, Bellingham, WA 98227. We will begin sending you individual copies 30 days after receiving your request.

If you are currently receiving multiple copies and wish to receive only one copy, please call us at 1-800-728-8762 or write to us at Saturna Capital/Idaho Tax-Exempt Fund, P.O. Box N, Bellingham, WA 98227. We will begin sending you a single copy with subsequent report mailings.

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## Privacy Statement

At Saturna Capital and the Idaho Tax-Exempt Fund, we understand the importance of maintaining the privacy of your financial information. We want to assure you that we protect the confidentiality of any personal information that you share with us. In addition, we do not sell information about our current or former customers.

In the course of our relationship, we gather certain nonpublic information about you, including your name, address, investment choices, and account information. We do not disclose your information to unaffiliated third parties unless it is necessary to process a transaction; service your account; deliver your account statements, shareowner reports and other information; or as required by law. When we disclose information to unaffiliated third parties, we require a contract to restrict the companies' use of customer information and from sharing or using it for any purposes other than performing the services for which they were required.

We may share information within the Saturna Capital family of companies in the course of informing you about products or services that may address your investing needs.

We maintain our own technology resources to minimize the need for any third party services, and restrict access to information within Saturna. We maintain physical, electronic, and procedural safeguards to guard your personal information. If you have any questions or concerns about the security or privacy of your information please call us at 1-800-728-8762.



**1300 North State Street  
Bellingham, WA 98225  
www.saturna.com  
1-800-728-8762**

This report is issued for the information of the shareowners of the Idaho Tax-Exempt Fund. It is not authorized for distribution to prospective investors unless it is accompanied or preceded by an effective prospectus relating to the securities of the Fund, a series of Saturna Investment Trust.

**Saturna Brokerage Services, Distributor**