Fund Commentary Q4 2020

Saturna Capital

Amana Mutual Funds Trust

Amana Participation Fund Celebrates Five Years of Operations

The Amana Participation Fund began operations on September 28, 2015, and this quarter marked its 5-year anniversary. Assets of the Fund have grown 32% since December of last year, reaching more than $142 million as of December 31, 2020.

We express our heartfelt thanks to each of our investors for your continued support of the Fund.

Fund commentary on page 9

Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about Amana Funds in a current prospectus or summary prospectus, please visit www.amanafunds.com or call toll-free 1-800-728-8762. Please read the prospectus or summary prospectus carefully before investing. Distributed by Saturna Brokerage Services, a wholly-owned subsidiary of Saturna Capital Corporation, investment adviser to the Amana Funds.

At Saturna, we entered 2020 with cautious optimism. Geopolitical uncertainties, rich corporate valuations, and stretched monetary policies kept us vigilant, while generally strong business and economic fundamentals supported optimism. What we didn't foresee was the looming pandemic, widespread economic shutdowns, and rapid government intervention. By nature, such a "black swan" is unforeseeable, and it's also why we place emphasis on seeking out companies with robust balance sheets and competitive positioning to support earnings growth even through trying times. We cannot control the weather, but we can plot a course and pick a vessel to ride out the storm.

And what a storm 2020 presented. From its peak on February 19 to its trough on March 23, the S&P 500 fell 33.9%. In spite of this swoon, when all was said and done, the Index fully recovered its losses and more, providing an 18.40% total return in 2020. A combination of accommodative monetary policy, unprecedented injections of fiscal stimulus, and the rapid development of several promising vaccines have buoyed the market.

In our first quarter commentary we recommended staying invested for most investors. Short-term tactical trading rarely yields positive results. Indeed, since 1928, seven out of the 10 best days for the S&P 500 returns came within two weeks of one of the 10 worst days. We saw this when, on March 16, 2020, the S&P 500 experienced the worst one-day sell-off since 1987. Subsequently, on March 24 the Index experienced its 10th largest daily return since 1928. Although short-term volatility can cause even the most seasoned investor's stomach to turn, staying invested for the long run is generally the best course.

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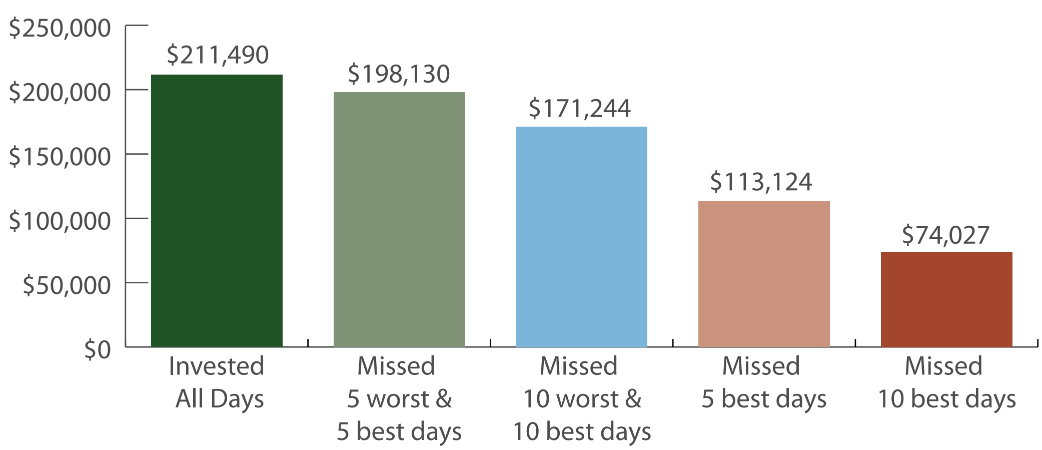
Value of $1,000 invested in S&P 500 Index on Jan. 3, 1928 as of Dec. 31, 2020



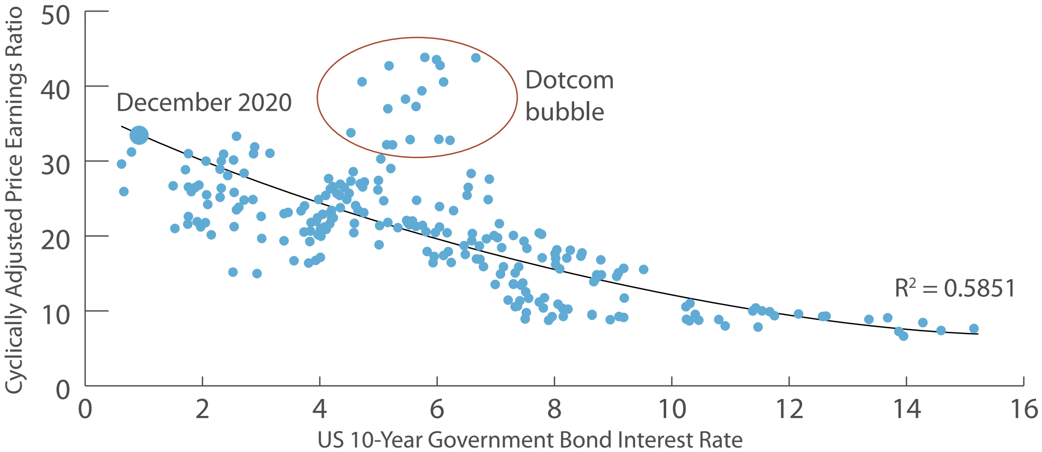
At the onset of the COVID-19 pandemic, epidemiologists estimated that in the best case scenario, a vaccine could be developed in 12-18 months.[1] The fact that a vaccine was developed in less than a year is a testament to human ingenuity. Prior to COVID-19 the fastest vaccine development was for mumps, which took four years. Despite this feat, deploying the vaccines globally will require yet another triumph. Even in countries with developed infrastructure, rolling out the vaccine has hit snags. For instance, the United States had a goal of delivering 20 million vaccines by the end of 2020, but as of January 4, 2021, just over 15 million had been delivered, and far fewer had been administered.[2] In addition to the logistical challenges, at least one new, and possibly more contagious, variant of the virus has appeared and is spreading around the globe. We'd be remiss to underestimate the havoc a microscopic piece of RNA can wreak, given what we have already witnessed in 2020.

Facing widespread economic shutdowns, central banks across the world rapidly cut interest rates. Between March 1 and March 16, the Federal Reserve cut the federal funds target range from 1.5-1.75% to 0.0-0.25%. This easy monetary policy has helped to spur equity markets to all-time highs, despite the ongoing calamity. By driving down interest rates, future earnings become more attractive; thus, companies with high growth expectations tend to be the biggest winners. In line with this theory, Technology stocks led the markets in 2020, exemplified by the continued ascension of Facebook, Alphabet, Amazon, Apple, and Microsoft. At the start of 2020 this group accounted for 17.5% of the S&P 500's market cap; by the end of the year the figure had reached 22.3%.

Environment & Outlook

With 2020's bull market largely being driven by multiple expansion, particularly in Technology stocks, valuations continue to be a point of contention. One way to consider whether or not the market has become irrational is to look at the cyclically adjusted price-to-earnings, or "CAPE", ratio. This figure considers inflation-adjusted share prices relative to the 10-year average of real earnings per share. When we compare this figure with the US government's 10-year interest rate, a common starting point for discount rates used in valuation, the market appears to be fairly priced. That said, we see the strong returns of 2020 largely attributable to a one-off cut in interest rates as opposed to continued earnings growth. Thus, looking ahead, we don't expect to see further multiple expansion, barring the Fed cutting nominal interest rates into negative territory. With 2020 being far from a normal baseline, we expect some volatility as the market shakes out which companies are deserving of their newfound valuations.

Quarterly interest rates and valuation since 1962



Turning our gaze from what happened in 2020 to what is on the horizon, we continue to be cautiously optimistic for these four reasons:

- Unknown timeline for vaccines and additional virus curveballs
- Accommodative monetary policy
- Stretched, but not irrational, corporate valuations
- New presidential administration and possibility for further fiscal accommodation

As to the final point, the results of two runoff elections for the Senate seats in Georgia have provided the Democratic Party with the slimmest of majorities, given the vice president's role as tie-breaker. As a result, Democrats control the House, the Senate, and the Presidency, raising the likelihood of further fiscal accommodation in 2021.

Amana Income Fund

The Amana Income Fund Investor Shares gained 10.40% in the fourth quarter of 2020, bringing the full year return to 13.95%. The S&P 500 Index returned 12.15% in the fourth quarter and 18.40% for the full year.

The fourth quarter of 2020 included the presidential and congressional elections in the US, with control of the federal government up for grabs. While Joe Biden's victory put the Democratic candidate at the helm as president, the Senate majority was still undecided at year-end, pending two run-off elections in Georgia the following January. At the same time, a severe wave of coronavirus cases in many parts of the world deeply impacted livelihoods and caused upheaval for many businesses. Despite the political uncertainty and continued disruptions from the pandemic, US equity markets performed strongly, with the S&P 500 reaching a new all-time high at year-end. Low interest rates, the prospect of additional waves of fiscal stimulus, and remarkable progress in vaccine development appeared to instill confidence in investors, showing them that the markets and economy were in a good position to ride out the storm while waiting for life to return to normal in the second half of 2021.

The Income Fund's performance in the fourth quarter was led by a number of Industrial sector companies including Parker Hannifin, Honeywell International, and Carlisle. Taiwan Semiconductor was the Fund's biggest contributor to performance for both the quarter and the full year. Detractors from Fund performance included Kimberly Clark, Air Products & Chemicals, and General Mills.

US equity market performance continues to be heavily influenced by the five large Technology sector companies (Apple, Microsoft, Amazon, Facebook, and Alphabet, i.e., Google) that now comprise 22% of the S&P 500. Amana Income Fund owns shares of Microsoft, but none of the others; among the four, only Apple pays a regular dividend, albeit with too small a yield (roughly 0.7%) to be appropriate for the Fund's main objective of current income. The large concentration of these five companies in the S&P 500 is likely to continue to influence the benchmark's performance to a greater degree than in the past.

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As of December 31, 2020

10 Largest Contributors YTD	Return	Contribution
Taiwan Semiconductor ADS	92.71%	3.39
Microsoft	42.53%	2.26
Eli Lilly	31.06%	1.74
Rockwell Automation	26.13%	1.29
Parker Hannifin	34.72%	1.15
Colgate-Palmolive	27.16%	0.69
Abbott Laboratories	28.00%	0.66
Honeywell International	22.97%	0.65
Illinois Tool Works	16.40%	0.65
Canadian National Railway	23.57%	0.63

10 Largest Detractors YTD	Return	Contribution
Methanex	-62.78%	-0.57
Intel	-14.70%	-0.47
Carlisle	-1.99%	-0.34
Dupont de Nemours	-30.76%	-0.31
Dow	-59.09%	-0.26
GlaxoSmithKline ADS	-17.70%	-0.23
Genuine Parts	-2.18%	-0.14
Corteva	-22.18%	-0.11
Stanley Black & Decker	9.74%	-0.07
Rio Tinto ADS	-13.27%	-0.07

Top 10 Holdings	Portfolio Weight
Eli Lilly	6.49%
Taiwan Semiconductor ADS	6.36%
Microsoft	6.11%
Rockwell Automation	5.17%
Illinois Tool Works	4.20%
McCormick & Co	3.94%
PPG Industries	3.91%
Honeywell International	3.80%
Parker Hannifin	3.76%
Intel	3.08%

30-Day Yield	
Investor Shares (AMANX):	0.66%
Institutional Shares (AMINX):	0.91%

Asset-weighted average debt to market cap: 15.9%

Amana Growth Fund

As of December 31, 2020

The Amana Growth Fund concluded 2020 with a solid fourth quarter, with the Investor Shares gaining 12.81%, edging out the S&P 500 Index return of 12.15%. The full year Fund appreciation of 32.86% exceeded the S&P 500's 18.40% return by over 1,400 basis points. Within the Growth category, the Fund performed broadly in line for 2020, finishing in Morningstar's 52nd percentile. Given the dramatic appreciation of several "pandemic" stocks inappropriate for the Fund due to either an insufficient history as a public company, engagement in off-limits activities, or a lack of profitability, we consider this a respectable performance.

Technology stocks were the primary driver of Fund returns over the course of the year, with Health Care, Consumer Stocks, and Industrials also contributing. While the Fund is heavily weighted toward Technology, we believe the diversification of exposure across these other sectors places the Fund in good stead for a different type of investing environment in 2021.

With Technology claiming eight of the 10 Largest Contributors for 2020, the effect of the pandemic, remote work, and the acceleration of various technology trends becomes clear. Arguably, one of the two non-Technology stocks – Estée Lauder – benefited from the same phenomenon, as an initially lackadaisical Zoom attitude gave way to maintaining appearances when we realized remote work was here to stay. Leading the pack, Apple claimed the top spot among Fund contributors. More than once we have read Apple obituaries, but we believe the company's combination of hardware and services will continue to drive the business for years to come, and we look forward to improved availability for the iPhone 12. Semiconductors represent one of our strongest investment themes for the next several years, driven by the adoption of 5G cellular, the Internet of Things, cryptocurrencies, automated driving, artificial intelligence, and more. We demonstrated belief in that thesis with Taiwan Semi, ASML, Qualcomm and Xilinx. Xilinx has agreed to be acquired by AMD, and we are reviewing that stock for continued inclusion in the portfolio. Although classified as a Technology company, Intuit's fortunes are tied to a variety of factors. Carnage across small businesses in the US has been significant, but the Senate elections in Georgia raise the possibility of new tax legislation that could spur demand. Agilent, the other non-Technology top performer, specializes in numerous medical technologies, including diagnostics and genomics, and

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10 Largest Contributors YTD	Return	Contribution
Apple	82.31%	5.20
Adobe	51.64%	3.04
Taiwan Semiconductor ADS	92.71%	2.66
ASML Holding	66.26%	2.62
Intuit	46.11%	2.21
Qualcomm	77.00%	2.20
Trimble	60.16%	1.50
Agilent Technologies	39.77%	1.31
Xilinx	47.24%	1.18
Estée Lauder, Class A	29.78%	1.04

10 Largest Detractors YTD	Return	Contribution
EMCOR Group	6.47%	-0.63
Cisco Systems	-3.53%	-0.06
Synnex	-28.80%	-0.06
TJX Companies	12.25%	-0.05
United Parcel Service, Class B	-1.56%	-0.01
Bristol-Myers Squibb	0.39%	0.00
Bristol-Myers Squibb CVR	-1.99%	0.00
Gartner	3.95%	0.00
SAP ADS	-1.23%	0.01
Amgen	-2.00%	0.02

Top 10 Holdings	Portfolio Weight
Apple	9.62%
Adobe	7.19%
Intuit	6.14%
ASML Holding	5.40%
Taiwan Semiconductor ADS	4.79%
Estée Lauder, Class A	4.39%
Qualcomm	4.38%
Agilent Technologies	3.83%
Church & Dwight	3.76%
Trimble	3.60%

Asset-weighted average debt to market cap: 10.0%

Amana Developing World Fund

The adage about the importance of "time in the market versus timing the market" certainly held true in 2020. No one expected that COVID-19 would have such an impact on the world, but at the same time, no one expected such a strong rebound in markets shortly after the sell-off in March. With minor disruptions based on global case counts, elections, and sanctions, the developing markets performed well. Throughout this rocky time, the Amana Developing World Fund stayed the course, seeking companies with strong governance principles, sustainable competitive advantages, and robust balance sheets. While this investment philosophy shone brightest during March's volatility – the Fund's year-to-date bottom was still 771 basis points above the MSCI Emerging Markets (EM) benchmark – the approach served the Fund well throughout the year. Amana Developing World Investor Shares returned 21.26% for the full year versus 18.31% for the MSCI EM Index. In the risk-on environment of the fourth quarter, the shares slightly trailed the benchmark, returning 19.46% versus the benchmark at 19.70%.

For both the full year and the fourth quarter, Technology stocks lead the way in returns. Silergy and Delta Electronics generated annual returns in excess of 100%. In the fourth quarter, Baidu and Micron produced the strongest returns. Baidu's strong quarterly performance is a testament to the premium (some might call it a bubble) markets are placing on electric vehicle and renewable energy companies. Until mid-December, Baidu's stock remained range-bound and only changed when it was reported the company had plans to enter the electric vehicle market. While we see a bright future for electric vehicles and renewable energy, we remain committed to our investment process that focuses on business fundamentals over market frenzy.

Fitting with broader trends, Copa Holdings, an airline operator, and Ramayana Lestari, an Indonesian department store, were the Fund's largest detractors for the year. In a sign of the risk-on environment that was present in the fourth quarter, four of the 10 Largest Detractors in the Fund were Consumer Staples companies. This can't last forever, and seeing an easing of restrictions, we are confident that this sector will rebound.

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As of December 31, 2020

10 Largest Contributors YTD	Return	Contribution
Silergy	171.97%	6.59
Taiwan Semiconductor ADS	92.71%	2.91
Tencent Holdings ADR	50.15%	2.73
Techtronic Industries	77.33%	2.41
Baidu ADS	71.08%	1.98
Samsung Electronics	57.57%	1.48
Delta Electronics	104.75%	1.37
Advantech	39.19%	1.05
Kansas City Southern	34.55%	0.93
Micron Technology	39.79%	0.87

10 Largest Detractors YTD	Return	Contribution
Copa Holdings, Class A	-58.24%	-0.73
Ramayana Lestari Sentosa	-49.70%	-0.72
SM Prime Holdings	-2.97%	-0.65
Fleury	-29.76%	-0.56
Hong Kong & China Gas	-17.49%	-0.54
VF	-11.89%	-0.51
China Mobile ADS	-23.12%	-0.48
Manila Electric Company	-29.75%	-0.44
Telekomunikasi Indonesia ADS	-13.41%	-0.41
Clicks Group	-4.98%	-0.37

Top 10 Holdings	Portfolio Weight
Silergy	7.27%
Tencent Holdings ADR	5.28%
Taiwan Semiconductor ADS	4.68%
Techtronic Industries	4.09%
Baidu ADS	3.97%
Samsung Electronics	3.63%
Advantech	3.00%
Delta Electronics	2.87%
LG Household & Health Care	2.74%
Clicks Group	2.74%

Asset-weighted average debt to market cap: 12.4%

Amana Participation Fund

Investors are looking toward 2021 as a year of recovery and reclamation; however, it is reasonable to expect that the year will be interrupted by episides of additional lockdowns due to the coronavirus's enigmatic mutations and difficulties in inoculating the world population. Despite the challenging rollercoaster ride of 2020, investors remained resilient. While investors have benefited from the accommodative monetary policies of central banks from around the world, we also believe that our values-based investment framework in conjunction with in-depth research and years of experience has helped us to serve our clients. As we look forward to returning to communal gatherings with friends and family, as well as the sun setting on the virus, we remain vigilant for our investors. The investment landscape has changed, and with it we observe new risks and opportunities. The large issuance of debt worldwide, all in an attempt to offset fiscal shortfalls and stabilize financial markets, raises the chances of default and other credit-related risks. Governments face considerable challenges in trying to restart their economies while reducing their fiscal budget deficits under these growing debt burdens.

At year-end 2020, the Gulf Cooperation Council region (GCC) issued over $82.4 billion in US dollar-denominated debt and *sukuk* instruments, reflecting a 13.7% year-over-year decline when compared to 2019's record-breaking issuance of $95.4 billion. 2020's issuance offers noteworthy characteristics not observed in prior years. First, issuance of Islamic securities was significantly lower compared to prior issuance trends. In 2020, *sukuk* represented only 9.7% of the total $82.4 billion in debt and Islamic investment certificates issued over the year. This is down from 2019, when Islamic securities represented 20.7% of total issuance, and 2019's trailing 3-year average of 22.3%. Second, 2020's issuance was primarily sourced from government and government-related entities. Governments found themselves needing to raise cash as their respective economies were locked down due to the pandemic. As

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As of December 31, 2020

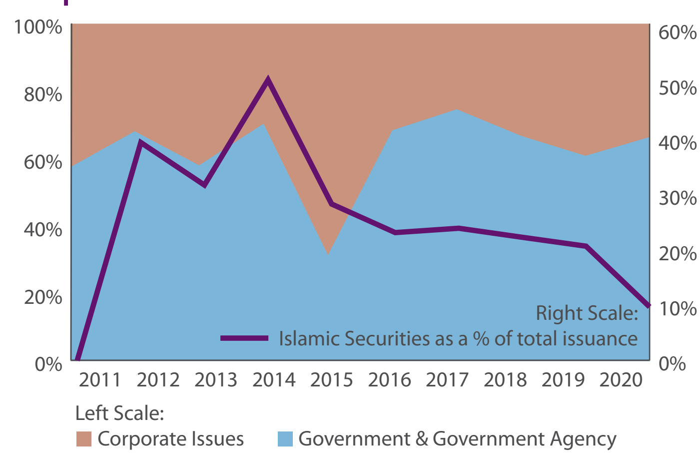
Top 10 Holdings	Portfolio Weight
Perusahaan Penerbit SBSN *(4.55% 03/29/2026)*	4.61%
Perusahaan Penerbit SBSN *(4.45% 02/20/2029)*	4.60%
ICD Sukuk	4.58%
Almarai Sukuk	4.52%
TNB Global Ventures	4.44%
EIB Sukuk	4.30%
QIB Sukuk	4.25%
SOQ Sukuk A	4.21%
DIB Sukuk	4.18%
Tabreed Sukuk	4.02%

30-Day Yield	
Investor Shares (AMAPX):	0.88%
Institutional Shares (AMIPX):	1.11%

Credit Profile	
AAA	2.64%
AA	4.21%
A	18.79%
BBB	43.07%
BB	2.21%
Not rated	21.95%
Cash and equivalents	7.13%

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.

Composition of GCC US dollar denominated debt & sukuk



Performance Summary

As of December 31, 2020

Average Annual Total Returns *(Before Taxes)*	YTD	1 Year	3 Year	5 Year	10 Year	15 Year	Expense Ratio[A]
Income Fund Investor Shares (AMANX)	13.95%	13.95%	10.60%	12.48%	10.71%	9.79%	1.04%[B]
Income Fund Institutional Shares (AMINX)	14.14%	14.14%	10.84%	12.73%	n/a	n/a	0.81%[B]
S&P 500 Index	18.40%	18.40%	14.14%	15.20%	13.87%	9.87%	n/a
Growth Fund Investor Shares (AMAGX)	32.86%	32.86%	21.89%	20.25%	14.36%	11.83%	0.99%[B]
Growth Fund Institutional Shares (AMIGX)	33.19%	33.19%	22.19%	20.53%	n/a	n/a	0.76%[B]
S&P 500 Index	18.40%	18.40%	14.14%	15.20%	13.87%	9.87%	n/a
Developing World Fund Investor Shares (AMDWX)	21.26%	21.26%	6.71%	8.29%	1.96%	n/a	1.34%
Developing World Fund Institutional Shares (AMIDX)	21.60%	21.60%	6.88%	8.50%	n/a	n/a	1.21%
MSCI Emerging Markets Index	18.31%	18.31%	6.16%	12.79%	3.63%	6.59%	n/a
Participation Fund Investor Shares (AMAPX)	5.35%	5.35%	3.90%	3.32%	n/a	n/a	0.88%
Participation Fund Institutional Shares (AMIPX)	5.59%	5.59%	4.17%	3.55%	n/a	n/a	0.63%
FTSE Sukuk Index	8.79%	8.79%	6.50%	5.56%	n/a	n/a	n/a

[A] Expense ratios shown are as stated in the Funds' most recent Prospectus dated September 25, 2020.
[B] Restated to reflect a reduction in the Advisory and Administrative Services fee, which became effective on December 1, 2020.

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

The S&P 500 is an index comprised of 500 widely held common stocks considered to be representative of the US stock market in general. The MSCI Emerging Markets Index, produced by Morgan Stanley Capital International, measures equity market performance in over 20 emerging market countries. The FTSE Sukuk Index measures the performance of global Islamic fixed-income securities, also known as sukuk. The CBOE Volatility Index, known by its ticker symbol VIX, is a popular measure of the stock market's expectation of volatility implied by S&P 500 Index options. When available, Saturna uses total return components of indices mentioned. Investors cannot invest directly in the indices.

Institutional Shares of the Amana Funds began operations September 25, 2013.

The Amana Participation Fund began operations September 28, 2015.

***Income**, **Growth**, **Developing World**, and **Participation** Funds: The value of the shares of each of the Funds rises and falls as the value of the securities in which the Funds invest goes up and down. The Amana Mutual Funds limit the securities they purchase to those consistent with Islamic principles. This limits opportunities and may affect performance. Each of the Funds may invest in securities that are not traded in the United States. Investments in the securities of foreign issuers may involve risks in addition to those normally associated with investments in the securities of US issuers. These risks include currency and market fluctuations, and political or social instability. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.*

***Growth Fund**: The smaller and less seasoned companies that may be in the Growth Fund have a greater risk of price volatility.*

***Participation Fund**: While the Participation Fund does not invest in conventional bonds, risks similar to those of conventional nondiversified fixed-income funds apply. These include: diversification and concentration risk, liquidity risk, interest rate risk, credit risk, and high-yield risk. The Participation Fund also includes risks specific to investments in Islamic fixed-income instruments. The structural complexity of sukuk, along with the weak infrastructure of the sukuk market, increases risk. Compared to rights of conventional bondholders, holders of sukuk may have limited ability to pursue legal recourse to enforce the terms of the sukuk or to restructure the sukuk in order to seek recovery of principal. Sukuk are also subject to the risk that some Islamic scholars may deem certain sukuk as not meeting Islamic investment principles subsequent to the sukuk being issued.*

Performance Summary

As of December 31, 2020

Morningstar™ Ratings[A]	1 Year	3 Year	5 Year	10 Year	15 Year	Overall
Amana Income Fund – "Large Blend" Category						
Investor Shares (AMANX)	n/a	★★★	★★★	★★	n/a	★★★
% Rank in Category	65	71	73	88	25	n/a
Institutional Shares (AMINX)	n/a	★★★	★★★	☆☆	n/a	★★★
% Rank in Category	64	69	69	86	17	n/a
Number of Funds in Category	1,363	1,232	1,072	814	591	1,232
Amana Growth Fund – "Large Growth" Category						
Investor Shares (AMAGX)	n/a	★★★★	★★★★	★★★	n/a	★★★★
% Rank in Category	52	38	25	65	31	n/a
Institutional Shares (AMIGX)	n/a	★★★★	★★★★	☆☆☆	n/a	★★★★
% Rank in Category	51	36	22	62	29	n/a
Number of Funds in Category	1,289	1,197	1,070	789	566	1,197
Amana Developing World Fund – "Diversified Emerging Markets" Category						
Investor Shares (AMDWX)	n/a	★★★★	★★	★★★	n/a	★★★
% Rank in Category	31	35	87	85	n/a	n/a
Institutional Shares (AMIDX)	n/a	★★★★	★★	☆☆☆	n/a	★★★
% Rank in Category	31	33	86	81	n/a	n/a
Number of Funds in Category	796	697	597	278	n/a	697
Amana Participation Fund – "Emerging Markets Bond" Category						
Investor Shares (AMAPX)	n/a	★★★★	★	n/a	n/a	★★
% Rank in Category	46	61	100	n/a	n/a	n/a
Institutional Shares (AMIPX)	n/a	★★★★	★	n/a	n/a	★★
% Rank in Category	43	48	98	n/a	n/a	n/a
Number of Funds in Category	274	244	192	n/a	n/a	244

[A] Morningstar Ratings™ ("Star Ratings") are as of December 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 Amana Mutual Funds offer two share classes – Investor Shares and Institutional Shares, each of which has different expense structures.

Amana Income Fund

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Looking ahead to the first quarter of 2021 and beyond, we are mindful of several outstanding concerns:

- As societies and economies return to "normal," what kinds of changes brought about by the virus will prove to be more durable?
- US interest rates, especially long-term rates, are at historic lows; meanwhile, Congress and the Federal Reserve appear more open to taking bold action than they have in the past to quickly return the economy to full employment, even if those actions lead to an increase in inflation. Is higher inflation actually around the corner? Or will the US economy experience what Japan and Europe have over the previous decade, where entrenched disinflationary dynamics and aging demographics keep inflation and interest rates very low, despite the efforts of policymakers?
- We see signs of some excess enthusiasm in the valuations of US equities, particularly those with strong growth prospects. While there is an argument that low interest rates help make the future earnings potential of quickly growing companies more attractive (thus boosting their share prices), we have not seen the same kinds of valuation increases in response to very low rates in other economies such as in Japan, Korea, or Western Europe. Will the US experience a kind of "Goldilocks" era where interest rates remain low enough and earnings growth high enough to support these valuations? The risks are that low interest rates are actually a symptom of poor economic growth prospects, and that either faster-than-expected growth will cause interest rates to rise, or slower-than-expected growth will cause earnings to fall short of optimists' hopes, both of which could undermine US equity valuations.

With these questions in mind, we continue our approach of investing in high-quality, durable businesses, while looking for areas of opportunities or risks that are not yet broadly appreciated.

Amana Growth Fund

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was well-placed in the age of the coronavirus. We believe the demand for its products will continue and even accelerate as the pandemic winds down.

EMCOR focuses on electrical and mechanical construction and facilities services, which seems a difficult business given the acceleration of e-commerce and the likely persistence of remote work going forward. It's interesting to note that the Amazon-inspired, oft-discussed "retail apocalypse" occurred over the course of two decades as 12% of retail sales shifted to the internet and overall sales were growing. What effect will the pull-forward of pandemic e-commerce have on the needs for retail space going forward? While EMCOR rebounded sharply with the announcement of a vaccine, we had sold it earlier in the year. We acquired Synnex shares when it purchased Fund-holding Convergys and could not make a strong enough case to remain shareholders. It has been sold. We also sold the Bristol-Myers CVR, or "Contingent Value Rights," which we received when Bristol-Myers acquired Celgene. While small in the context of Fund assets, selling was the correct decision as the CVRs expired worthless at year-end due to failure to meet the requirements for payout. UPS is a new holding in the Fund, and we are excited about the opportunity for new management to improve operating metrics after several years of inconsistent performance. Although they produced modest positive returns, we are evaluating the case for maintaining our investments in SAP and Amgen.

Compared to the end of the third quarter, there was only one change among the Top 10 Holdings, as Trimble's significant appreciation led to it replacing Amgen.

Amana Developing World Fund

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2020 will be seen as a watershed year, where COVID-19 forced humans to develop vaccines in record time, greenhouse gas emissions rapidly declined, and several emerging markets proved their development capabilities. Countries, particularly those in Asia, demonstrated they could combat the spread of COVID-19 better than much of the "developed world." Such performance once again reminds us that the developing world is far from homogenous and it gives further credence to looking beyond financial statements to include understanding corporate performance on environmental, social, and governance (ESG) issues.

Our focus on ESG issues has led the Fund to be especially diligent before investing in China. The country is by far the largest emerging market economy and thus constitutes a significant portion of the companies in the MSCI Emerging Markets Index. The Fund remains underweight to China as general governance concerns have led US regulators to delist some Chinese firms. We are also mindful of the overly strong hand of the Communist party, particularly the human rights atrocities in Xinjiang against the Uighurs, causing us to be vigilant of company exposure to the region. Rumors abound as to which companies have exposure to the region, but our analysts look past these to find the truth. In the short-term, the added diligence of our fundamental and ESG research may cause the Fund to hold cash. We believe that this process will help us continue to find high-quality long-term investments.

As the Developing World Fund has a long-term focus, one idea needs to be pointed out. After tremendous growth in the developing markets in the first decade of the twenty-first century, the second decade became a "lost cause," significantly underperforming the developed markets. However, this sets the stage for a promising third decade, and 2020 has bolstered our optimism that developing countries are continuing to find their place in the global market. As these economies continue to evolve amid a weakening dollar, the developing world provides investors with valuable diversification. Add this to expanding populations and rapidly increasing income levels, and this should support growth that outpaces more developed markets. We are excited about the coming years in the developing world, and with the growth in Fund assets nearing US$50 million, it seems our shareholders are as well.

Amana Participation Fund

Continued from page 9

a result, corporate issuance declined from 39.6% in 2019 to 33.6% in 2020. Over the last five years, government and government-related issuances have represented 67.4% of total issuances. Among the more noteworthy government agency issues in 2020 was Aramco's $8.0 billion debt offering which included the Kingdom of Saudi Arabia's first 50-year note. Those proceeds were used to help support its $75 billion annual dividend payment, most of which goes to the Saudi government to supplement its fiscal budget.[3]

Opportunities also exist within this challenging environment. In an era of historically low interest rates, the amount of outstanding negative-yielding debt globally reached a new all-time high of $18.38 trillion on December 11, 2020. As a byproduct, investors now look to regions such as the GCC for favorable returns by countries less indebted than those found in many developed countries. This helps, in part, to provide a favorable investment climate that has rewarded investors such as those with the objective of capital preservation while seeking Islamic-compliant income offered by *sukuk* securities.

At year-end 2020, the Amana Participation Institutional Shares returned of 5.59%, compared to the FTSE Sukuk Index's return of 8.79%. The Fund's performance can be attributed in part to the GCC region's favorable investment climate and also to our investment process emphasizing high-quality issuers, led by management teams exercising prudence and demonstrating sound long-term financial practices.

At year-end 2020, the Institutional Shares provided a 30-day yield of 1.11%. The Participation Fund reported a modified duration of 3.86 years. The Fund is diversified among 31 separate issues to meet its investment objective of capital preservation and current income while being entirely invested in US dollar-denominated securities.

The two top performing issues during the fourth quarter include Majid Al Futtaim, a large hypermarket and grocery retailer headquartered in Dubai, and Investment Corporation of Dubai, the Emirate of Dubai's sovereign wealth fund. The two worst performing issues over the quarter include Qatar Islamic Bank and Emirates Islamic Bank.

For the upcoming year, we anticipate a supportive investment climate for *sukuk* investors to continue, given the low interest rates and accommodative fiscal and monetary policies.

About The Authors

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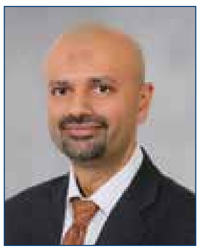
Amana Growth Fund Portfolio Manager
Amana Income Fund and **Amana Developing World Fund** Deputy Portfolio Manager

Scott Klimo, Vice President, 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.



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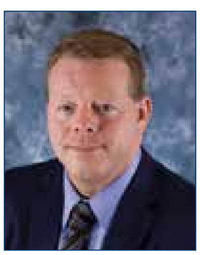
Monem Salam is Executive Vice President and a Director of Saturna Capital. He received his degrees from the University of Texas: BA (Austin) and MBA (Dallas). He worked as the Chief Investment Officer for ITG & Associates (Dallas) until 1999, then as a representative with Morgan Stanley (suburban Dallas) until joining Saturna Capital in June 2003. He served as the Director of Islamic Investing and a Deputy Portfolio Manager to the Amana Mutual Funds Trust until moving to Kuala Lumpur in 2012 to oversee Saturna Sdn. Bhd. In 2018, he returned to the United States. He is Portfolio Manager of the Amana Income and Developing World Funds, as well as investment management accounts, and a Deputy Portfolio Manager of Amana Growth Fund. Monem is Adjunct Professor at IE Business School and speaks at Islamic finance/investment conferences worldwide. He co-authored *A Muslim's Guide to Investing and Personal Finance*. Monem has authored chapters on Islamic Investing in both Contemporary Islamic Finance and Islamic Capital Markets, and he contributes articles to leading Islamic financial magazines. As a mark of recognition of his achievements in the Islamic economy, Monem was ranked among 500 of the Islamic world's most prominent and influential leaders by ISLAMICA 500 in 2015.



Patrick Drum MBA, CFA, CFP®
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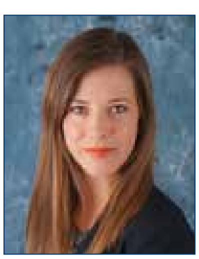
Patrick T. Drum, Research Analyst and Portfolio Manager, joined Saturna Capital in October 2014. He is a former select member of the United Nations Principles for Responsible Investment (UNPRI) Fixed Income Outreach Subcommittee and a former adjunct professor of finance at Pinchot University, formerly known as Bainbridge Graduate Institute (BGI). Mr. Drum has over 10 years of experience integrating ESG considerations into fixed-income portfolio management. He holds a BA in economics from Western Washington University and an MBA from Seattle University Albers School of Business. He is a Chartered Financial Analyst Charterholder (CFA) and a Certified Financial Planner®. Mr. Drum has more than 20 years of investment experience in serving institutions and private clients.



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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.

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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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***Asset-weighted average debt to market capitalization**: This ratio represents the average debt to market capitalization of the portfolio. It is calculated by taking the debt to market capitalization for each company (its debt divided by its market capitalization), then weighting these values (multiplying each by the company's percent share of total portfolio assets), then totaling the weighted values.*

***Effective maturity**, **modified duration,** and **effective duration** are measures of a fund's sensitivity to changes in interest rates and the markets. A fund's effective maturity is a dollar-weighted average length of time until principal payments must be paid. Longer maturities typically indicate greater sensitivity to interest rate changes than shorter maturities. Modified duration differs from effective maturity in that it accounts for interest payments in addition to the length of time until principal payments must be paid. Longer durations tend to indicate greater sensitivity to interest rate changes than shorter durations. Call options and other security specific covenants may be used when calculating effective maturity and modified duration.*

*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.*

We note that unlike many funds, the Amana Funds' expenses are not subsidized by its adviser, Saturna Capital, therefore the 30-Day Yields presented are actual, according to the SEC's calculation methodology.

Footnotes to commentary:

[1] Cagle, Tess. Until now, what's the quickest a vaccine has ever been developed? Nautilus, May 2020. https://coronavirus.nautil.us/until-now-whats-the-quickest-a-vaccine-has-ever-been-developed/

[2] Soucheray, Stephanie. US COVID deaths top 350,000 as vaccine rollout continues. Center for Infectious Disease Research and Policy, January 4, 2021. https://www.cidrap.umn.edu/news-perspective/2021/01/us-covid-deaths-top-350000-vaccine-rollout-continues

[3] Martin, Matthew. "Saudi Arabia's government leans on Aramco to maintain $75 billion dividend," World Oil, September 9 2020. https://www.worldoil.com/news/2020/9/9/saudi-arabia-s-government-leans-on-aramco-to-maintain-75-billion-dividend