



# The Case for Global Bonds

## An important allocation for diversification and sustainability



# WELCOME!



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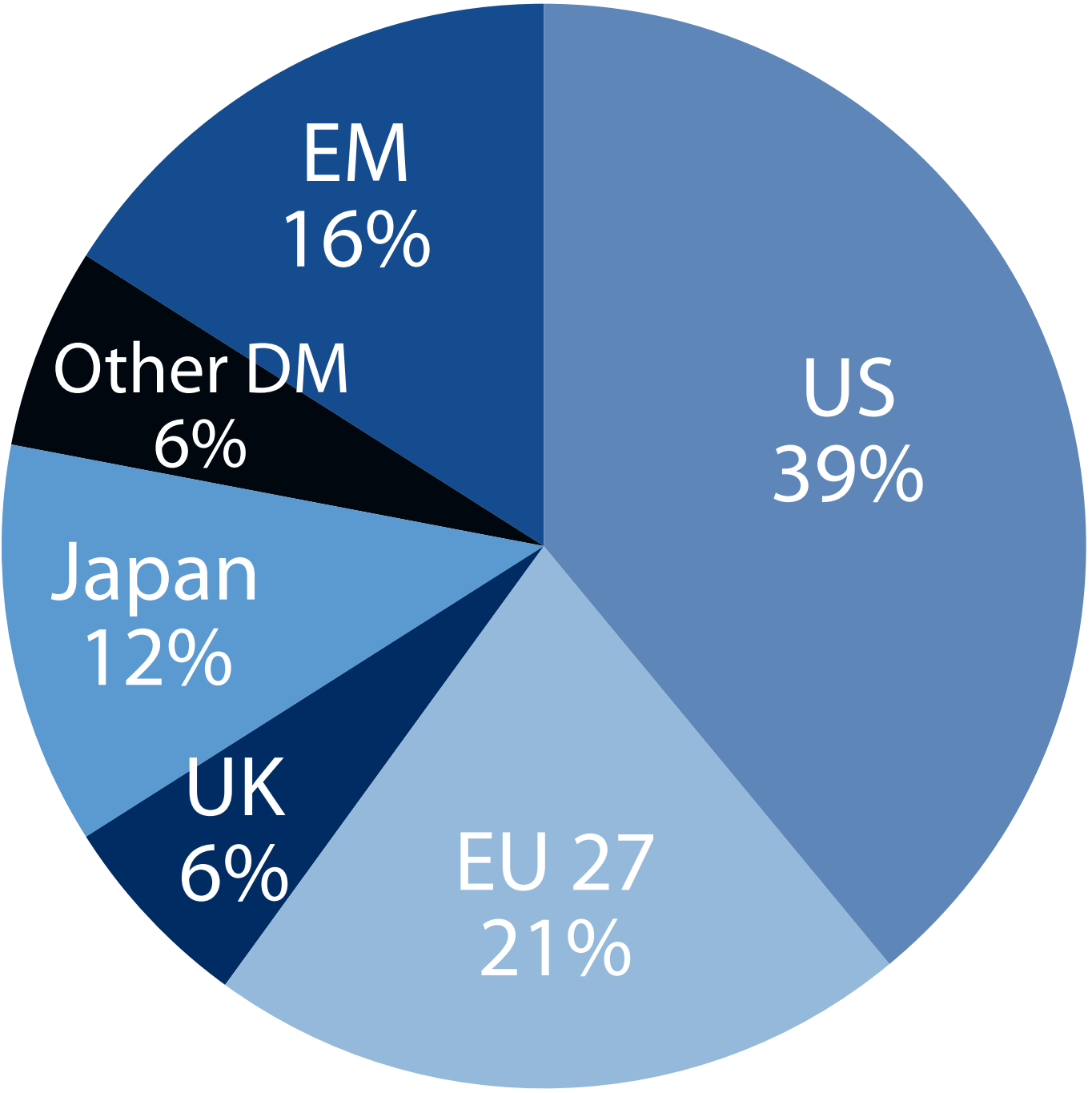


**Craig Churman** MBA AIF®  
Vice President ,  
Product Development and Director



# Global Fixed-Income Landscape

Global Bond Market Outstanding  
2019 - \$105.9 Trillion



Source: Bank for International Settlements, SIFMA estimates  
Note: EM = emerging markets, DM = developed markets

Emerging markets will dominate the world's top 10 economies in 2050 (GDP at PPPs)

	2016	2050	
China	1	1	China
US	2	2	India
India	3	3	US
Japan	4	4	Indonesia
Germany	5	5	Brazil
Russia	6	6	Russia
Brazil	7	7	Mexico
Indonesia	8	8	Japan
UK	9	9	Germany
France	10	10	UK

 **E7 economies**  **G7 economies**

Sources: IMF for 2016 estimates, PwC analysis for projections to 2050

# Asset Class Performance & Risk Attributes

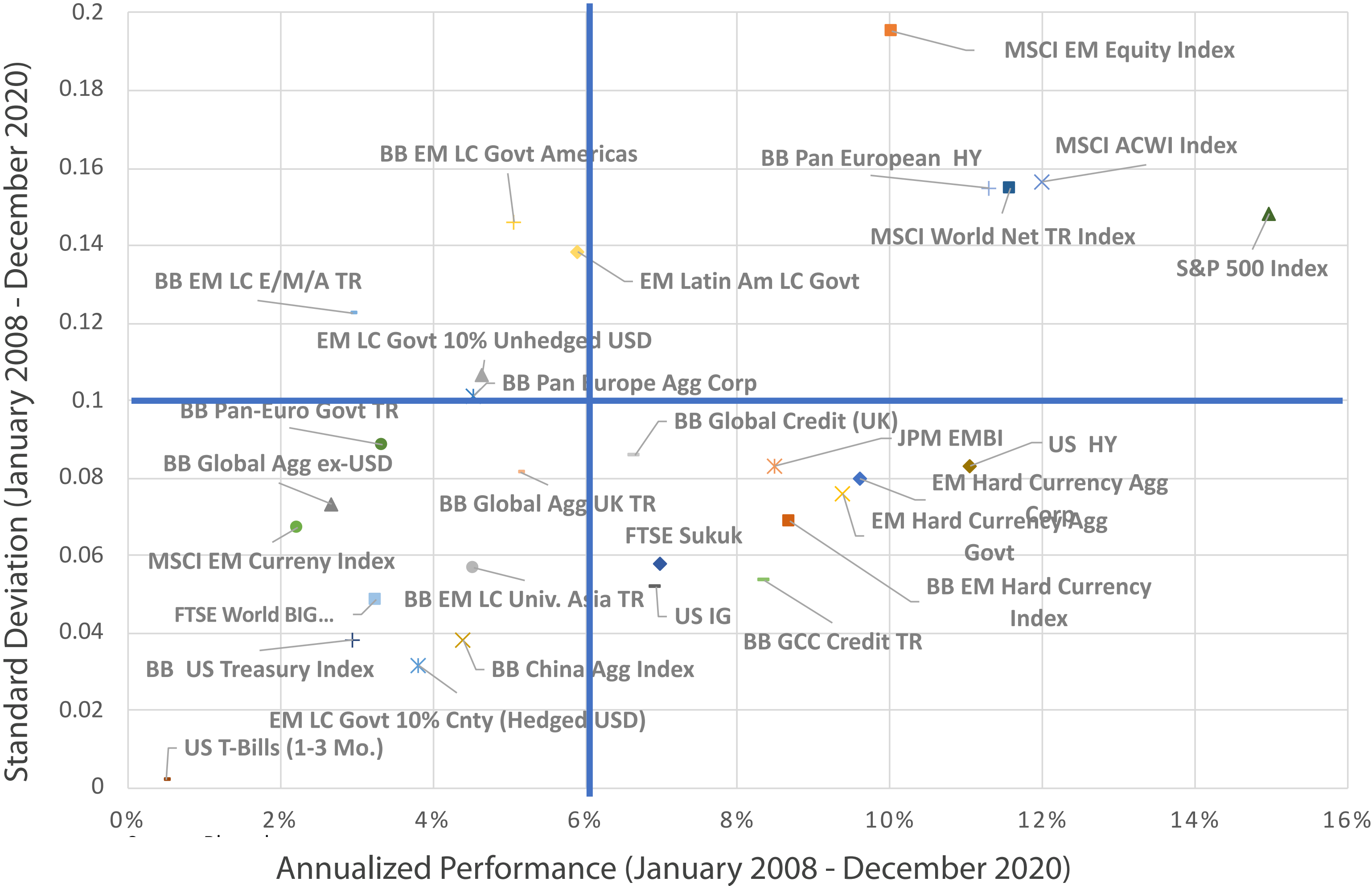
(January 2008 - December 2020)

High risk /  
lower return

Low risk /  
lower return

High risk /  
high return

Lower risk /  
high return



# Asset Class Performance & Risk Attributes

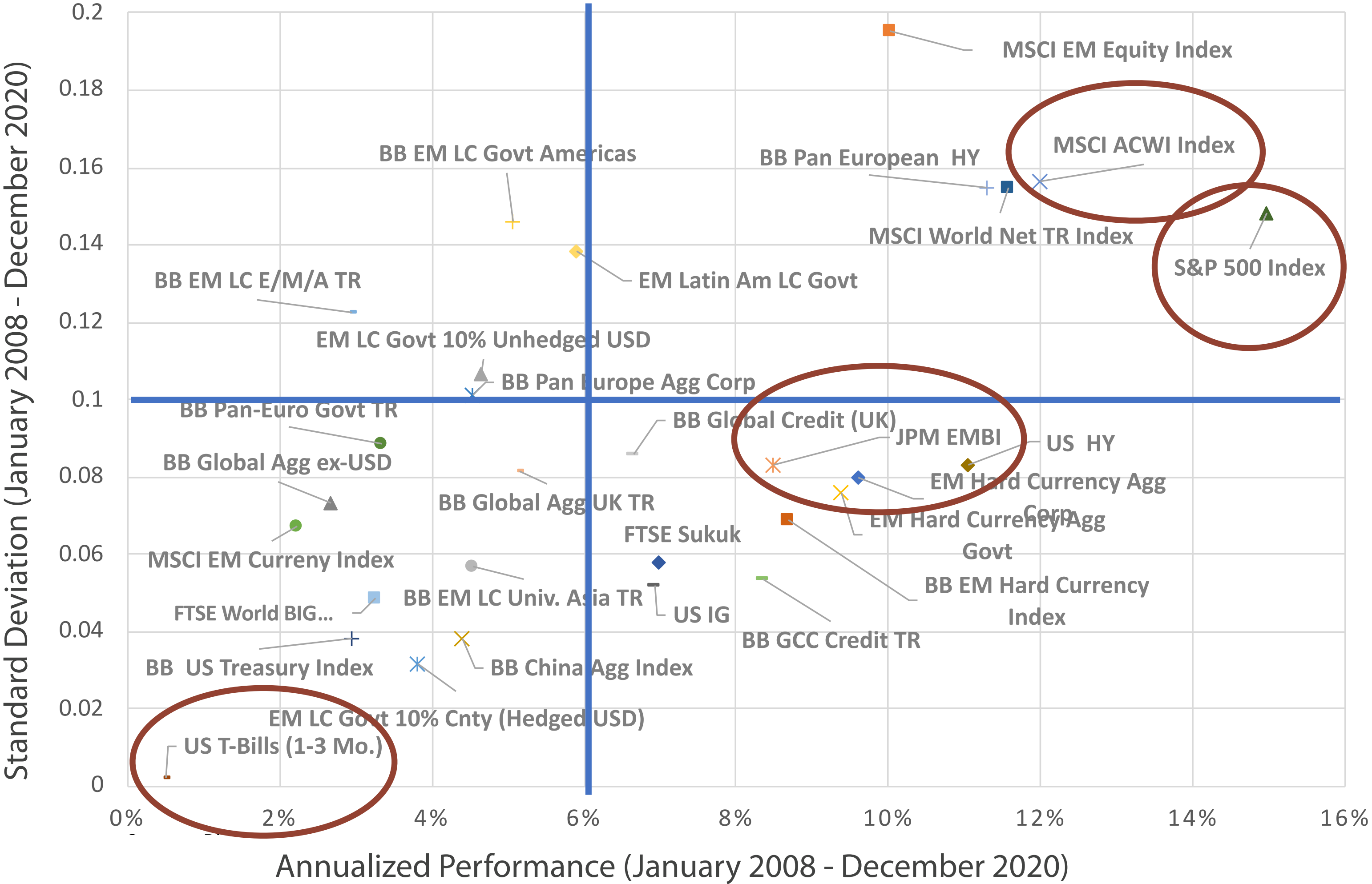
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High risk /  
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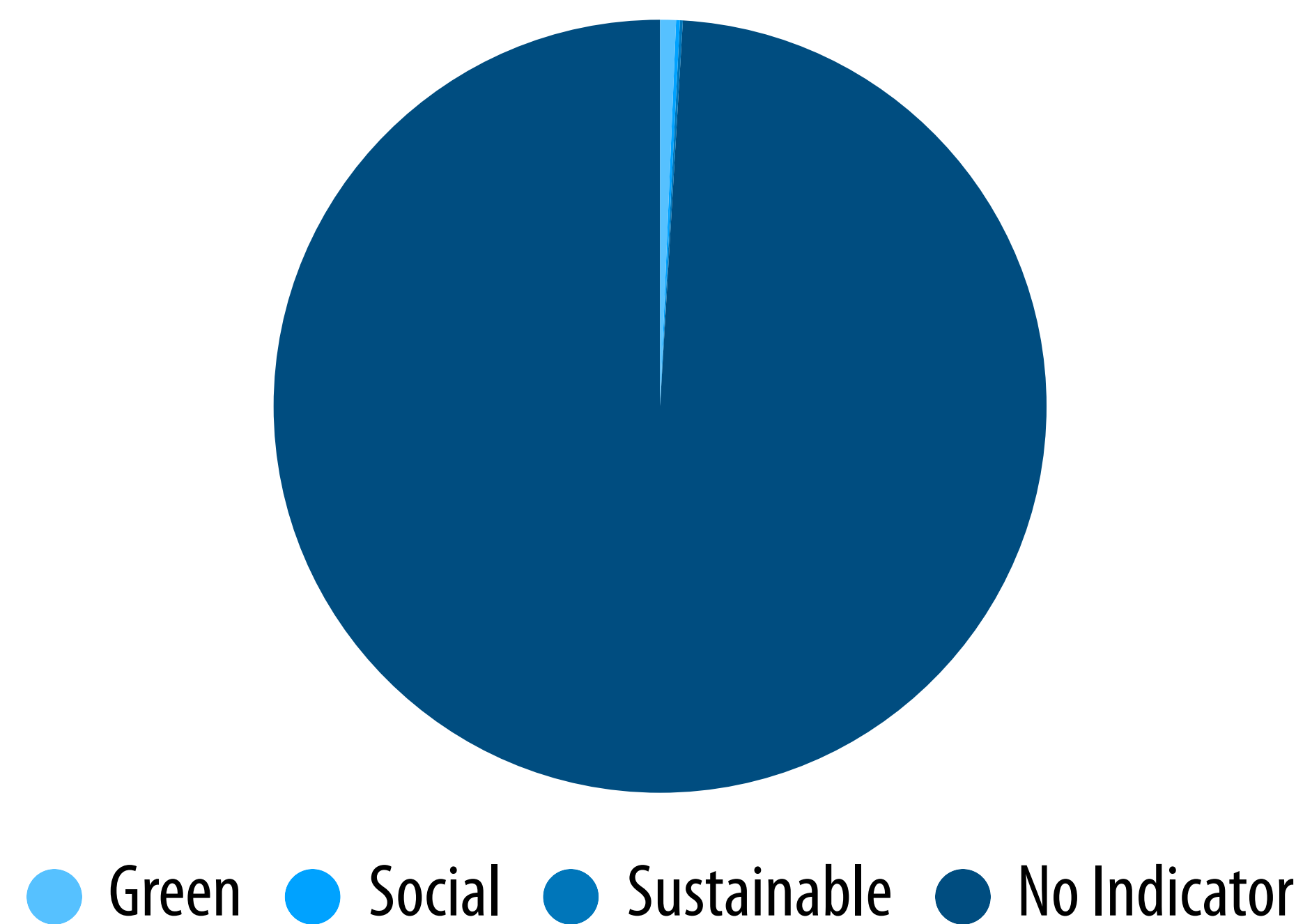


# Measuring Risk-Adjusted Return

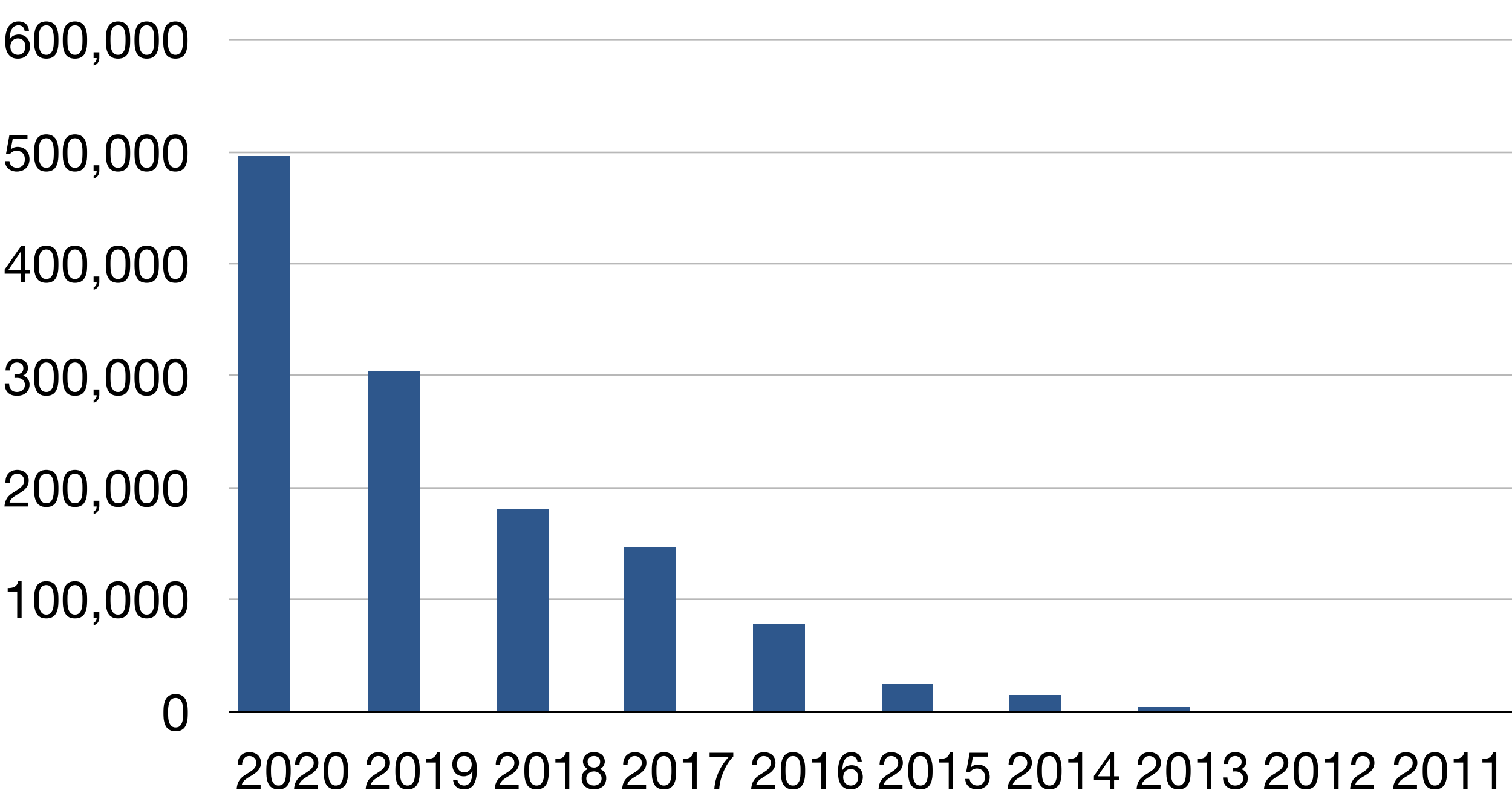
Sharpe Ratio						
Asset Class	Rank	Asset Class Benchmark	12 year	10-year	5-year	3-year
Global Bond	1	BB GCC Credit TR	1.46	1.14	0.97	0.94
US Bond	2	US HY	1.27	0.88	0.95	0.50
US Bond	3	US IG	1.24	0.99	0.96	0.79
Global Bond	4	BB EM Hard Currency Index	1.18	0.82	0.83	0.48
Global Bond	5	EM Hard Currency Agg Govt	1.16	0.85	1.00	0.61
Global Bond	6	EM Hard Currency Agg Corp	1.14	0.73	0.95	0.58
Global Bond	7	FTSE Sukuk	1.12	1.30	1.12	0.75
Global Bond	8	EM LC Govt 10% Cnty Hedged USD	1.04	0.93	1.15	1.17
Global Bond	9	BB China Agg Index	1.01	0.94	0.46	0.75
Equity	10	S&P 500 Index - Equity	0.97	0.98	0.92	0.67
Global Bond	11	JPM EMBI	0.96	0.68	0.64	0.32
Equity	12	MSCI ACWI Index- Equity	0.73	0.65	0.78	0.49
Global Bond	13	BB Global Credit (UK)	0.72	0.62	0.62	0.49
Equity	14	MSCI World Net TR Index- Equity	0.71	0.66	0.73	0.49
Global Bond	15	BB EM LC Univ. Asia TR	0.71	0.66	0.78	0.75
Global Bond	16	BB Pan European HY	0.70	0.40	0.51	0.18
US Bond	17	BB US Treasury Index	0.63	0.76	0.67	0.85
Global Bond	18	BB Global Agg UK TR	0.57	0.51	0.43	0.51
Global Bond	19	FTSE WorldBIG Global USD Bnchmk	0.56	0.54	0.80	0.80
Equity	20	MSCI EM Equity Index	0.49	0.19	0.69	0.25
Global Bond	21	BB Pan Europe Agg Corp	0.40	0.33	0.49	0.24
Global Bond	22	EM Latin AM LC Govt	0.39	0.13	0.50	0.19
Global Bond	23	EM LC Govt 10% Cnty (Unhedged USD)	0.39	0.19	0.55	0.24
Global Bond	24	BB Pan-Euro Govt TR	0.32	0.39	0.57	0.44
Global Bond	25	BB EM LC Govt: Americas	0.31	0.05	0.41	0.04
Global Bond	26	BB Global Agg ex-USD	0.30	0.22	0.56	0.47
Currency	27	MSCI EM Currency Index	0.26	0.00	0.40	-0.12
Global Bond	28	BB EM LC E/M/A TR	0.20	0.06	0.32	0.13
US Bond	29	US T-Bills (1-3 Mo.)	0.00	0.00	0.00	0.00

# ESG-linked market is growing, but asset managers must look outside labeled bonds for opportunities

Overall Market

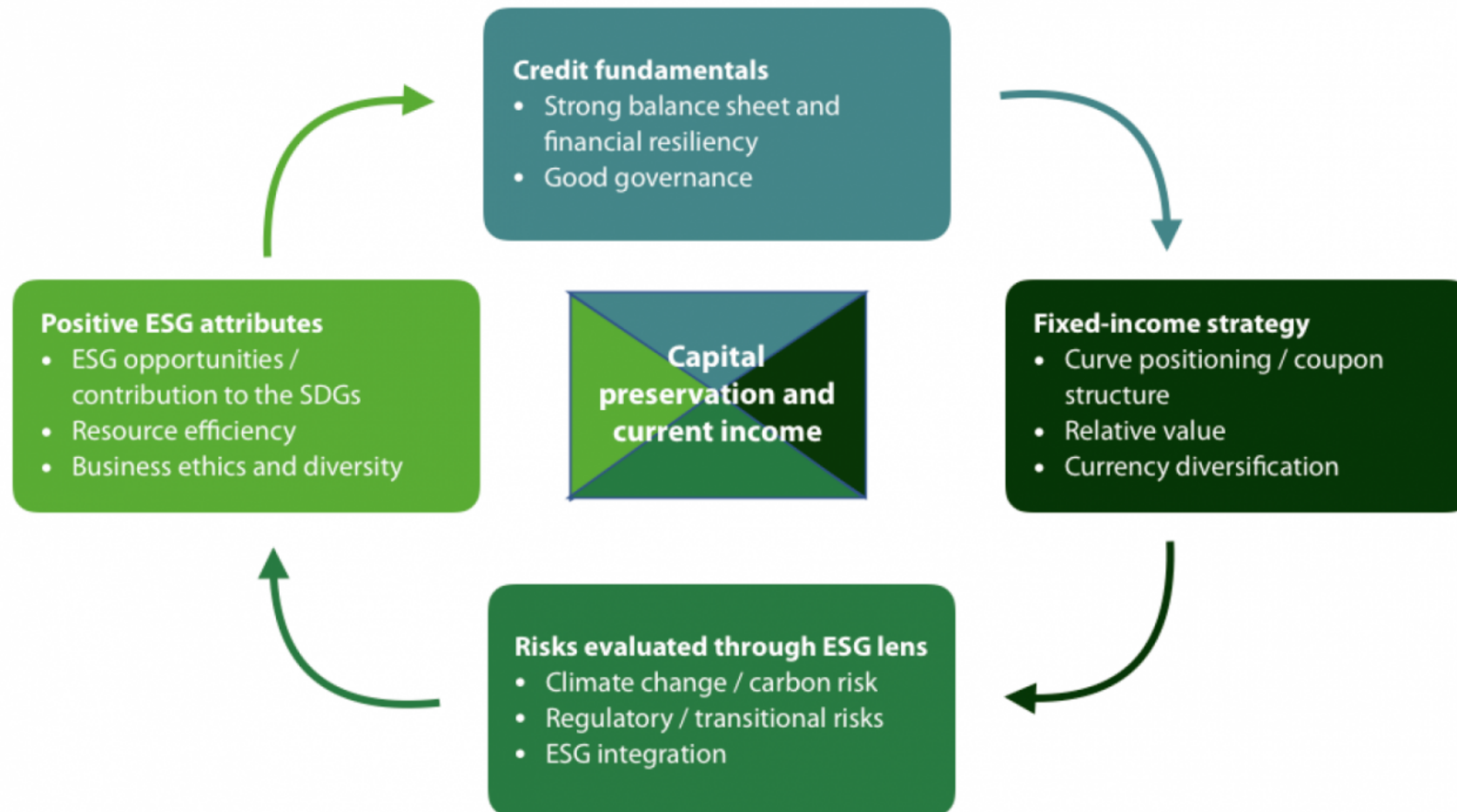


Green, Social and Sustainability linked bonds  
Amount Issued (MM USD)





# ESG Integration Central to Fixed-Income Investment Process



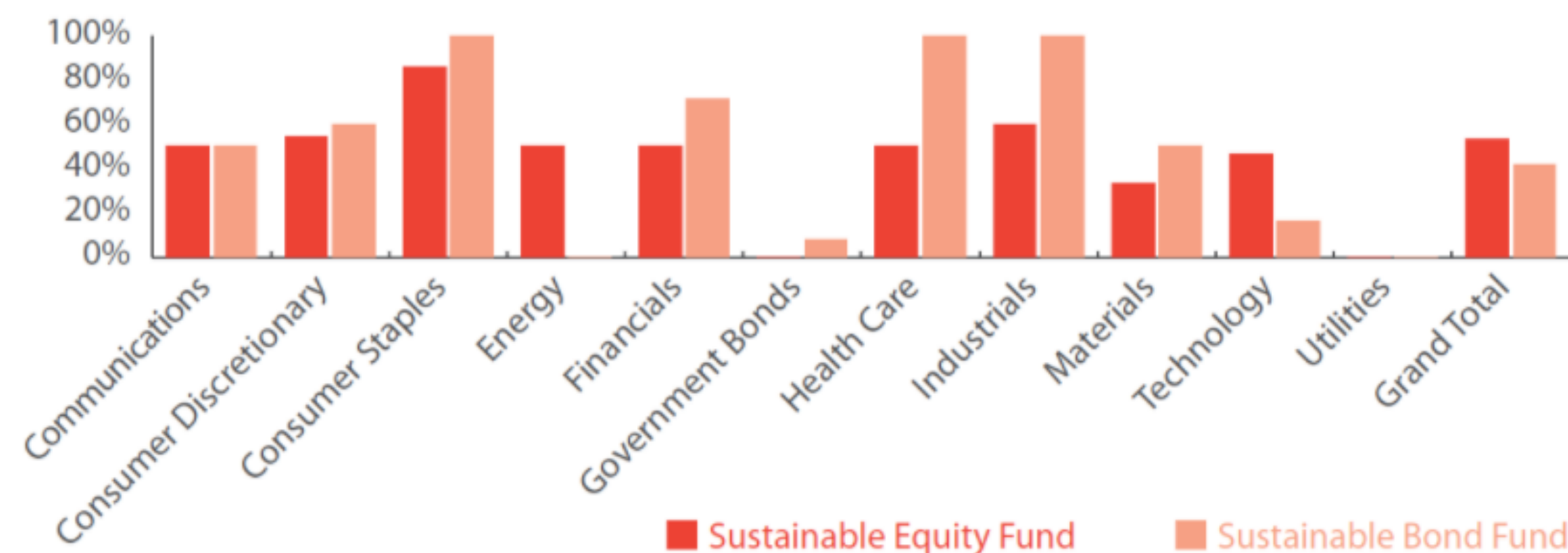


# Impact Reporting and Unique Global Opportunities

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

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

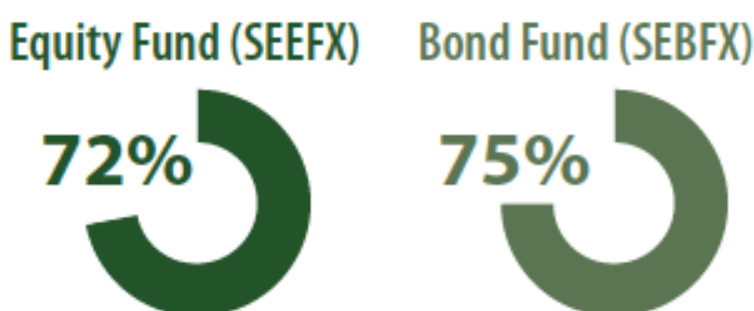
## SDG 5: Gender Equality (% reporting by number of holdings)\*



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

## Reducing environmental impact

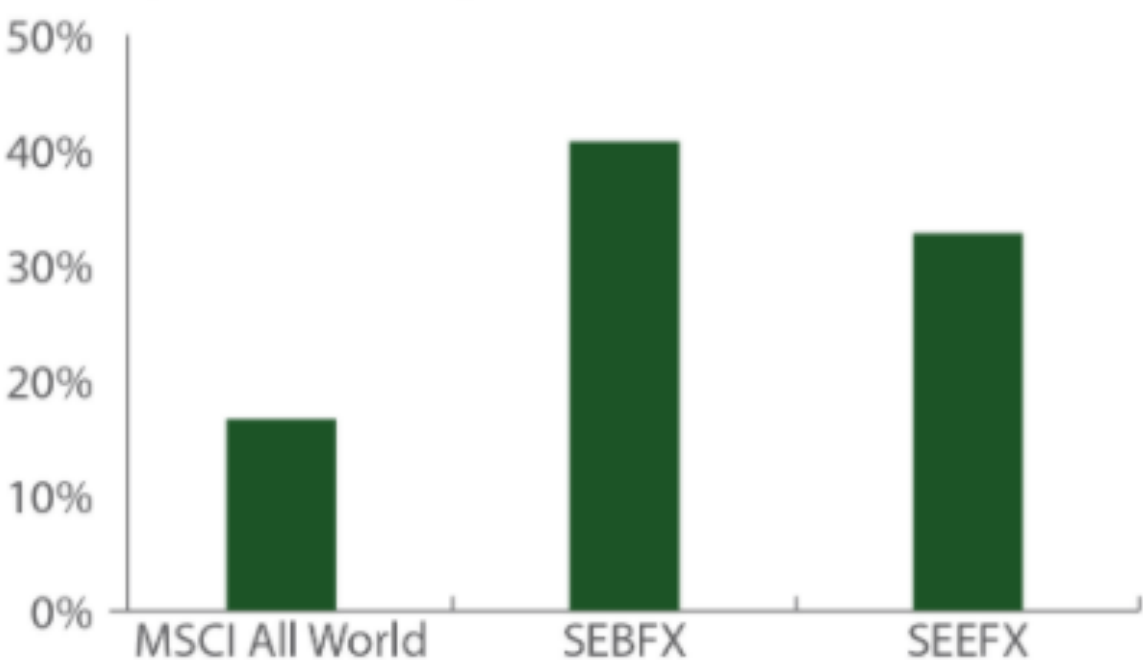
Less carbon intensity\* vs. the MSCI ACWI



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

## Quantitative Target

Has a quantitative target for at least one SDG



Gender diversity on a corporate board is not a guarantee that the value of the issuer's securities will increase.

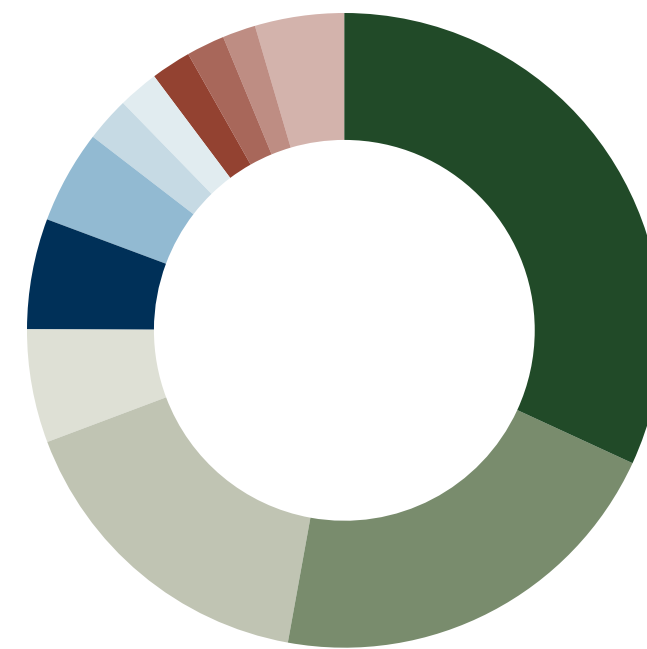


# Saturna Sustainable Bond Fund: Holdings

March 31, 2021

## Sector Allocation

Financials	31.87%	■
Government Bonds	20.97%	■
Technology	16.43%	■
Consumer Discretionary	5.78%	■
Materials	5.63%	■
Consumer Staples	4.75%	■
Communications	2.27%	■
Fixed Income	2.06%	■
Health Care	2.04%	■
Energy	1.95%	■
Utilities	1.69%	■
Cash and equivalents	4.55%	■



Sector weightings are shown as a percentage of total net assets.

## Top 10 Holdings

	% of Assets
Lincoln National (2.57950% 05/17/2066)	6.00%
European Investment Bank (3.30% 02/03/2028)	4.49%
Iron Mountain (5.25% 07/15/2030)	4.38%
Mexico Bonos Desarrollo (6.50% 06/10/2021)	4.16%
Bank of Nova Scotia (4.90% 06/04/70)	3.38%
International Finance Corp (4.75% 04/29/2021)	3.10%
Republic of Colombia (7.750% 04/14/2021)	2.91%
MAF Sukuk (4.638% 05/14/2029)	2.82%
Telecom Italia (3.000% 09/30/2025)	2.77%
Koninklijke KPN NV (5.00% 11/18/26)	2.71%
<b>Subtotal</b>	<b>36.72%</b>



# DISCLOSURES

***Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about Amana Mutual Funds in a current prospectus or summary prospectus, please visit [www.saturna.com](http://www.saturna.com) or call toll free 1-800-728-8762. Please read the prospectus or summary prospectus carefully before investing.***

*Distributor: Saturna Brokerage Services, a wholly-owned subsidiary of Saturna Capital and member FINRA / SIPC.*

*Investing involves risk, including possible loss of principal.*

*Sharpe ratio: A ratio that measures risk-adjusted performance by subtracting a risk-free rate (such as that of the 10-year US Treasury bond) from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The Sharpe ratio can help investors determine if a portfolio's returns are due to good investment decisions by the portfolio manager or a result of excess risk. A ratio of 1 or better is considered good, 2 and better is very good, and 3 and better is considered excellent.*

*Sustainable investing strategies generally limit the securities they purchase to those consistent with sustainable principles, which limits opportunities and may affect performance.*

*The MSCI All Country World Index is produced by Morgan Stanley Capital International (MSCI). It is a broad measure of equity market performance throughout the world. Investors cannot invest directly in the indices.*



# DISCLOSURES

*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 MSCI Emerging Markets (EM) Currency Index tracks the performance of twenty-five emerging-market currencies relative to the US Dollar.*

*The MSCI All Country World Index is produced by Morgan Stanley Capital International (MSCI). It is a broad measure of equity market performance throughout the world. Investors cannot invest directly in the indices.*

*The MSCI ACWI ex US Index is a broad measure of equity market performance throughout the world that excludes US-based companies. Investors cannot invest directly in the Indices.*

*The MSCI World Net Total Return Index Futures are cash settled upon expiration. The underlying index is the MSCI World Net Total Return Index denominated in USD. This index covers approximately 85% of the free float-adjusted market capitalization across the World Developed Markets equity universe (large and mid cap).*

*The FTSE Sukuk Index measures the performance of global Islamic fixed income securities, also known as sukuk. Investors cannot invest directly in the Index.*

*The FTSE US Broad Investment-Grade Bond Index is a broad-based index of medium and long-term investment grade bond prices that reflects no deductions for fees, expenses, or taxes. Investors cannot invest directly in the index.*



# DISCLOSURES

*The Bloomberg Barclays US Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index. STRIPS are excluded from the index because their inclusion would result in double-counting.*

*The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated investment grade, and have \$300 million or more of outstanding face value.*

*The Bloomberg Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.*

*The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.*



# DISCLOSURES

*The Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD, EUR, and GBP-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers. This includes the EM Hard Currency Aggregate: Corporate, and the EM Hard Currency Aggregate: Other Government Related.*

*The Emerging Markets Local Currency Government Universal Index is the broadest Barclays benchmark tracking the performance of fixed-rate local currency Emerging Markets (EM) debt. Classification as an EM is rules based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications. This includes the Bloomberg Barclays EM Local Currency Universal Asia Total Return Index, and the Bloomberg Barclays EM Local Curr Europe/Mideast/Africa Total Return Index.*

*The Bloomberg Barclays Emerging Markets Local Currency Government Index is a flagship index that measures the performance of local currency Emerging Markets (EM) debt. Classification as an EM is rules-based and reviewed annually using World Bank income group, International Monetary Fund (IMF) country classification and additional considerations such as market size and investability. This includes the Bloomberg Barclays Emerging Markets Local Currency Government Index: Americas.*

*The Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers. This includes the Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index.*

*The Bloomberg Barclays Global Aggregate ex USD Index is a measure of investment grade debt from 24 local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. Bonds issued in USD are excluded. This includes the Bloomberg Barclays Global Aggregate ex USD Index.*

*The Bloomberg Barclays China Aggregate Index tracks the performance of the CNY-denominated fixed income market. The China Aggregate Index was launched in March 2004, with an inception date of January 1, 2004. It contains fixed-rate Treasury, government-related (including policy banks), and corporate securities that are listed on the China Interbank market. This includes the Bloomberg Barclays China Aggregate Index (CNY Denominated).*



# DISCLOSURES

*The Bloomberg Barclays Pan-European Aggregate Index tracks fixed-rate, investment-grade securities issued in the following European currencies: EUR, GBP, NOK, DKK, SEK, CHF, CZK, HUF, PLN, RUB, and SKK. Inclusion is based on the currency of the issue, and not the domicile of the issuer. This includes the Bloomberg Barclays Pan European Aggregate Corporate TR Index Unhedged USD, and the Bloomberg Barclays Pan-European Government Total Return Index Unhedged USD.*

*The Bloomberg Barclays Pan-European High Yield Index measures the market of non-investment grade, fixed-rate corporate bonds denominated in the following currencies: euro, pounds sterling, Danish krone, Norwegian krone, Swedish krona, and Swiss franc. Inclusion is based on the currency of issue, and not the domicile of the issuer. This includes the Bloomberg Barclays Pan-European High Yield (USD) Total Return Index Unhedged US.*

*The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. This includes the Bloomberg Barclays Global Agg - United Kingdom TR Index Unhedged USD, and the Bloomberg Barclays Global Credit - United Kingdom TR Index Unhedged USD.*

*The J.P. Morgan EMBI Global Core Index is composed of U.S. dollar-denominated, government bonds issued by emerging market countries. The index is a broad, diverse U.S. dollar denominated emerging markets debt benchmark that tracks the total return of actively traded external debt instruments in emerging market countries. This includes the Bloomberg Barclays Global Credit - United Kingdom TR Index Unhedged USD.*

*The GCC is an acronym for the Gulf Cooperation Council, a political and economic alliance of six countries in the Arabian Peninsula. Its members include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE).*



# A FEW WORDS ABOUT RISK

*The **Saturna Sustainable Equity Fund** limits the securities it purchases to those consistent with sustainable principles. This limits opportunities and may affect performance. Fund share prices, yields, and total returns will change with market fluctuations as well as the fortunes of the countries, industries, and companies in which it invests. Foreign investing involves risks not normally associated with investing solely in US securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and the lack of uniform financial, social, and political standards. Foreign investing heightens the risk of confiscatory taxation, seizure or nationalization of assets, establishment of currency controls, or adverse political or social developments that affect investments. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.*



# A FEW WORDS ABOUT RISK

*The **Saturna Sustainable Bond Fund** limits the securities it purchases to those consistent with sustainable principles. This limits opportunities and may affect performance. Fund share prices, yields, and total returns will change with market fluctuations as well as the fortunes of the countries, industries, and companies in which it invests. The risks inherent in the Sustainable Bond Fund depend primarily on the terms and quality of the obligations in its portfolio, as well as on bond market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. Bonds with longer maturities usually are more sensitive to interest rate changes than bonds with shorter maturities. 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. Issuers of high-yield securities are generally not as strong financially as those issuing higher quality securities. High-yield bonds may have low or no ratings, and may be considered “junk bonds.” Foreign investing involves risks not normally associated with investing solely in US securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision and the lack of uniform financial, social, and political standards. Foreign investing heightens the risk of confiscatory taxation, seizure or nationalization of assets, establishment of currency controls, or adverse political or social developments that affect investments. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world. Liquidity risk exists when particular investments are difficult to sell. Investments by the Funds in foreign securities and those that are thinly traded, such as lower quality issuers, tend to involve greater liquidity risk. The market for certain investments may become illiquid under adverse market or economic conditions.*





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