Fund Commentary Q4 2020

SATURNA CAPITAL

SATURNA SUSTAINABLE FUNDS

2020 Impact Report

We are pleased to share our 2020 Impact Report. The Saturna Sustainable Funds continue to outperform the MSCI All Country World Index in exposure to carbon, gender diversity, and many other key performance indicators. We encourage investors to read the report for full details alongside case studies and a full detailing of our investment process.

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

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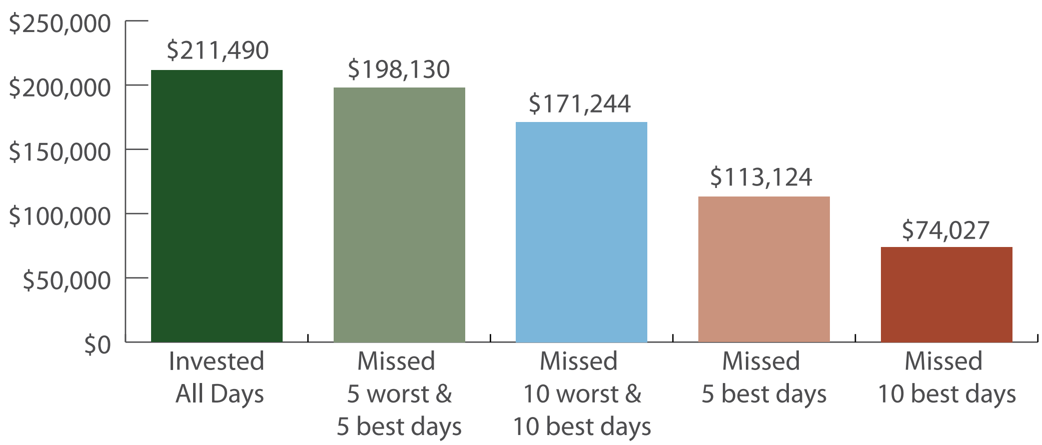
Value of $1,000 invested in S&P 500 Index on Jan. 3, 1928 as of Dec. 31, 2020



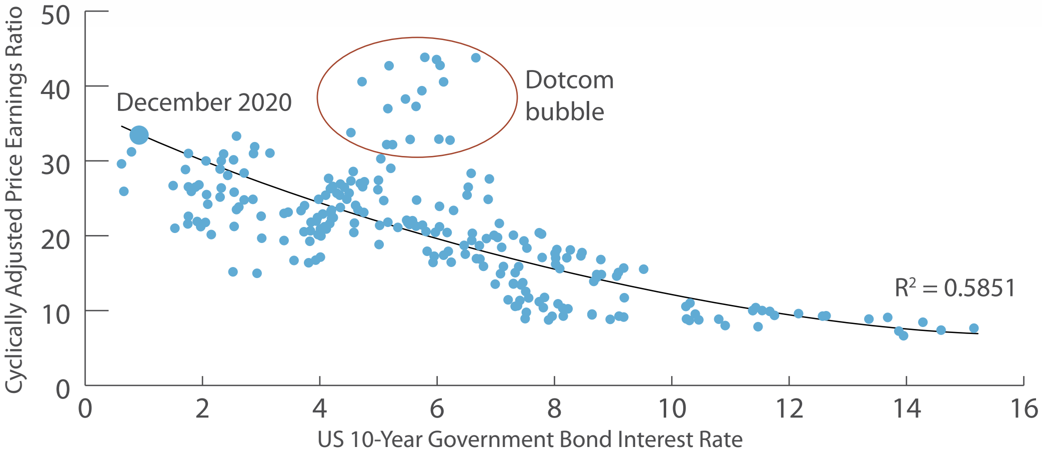
At the onset of the COVID-19 pandemic, epidemiologists estimated that in the best case scenario, a vaccine could be developed in 12-18 months.[1] The fact that a vaccine was developed in less than a year is a testament to human ingenuity. Prior to COVID-19 the fastest vaccine development was for mumps, 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

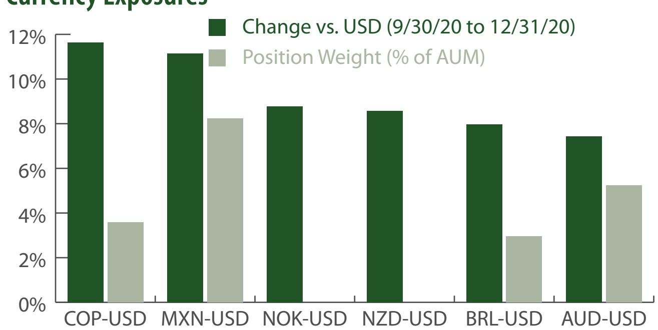
As to the final point, the results of two runoff elections for the Senate seats in Georgia have provided the Democratic Party with the slimmest of majorities, given the vice president's role as tie-breaker. As a result, Democrats control the House, the Senate, and the Presidency, raising the likelihood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

Saturna Sustainable Bond Fund

For the quarter ended December 31, 2020, Saturna Sustainable Bond Fund returned 3.11%, relative to 2.90% for the FTSE WorldBIG Index. For the full year, the Fund returned 6.82% relative to 9.47% of the Index.

The fourth quarter outperformance was primarily driven by currency recoveries. Currently the portfolio has a total exposure to foreign currency of 36.45%, up from 27.35% at the beginning of the year. The Colombian peso and the Mexican peso recovered significantly relative to the dollar, appreciating 11.65% and 11.15%, respectively. The Fund's top performing security was the peso-denominated Republic of Colombia issue, which saw a total return of 13.48% for the quarter. The second and third highest performers were the Mexican peso-denominated holdings International Financial Corporation and Mexico Bonos Desarollo issues, returning 12.09%, and 12.06%, respectively. Due to the ongoing weakness of the dollar, all currencies in which the Fund has exposure appreciated this past quarter. As of year-end, the Fund had a 12.60% allocation to the euro relative to the FTSE WorldBIG Index, which maintains an allocation of around 30%. Over the past year the euro was one of the best performing currencies, appreciating 8.95%. This underweight was a main contributor to the relative underperformance over the past year.

Currency Exposures



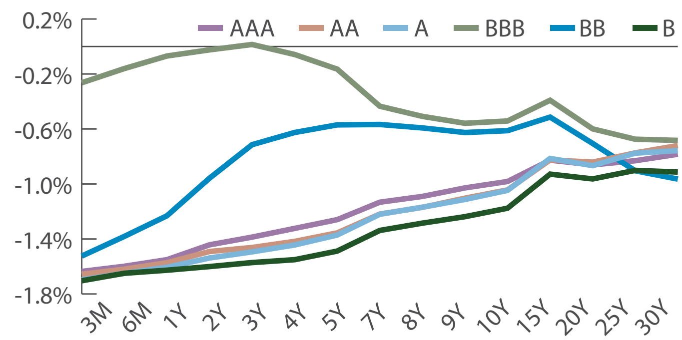
2020 was a year of extraordinary change and challenge. Volatility made its mark in the first part of the year including a massive shift in the Treasury curve, and both a severe widening then tightening of corporate spreads. Credit spreads have tightened significantly since March, when they hit their widest levels since the 2008 financial crisis. Corporate yields have shifted downward across the curve in the past year, but most markedly in the investment-grade universe. Over the past year the Fund saw a total return of 10.22% for "AAA" rated bonds, versus a total return of 1.29% for "BB" rated bonds. The Fund holds 15.88% of the portfolio in securities rated "BB" compared to the WorldBIG Index, which does not allocate to securities rated lower than investment grade. This is one factor that contributed to the performance differential, as investment-grade bonds performed better over the year.

As of December 31, 2020

Top 10 Holdings	Portfolio Weight
Lincoln National	5.91%
United States Treasury Bond *(4.50% 05/15/2038)*	5.27%
Microsoft	5.25%
European Investment Bank	5.23%
United States Treasury Bond *(3.375% 11/15/2048)*	4.90%
Mexico Bonos Desarrollo	4.71%
Bank of Nova Scotia	3.78%
International Financial Corp	3.50%
Republic of Colombia	3.45%
Telecom Italia	3.15%

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.

Change in Corporate Yield Curve 1/1/20 vs 12/31/20



We continue to focus on purchasing holdings that are well positioned with strong cash flow and financial flexibility. Defensive positioning in the portfolio is geared to withstand an extended economic recovery, and what could possibly be a longer than expected vaccine rollout. We believe that corporate credit will continue to be challenged, especially in the face of the extended timeframe the US is facing to get COVID-19 under control.

Continued on page 10

Saturna Sustainable Equity Fund

Following a run of outperformance through the first three quarters of the year, the Saturna Sustainable Equity Fund took a breather in the fourth quarter, rising 9.68% against 14.20% for the S&P Global 1200 Index. Regardless, full year performance was strong as the Fund returned 24.39% against the 15.58% appreciation of the S&P 1200. In 2020, the Fund achieved positive returns across all of the sectors in which it was invested, save Financials, the second weakest performing sector globally behind Energy. Regionally, the Fund earned its greatest returns in Western Europe, where we have our largest exposure, followed by North America and then Asia Pacific.

Our top contributors present a mix of themes. Had they been taken together, Vestas Wind and Siemens Gamesa would be the largest contributor; costs for wind power generation continue to fall, and investors look to tap the offshore opportunity. At the top of the single company contribution list, Malaysian glove maker Hartalega has experienced a rollercoaster of a year and we reduced our position, given the company's inability to increase production capacity to meet demand. Still, pricing remains strong, as its major competitor suffered from a COVID-19 outbreak. Even though our North American exposure stands far below the benchmark, the investments in Apple, Adobe, Amazon, and Microsoft provided outstanding returns, as did Taiwan Semiconductor.

Within Financials, Canadian TD Bank and Banco Santander were among the losers. We have sold both. Although the stocks recovered in the fourth quarter with the announcement of a successful vaccine, the environment will remain difficult given low rates, particularly outside of the US, and the risk of rising bad debts as a second COVID-19 wave leads to winter shutdowns. We sold Inditex due to the slowdown in apparel sales and an ESG conundrum surrounding fast fashion.

As of December 31, 2020

10 Largest Contributors YTD	Return	Contribution
Hartalega Holdings	127.47%	2.37
Vestas Wind Systems	137.17%	2.08
Apple	82.31%	1.87
Siemens Gamesa Renewable Energy	131.29%	1.74
Adobe	51.64%	1.52
Sony ADS	96.99%	1.25
Taiwan Semiconductor ADS	92.71%	1.22
Nintendo ADR	66.98%	1.13
Amazon.com	76.26%	0.98
Microsoft	42.53%	0.90

10 Largest Detractors YTD	Return	Contribution
BIMB Holdings	-23.42%	-0.50
Johnson Matthey	-14.52%	-0.42
Toronto-Dominion Bank	-13.82%	-0.30
Walt Disney	-24.60%	-0.27
Industria De Diseno Textil	-20.65%	-0.26
Banco Santander ADR	-49.03%	-0.22
Astellas Pharma ADS	-17.33%	-0.21
Telekomunikasi Indonesia ADS	-33.59%	-0.20
Chubb	1.42%	-0.20
GlaxoSmithKline ADS	-7.77%	-0.13

Top 10 Holdings	Portfolio Weight
Apple	2.80%
Vestas Wind Systems	2.75%
Adobe	2.64%
CGI Group, Class A	2.51%
Siemens Gamesa Renewable Energy	2.36%
Sony ADS	2.13%
Taiwan Semiconductor ADS	2.10%
Novozymes ADR	1.97%
Nintendo ADR	1.94%
Accenture, Class A	1.93%

Performance Summary

As of December 31, 2020

Average Annual Total Returns (Before Taxes)	1 Year	3 Year	5 Year	Since Inception[B]	Expense Ratio[A] Gross	Expense Ratio[A] Net
Sustainable Equity Fund (SEEFX)	24.39%	15.36%	13.37%	10.66%	1.81%	0.75%
S&P Global 1200 Index	15.58%	10.79%	12.90%	10.49%	n/a	
S&P 500 Index	18.40%	14.14%	15.20%	13.21%	n/a	
Sustainable Bond Fund (SEBFX)	6.82%	3.46%	3.62%	2.78%	0.83%	0.65%
FTSE WorldBIG Index	9.47%	4.89%	4.80%	3.89%	n/a	
MSCI All Country World Index	16.82%	10.61%	12.85%	10.23%	n/a	

[A] By regulation, expense ratios shown are as stated in a Fund's most recent prospectus or summary prospectus, dated March 27, 2020 and incorporate results from the fiscal year ended November 30, 2019. Saturna Capital, the Funds' investment adviser, has voluntarily capped actual expenses of the Sustainable Equity Fund at 0.75% and actual expenses of the Sustainable Bond Fund at 0.65% through March 31, 2021.

[B] Saturna Sustainable Equity Fund and Saturna Sustainable Bond Fund began operations on March 27, 2015.

Performance data quoted herein represents past performance, which is no guarantee of future results. *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. Current performance may be higher or lower than the performance data quoted herein. Performance current to the most recent month-end can be obtained by visiting www.saturnasustainable.com or calling toll-free 1-800-728-8762.*

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 S&P Global 1200 Index is a global stock market index covering nearly 70% of the world's equity markets. The FTSE WorldBIG Bond Index is a multi-asset, multi-currency benchmark, which provides a broad-based measure of the global fixed-income markets. The MSCI ACWI covers approximately 85% of the global investable universe, with large- and mid-cap representation across 23 developed market and 23 emerging market countries. When available, Saturna uses total return components of indices mentioned. Investors cannot invest directly in the indices.

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

Performance Summary

As of December 31, 2020

Morningstar Ratings ™ C	Overall	1 Year	3 Year	5 Year	Sustainability Rating™ D
Sustainable Equity Fund (SEEFX)	★★★★	n/a	★★★★	★★★★	🌐🌐🌐🌐🌐
% Rank in World Large Stock Category	n/a	25	18	27	*Percent Rank in Category: 2*
Number of Funds in Category	760	867	760	631	*Among 750 World Large Stock Funds*
Sustainable Bond Fund (SEBFX)	★★	n/a	★★★	★★	
% Rank in World Bond Category	n/a	74	65	78	*Not rated*
Number of Funds in Category	180	204	180	169	

The Morningstar Sustainability Rating is not based on fund performance and is not equivalent to the Morningstar Rating ("Star Rating").

[C] 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.

[D] Morningstar Sustainability Ratings are as of November 30, 2020. The Morningstar Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund's portfolio are managing their environmental, social, and governance ("ESG") risks and opportunities relative to the fund's Morningstar category peers. The Morningstar Sustainability Rating calculation is a two-step process. First, each fund with at least 67% of assets covered by a company-level ESG score from Sustainalytics receives a Morningstar Portfolio Sustainability Score™. The Morningstar Portfolio Sustainability Score is an asset-weighted average of normalized company-level ESG scores with deductions made for controversial incidents by the issuing companies, such as environmental accidents, fraud, or discriminatory behavior. The Morningstar Sustainability Rating is then assigned to all scored funds within Morningstar Categories in which at least ten (10) funds receive a Portfolio Sustainability Score and is determined by each fund's rank within the following distribution: High (highest 10%), Above Average (next 22.5%), Average (next 35%), Below Average (next 22.5%), and Low (lowest 10%). The Morningstar Sustainability Rating is depicted by globe icons where High equals 5 globes and Low equals 1 globe. A Sustainability Rating is assigned to any fund that has more than half of its underlying assets rated by Sustainalytics and is within a Morningstar Category with at least 10 scored funds; therefore, the rating it is not limited to funds with explicit sustainable or responsible investment mandates. Morningstar updates its Sustainability Ratings monthly. Portfolios receive a Morningstar Portfolio Sustainability Score and Sustainability Rating one month and six business days after their reported as-of date based on the most recent portfolio. As part of the evaluation process, Morningstar uses Sustainalytics' ESG scores from the same month as the portfolio as-of date.

The Fund's portfolios are actively managed and are subject to change, which may result in a different Morningstar Sustainability Score and Rating each month.

The Saturna Sustainable Equity Fund was rated on 100% of Assets Under Management and the Saturna Sustainable Bond Fund was not rated.

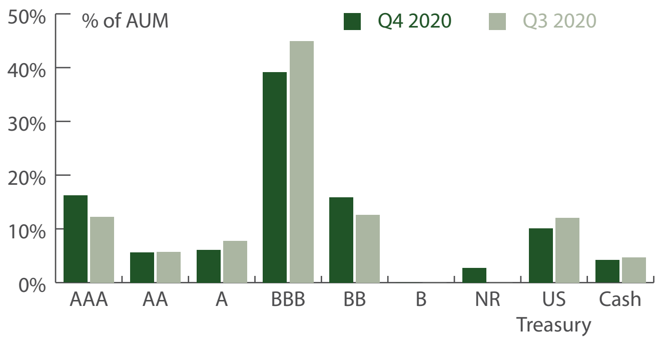
Percent Rank in Category is the fund's percentile rank for the specified time period relative to all funds that have the same Morningstar category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will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

Saturna Sustainable Bond Fund

Continued from page 6

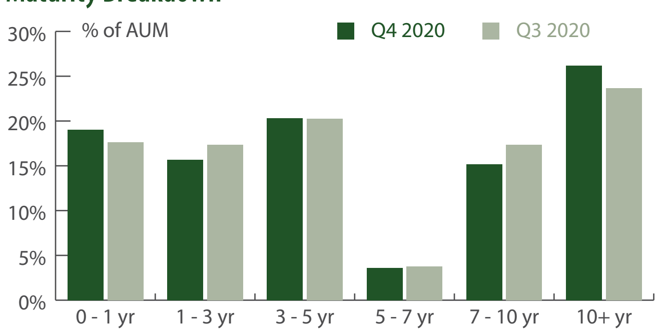
However, the Fund is putting cash to work in unique opportunities in the sustainable space. December marked our first purchase of a bond directed specifically toward the empowerment of women. The Fund bought a 2.75% position in a Women in Leadership bond which provides loans to female entrepreneurs and microfinance opportunities in India, Cambodia, Indonesia, and the Philippines.

Bond Ratings Breakdown



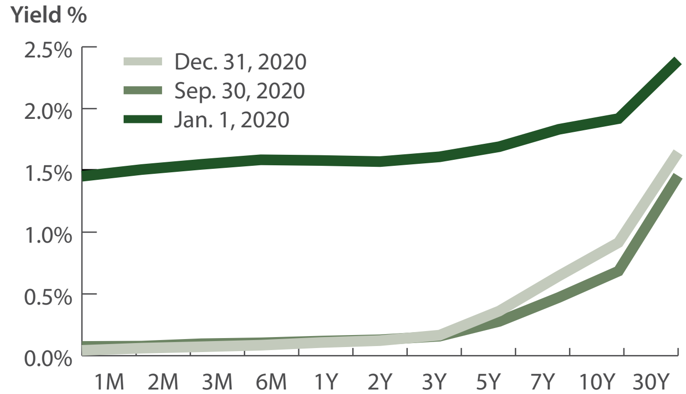
As of year-end 2020, the Fund had an effective duration (price sensitivity to changes in interest rates) of 5.3 years. This is up from 3.30 years as of year-end 2019 due to the Fund pursuing opportunities on the long end of the curve. Some of these purchases include adding selective floating rate securities due to dramatic adjustments in price from the beginning of the year and potential opportunity for upward movement. The Lincoln National floating rate issue returned 8.81% for the fourth quarter.

Maturity Breakdown



The November election and subsequent announcement of the COVID-19 vaccines marked the upward shift in the long end of the Treasury curve. 10-year yields rose 23 basis points since September 30, and 30-year yields rose 19 basis points over the same period. This upward shift in the yield drove the negative returns of the two lowest performing bonds of the fourth quarter.

Treasury Yield Curve, Q42020



Looking to 2021, there is no shortage of events that could threaten current stability or bring back volatility. In the immediate future we face uncertainties with the vaccine rollout, further government stimulus, and the implications of an economy operating below full capacity. Even with a vaccine, a full recovery faces many hurdles, including budget shortfalls in state and local governments as well as the expiration of eviction moratoriums. In the longer-term, we also have to consider the potential for inflation. With the Federal Reserve's announcement that it will target an average inflation rate of 2%, and, in doing so, allow for inflation to run "moderately above 2% for some time," we will consider the implications of this policy shift. We continue to be vigilant for opportunities that remain obscured below the surface, and we will also continue to help our clients navigate these obstacles.

About The Authors

Jane Carten MBA
President and **Saturna Sustainable Equity Fund** Portfolio Manager

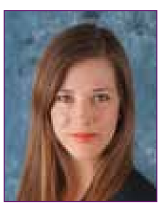
Jane Carten, President and Director, joined Saturna Capital in June 1997. Ms. Carten graduated from Western Washington University with an MBA and undergraduate degree in Computer Science and Business. As President, Ms. Carten oversees Saturna's daily operations and directs Saturna's internal and external information systems, managing the technology and marketing activities. She also directs Saturna's continuing education program and the philanthropic efforts of the firm. Ms. Carten is active in the Bellingham Bay Rotary and is a member of the Young Presidents' Organization; she is a former member of the Whatcom Museum Children's Advisory Board. She is a founder and former director of the nonprofit OpenAccess Internet Services and is a Bellingham Sister Cities member and contributor.

Scott Klimo CFA®
Vice President, Chief Investment Officer, and **Saturna Sustainable Equity Fund** Deputy Portfolio Manager

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

Patrick Drum MBA, CFA®, CFP®
Senior Investment Analyst and **Saturna Sustainable Bond Fund** Portfolio Manager

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.



Elizabeth Alm CFA®
Senior Investment Analyst and **Saturna Sustainable Bond Fund** Deputy Portfolio Manager

Elizabeth Alm CFA, Investment Analyst, joined Saturna Capital in April of 2018. Originally from Connecticut, she graduated from New York University with degrees in Economics and Anthropology including field work completed in Luxor, Egypt. Prior to joining Saturna, 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.

Important Disclaimers and Disclosure

The Saturna Sustainable Funds limit the securities they purchase to those consistent with sustainable principles. This limits opportunities and may affect performance.

Investing involves risk, including possible loss of principal. *Generally, an investment that offers a higher potential return will have a higher risk of loss. Stock prices fluctuate, sometimes quickly and significantly, for a broad range of reasons that may affect individual companies, industries, or sectors. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. A bond fund's price will typically follow the same pattern. Investments in high-yield securities can be speculative in nature. High-yield bonds may have low or no ratings, and may be considered "junk bonds." Investing in foreign securities involves risks not typically associated directly with investing in US securities. These risks include currency and market fluctuations, and political or social instability. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.*

A Fund's ***30-Day Yield****, sometimes referred to as "standardized yield" or "SEC yield," is expressed as an annual percentage rate using a method of calculation adopted by the Securities and Exchange Commission (SEC). The 30-Day Yield provides an estimate of a Fund's investment income rate, but may not equal the actual income distribution rate. Without the voluntary expense cap, the 30-Day Yield for Saturna Sustainable Bond Fund would have been 1.80%. Unsubsidized yield does not adjust for any fee waivers and/or expense reimbursements in effect.*

Effective maturity *and* ***modified 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.*