



**Fund Commentary**

**Q4 2022**



**Amana Mutual Funds Trust**





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***Please consider an investment's objectives, risks, charges, and expenses carefully before investing. To obtain this and other important information about the Amana Funds in a current prospectus or summary prospectus, please visit [www.amanafunds.com](http://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.***

In 2022, three consecutive years of highly remunerative stock market returns collided with persistent inflation, the Federal Reserve pushing rates sharply higher, and Russia's invasion of Ukraine causing food and energy prices to soar. These combined forces, abetted by high valuations, drove equities to their worst annual performance since 2008 and the Global Financial Crisis.<sup>1</sup> Since the end of World War II there have been only three years when the S&P 500 declined by a greater percentage than in 2022: 1974, following the previous year's OPEC oil price hikes; 2002, following the 2001 Dot Com crash and amid growing tensions over possible war in Iraq; and 2008, as mentioned above.

How did the Amana Funds perform in this environment? To paraphrase the old chestnut, when the going gets tough, the tough provide downside protection. No investor enjoys a decline in value, but in 2022 the Amana Funds' performance significantly mitigated the downdrafts that markets experienced. That downside protection was provided not only by the equity Funds but also by the Participation Fund. Fixed-income markets suffered one of the worst years in memory, but the sukuk investments of the Participation Fund proved resilient.

#### Selected 1-Year Performance Measures as of 12/31/2022

| Institutional Shares          | Fund Total Return | Morningstar     |                 |                | Benchmark Total Return |
|-------------------------------|-------------------|-----------------|-----------------|----------------|------------------------|
|                               |                   | Category Return | Percentile Rank | Overall Rating |                        |
| <b>Amana Participation</b>    | -4.64%            | -14.50%         | 1st             | ★★★★★          | -8.18%                 |
| <b>Amana Income</b>           | -8.51%            | -16.96%         | 6th             | ★★★★           | -18.11%                |
| <b>Amana Growth</b>           | -19.22%           | -29.91%         | 10th            | ★★★★★          | -18.11%                |
| <b>Amana Developing World</b> | -17.44%           | -20.86%         | 30th            | ★★★★★          | -20.09%                |

*For standardized performance of the Funds versus their benchmarks, see page 12. For further details on Morningstar Ratings and Rankings, see page 13.*

The equity Amana Funds outperformed despite the absence of investments in the fossil fuel complex. Energy was the only sector to provide a positive return in 2022.<sup>2</sup> Amana's three equity Funds have held an environmental, social, and governance (ESG) mandate since 2017. Our ESG mandates include avoiding issuers primarily engaged in fossil fuel extraction. To understand how the Amana Funds avoided the worst of the market disruption, we return to first principles — both in terms of Islamic guidelines and our investing philosophy. We invest only in well-established companies with experienced management, demonstrating skilled asset allocation leading to good returns on invested capital (ROIC), excellent cash generation, fortress balance sheets, and an identifiable and sustainable competitive advantage that can drive revenue and margin gains. Additionally, our three equity Funds seek companies demonstrating superior ESG characteristics, minimizing environmental, social, and governance risks.





Let's examine the positive effects of our focus on low-debt companies. At the end of 2021, the US Corporate BBB (lowest tier of investment-grade bonds) effective yield was 2.60%. By the end of 2022, the effective yield had more than doubled to 5.80%, which had obvious implications for interest expense and profitability.<sup>3</sup> Furthermore, many believe there will be a recession in a 2023. In such an environment when revenues and margins could come under pressure, are heavily or lightly indebted companies likely to be more resilient?

Another important element of our philosophy is the avoidance of speculation, which includes not investing in companies that haven't been publicly listed for at least three years and not investing in unprofitable firms. In 2020, several speculative stocks – Peloton, Square, Zoom, Beyond Meat, and most of all Tesla – strongly rallied. We avoided all of them. Day traders (or funds with much higher turnover than the Amana Funds) may be able to play these types of stocks, but in our opinion, they are unlikely to consistently succeed. All the above-mentioned speculative stocks declined, and some teeter on the edge of bankruptcy. In 2021, Tesla was ranked as the fifth largest company in the US. As of the end of 2022 the stock had fallen over 70% and Tesla ranked as only the sixteenth largest company.<sup>4</sup> Tesla provides insight regarding the benefits of minimizing ESG risk, especially in the governance silo. Elon Musk has always been a loose cannon and Tesla has always been a governance debacle, but shareowners were especially punished in the wake of Musk's tumultuous takeover of Twitter. We prefer management focus.

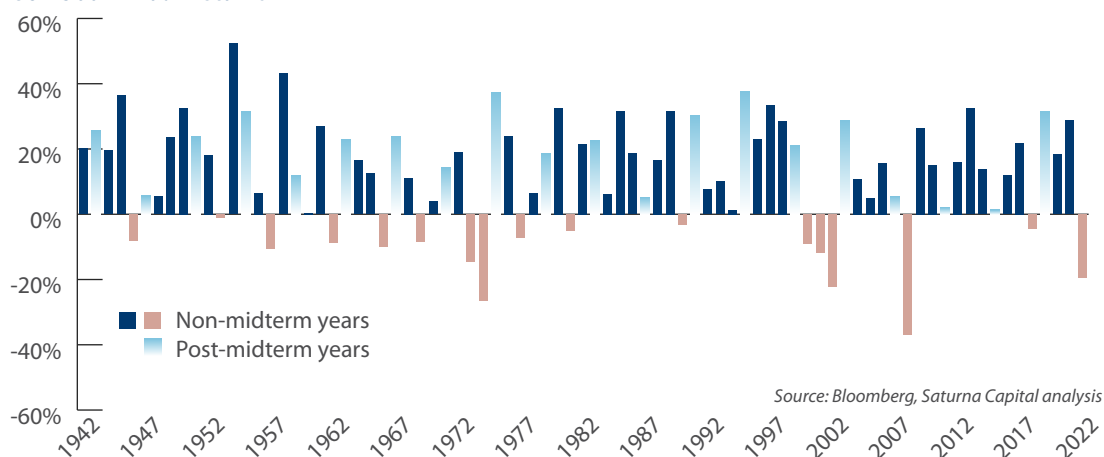


## Outlook

As we embark upon the new year, no question figures more prominently among investors than “What are your market expectations?” Such queries carry greater urgency, given the significant decline in 2022 and recessionary worries in 2023. In response to this question, we typically reply that we are not market prognosticators, preferring to focus on the long-term outlook for the stocks in which we invest. Every four years, however, we arrive upon a market phenomenon with an unblemished multi-decade record of calling the market over the coming year – the Midterm Effect. From 1945 to 2019, the one-year return of the S&P 500 has been positive in 19 out of 19 of the years following a midterm election. For the same period, returns for the S&P 500 in the years following a midterm election averaged 16.28% compared to an average return of 7.99% in other years.

From 1942 until now, the S&P 500 has had 17 down years. However, in that time, there have been only three pairs of consecutive down years (1973-1974, 2000-2001, and 2001-2002). Considering the market’s 2022 downdraft, this perhaps provides another reason for optimism regarding the prospects for 2023 and for remaining engaged with the markets.

### S&P 500 Annual Returns



## Amana Income Fund

For fourth quarter of 2022, the Amana Income Fund Investor Shares returned 12.82% and the Institutional Shares returned 12.89%. The S&P 500 returned 7.56% over the same period. For calendar year 2022, the Investor Shares returned -8.72% and the Institutional Shares returned -8.51%, while the S&P 500 returned -18.11%.

Positive equity market returns in the fourth quarter provided relief from the rout that saw indices such as the S&P 500 enter bear market territory (a decline of more than -20% from the peak) in the previous quarter. The Amana Income Fund's strong relative performance during the year demonstrated the defensive characteristics of dividend-paying companies with low debt, especially in comparison to the poor performance of more speculative Technology companies that had driven market returns in the previous couple of years.

Contributors to the Amana Income Fund's outperformance during the year included several Health Care companies: Eli Lilly, AbbVie, Bristol-Myers Squibb, Amgen, Novartis, and Johnson & Johnson. While Technology holdings provided drag, the Fund's returns were further buoyed with just a handful of stocks in the portfolio underperforming the S&P 500.

With inflation appearing to have crested and energy prices easing, equity markets and the longer end of the bond market seem to be able to look past upcoming rate hikes toward a "pivot" in monetary policy and the growing possibility of an economic soft landing. Indicators such as the yield curve and forward rates point to the possibility of interest rate cuts in the second half of 2023. In the long-term, there is a new environment of "higher for longer," as the Federal Reserve not only raises interest rates and keeps them raised, but more importantly continues its quantitative tightening. This tightening reduces the money supply, which in turn makes money more expensive, which portends that unreasonable growth rates for companies are not sustainable. We continue to stick with our investment philosophy of buying companies that not only pay dividends, but also companies that consistently increase their dividends over time. Risks on the horizon include political brinksmanship around issues like the debt ceiling and budget approvals, and the longer-term risk of

As of December 31, 2022

| 10 Largest Contributors YTD    | Return | Contribution |
|--------------------------------|--------|--------------|
| Eli Lilly                      | 34.24% | 3.16         |
| Genuine Parts                  | 26.80% | 0.95         |
| AbbVie                         | 24.04% | 0.50         |
| Bristol-Myers Squibb           | 19.00% | 0.48         |
| W.W. Grainger                  | 8.73%  | 0.24         |
| Amgen                          | 7.25%  | 0.20         |
| Honeywell International        | 4.88%  | 0.18         |
| Novartis ADS                   | 8.02%  | 0.11         |
| Johnson & Johnson              | 5.97%  | 0.09         |
| Johnson Controls International | -9.75% | 0.08         |

| 10 Largest Detractors YTD | Return  | Contribution |
|---------------------------|---------|--------------|
| Taiwan Semiconductor ADS  | -36.75% | -2.39        |
| Microsoft                 | -28.02% | -2.30        |
| Rockwell Automation       | -24.79% | -1.52        |
| Intel                     | -46.65% | -1.34        |
| PPG Industries            | -25.69% | -1.03        |
| 3M                        | -29.60% | -0.64        |
| Abbott Laboratories       | -20.69% | -0.63        |
| Stanley Black & Decker    | -59.58% | -0.50        |
| Cisco Systems             | -22.46% | -0.49        |
| McCormick & Co            | -12.66% | -0.47        |

| Top 10 Holdings          | Portfolio Weight |
|--------------------------|------------------|
| Eli Lilly                | 10.80%           |
| Microsoft                | 6.22%            |
| Rockwell Automation      | 5.01%            |
| Genuine Parts            | 4.30%            |
| Illinois Tool Works      | 4.29%            |
| Taiwan Semiconductor ADS | 3.98%            |
| Pfizer                   | 3.66%            |
| Honeywell International  | 3.61%            |
| PPG Industries           | 3.09%            |
| Bristol-Myers Squibb     | 3.03%            |

| 30-Day Yield                  |       |
|-------------------------------|-------|
| Investor Shares (AMANX):      | 0.98% |
| Institutional Shares (AMINX): | 1.23% |

**Asset-weighted average debt to market cap:** 13.0%

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## Amana Growth Fund

The Amana Growth Fund enjoyed a stellar fourth quarter, closing the book on a year in which downside protection once again came to the fore during a period of market disruption. The Investor Shares of the Fund appreciated 11.44%, outperforming the S&P 500 Index return of 7.56% and the Morningstar Large Growth category average of 3.10%. For the full year the Investor Shares declined -19.41% while the S&P 500 fell -18.11% and the Morningstar Large Growth category tumbled -29.91%.

Allocation to individual sectors and our stock selection within those sectors both contributed to the Amana Growth Fund's performance in 2022. Technology represents our largest allocation, and the sector was punished in 2022. Fortunately, our allocation was in line with the benchmark, and we did not lose any ground. Allocation was positive in Industrials and Consumer Staples, as we were overweight both sectors, which declined significantly less than the market. In Consumer Staples the allocation benefit was eroded by poor selection, primarily due to Estée Lauder. Selection was also weak in Industrials but not so much as to eliminate the allocation benefit. Contrary to the split decisions in Industrials and Consumer Staples, we enjoyed positive allocation effects by being underweight Consumer Discretionary and overweight Health Care, as the former underperformed the market and the latter outperformed. Positive stock selection in both further bolstered returns. Not only did Health Care outperform on a relative basis, but it also provided a positive absolute contribution to Fund returns. Health Care was the only sector in the Fund to do so since we do not have oil exploration or production investments.

The dominance of Health Care stocks among the 10 Largest Contributors comes as no surprise. Eli Lilly, Novo Nordisk, Amgen, and Johnson & Johnson are long-term holdings, while health insurer Elevance and immunology leader Merck were added last year. Lilly and Novo Nordisk have been excellent contributors for years as the dominant global players in diabetes, but last year's strength was predicated on their success in repurposing diabetes drugs for addressing obesity, as well as Lilly's potential opportunities in Alzheimer's. Amgen, Merck, and Johnson & Johnson all benefited from their reasonable valuations, solid cash flows, and attractive

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As of December 31, 2022

| 10 Largest Contributors YTD | Return | Contribution |
|-----------------------------|--------|--------------|
| Eli Lilly                   | 34.24% | 1.02         |
| Novo Nordisk ADS            | 22.65% | 0.72         |
| Amgen                       | 20.43% | 0.50         |
| TJX Companies               | 6.74%  | 0.23         |
| Elevance Health             | 8.06%  | 0.15         |
| Johnson & Johnson           | 5.97%  | 0.11         |
| Merck & Co.                 | 14.00% | 0.08         |
| Lincoln Electric Holdings   | 5.41%  | 0.07         |
| Corteva                     | 6.47%  | 0.06         |
| Gartner                     | 0.54%  | 0.05         |

| 10 Largest Detractors YTD | Return  | Contribution |
|---------------------------|---------|--------------|
| Intuit                    | -39.11% | -2.83        |
| Apple                     | -26.40% | -2.57        |
| Adobe                     | -40.65% | -2.08        |
| ASML Holding              | -30.53% | -1.86        |
| Taiwan Semiconductor ADS  | -36.75% | -1.54        |
| Estée Lauder, Class A     | -32.32% | -1.43        |
| Trimble                   | -42.01% | -1.42        |
| Advanced Micro Devices    | -43.10% | -0.91        |
| Qualcomm                  | -29.37% | -0.72        |
| Church & Dwight           | -20.42% | -0.71        |

| Top 10 Holdings       | Portfolio Weight |
|-----------------------|------------------|
| Apple                 | 7.90%            |
| ASML Holding          | 5.12%            |
| Novo Nordisk ADS      | 4.13%            |
| Agilent Technologies  | 4.10%            |
| Eli Lilly             | 3.90%            |
| Estée Lauder, Class A | 3.46%            |
| Intuit                | 3.38%            |
| Adobe                 | 3.28%            |
| Church & Dwight       | 2.89%            |
| Amgen                 | 2.84%            |

Asset-weighted average debt to market cap: 9.4%



## Amana Developing World Fund

The strength of the US dollar created a significant headwind for emerging markets over the past two years. This dollar headwind along with widespread lockdowns in China caused emerging markets to trail developed markets, with the MSCI Emerging Markets Index down -20.09% for the year ended December 31, 2022, versus -18.11% for the S&P 500 Index. We have reduced exposure to China largely due to social and governance concerns. This reduced China exposure, combined with focus on companies that have sustainable competitive advantages and robust balance sheets, led the Amana Developing World Investor Shares to return -17.59% for the calendar year 2022, outperforming both its benchmark MSCI Emerging Markets Index and the S&P 500 Index. In the fourth quarter, performance was more in line with the benchmark as the Investor Shares returned 9.69% versus the MSCI Emerging Markets Index at 9.70%.

Top contributors to the Amana Developing World Fund's performance were spread across a variety of sectors and geographies. For the largest contributors in the fourth quarter, four came from the Consumer Staples sector and two were from the Materials sector. In many ways, this is in line with full-year results. For the largest contributors to Fund performance for the year, two were from Consumer Staples and four were from Materials. Ford Otomotiv, Ford's Turkish subsidiary, stood out in 2022, delivering a 65.43% return; 60.80% came in the fourth quarter alone after the company closed its acquisition of Ford Romania. Along with increasing production capacity by more than a quarter million vehicles, the Romanian plant will allow Ford Otosan to expand its electric vehicle footprint in Europe.

Although the Amana Developing World Fund's 10 Largest Detractors were dispersed across geographies during both the fourth quarter and the full year, two themes stand out. Telecoms and their suppliers represented four of the largest detractors. For the full year, semiconductors dominated the list of largest detractors, with six coming from the industry. Semiconductors are notoriously procyclical. A testament to this: Silergy was the Fund's largest contributor in 2020 and 2021, and its largest detractor in 2022. While we understand that semiconductors add volatility, as long-

*Continued on page 11*

As of December 31, 2022

| 10 Largest Contributors YTD       | Return | Contribution |
|-----------------------------------|--------|--------------|
| Ford Otomotiv Sanayi              | 65.43% | 1.31         |
| Bangkok Dusit Medical Services    | 23.25% | 0.56         |
| Southern Copper                   | 8.19%  | 0.53         |
| Ambuja Cements                    | 29.88% | 0.46         |
| Rio Tinto ADS                     | 18.21% | 0.43         |
| Kimberly-Clark de Mexico, Class A | 18.74% | 0.41         |
| Indofood CBP Sukses Makmur        | 7.80%  | 0.19         |
| Quimica y Minera Chile ADS        | 15.34% | 0.18         |
| Canadian Pacific Railway          | 4.50%  | 0.09         |
| Samsung SDI                       | 5.82%  | 0.08         |

| 10 Largest Detractors YTD | Return  | Contribution |
|---------------------------|---------|--------------|
| Silergy                   | -33.30% | -3.29        |
| VF                        | -60.40% | -1.46        |
| NVIDIA                    | -50.27% | -1.37        |
| Hartalega Holdings        | -70.20% | -1.26        |
| Taiwan Semiconductor ADS  | -36.75% | -1.24        |
| Qualcomm                  | -38.61% | -1.18        |
| KCE Electronics           | -47.54% | -1.13        |
| Techtronic Industries     | -33.65% | -1.11        |
| Hikma Pharmaceuticals     | -36.39% | -0.86        |
| Samsung                   | -31.66% | -0.86        |

| Top 10 Holdings                   | Portfolio Weight |
|-----------------------------------|------------------|
| Ford Otomotiv Sanayi              | 3.44%            |
| Rio Tinto ADS                     | 3.12%            |
| Bangkok Dusit Medical Services    | 2.95%            |
| Unilever ADS                      | 2.77%            |
| Unicharm                          | 2.74%            |
| Samsung SDI                       | 2.65%            |
| Southern Copper                   | 2.64%            |
| Kimberly-Clark de Mexico, Class A | 2.64%            |
| Infosys ADS                       | 2.54%            |
| Barrick Gold                      | 2.47%            |

**Asset-weighted average debt to market cap:** 16.9%



## Amana Participation Fund

On January 3, 2023, Kristalina Georgieva, the managing director of the International Monetary Fund (IMF) stated that “at least one-third of the global economy may slip into recession in 2023.”<sup>5</sup> Central banks around the world raised interest rates in an effort to stifle inflation, causing financial conditions to tighten, potentially leading to recession.

Inflation declined for some developed countries. The inflation rate in the US was 7.1% in November 2022, down from its apex in June of 9.1%.<sup>6</sup> The European Union reported an inflation rate of 11.1% for November, down from 11.5% in October.<sup>7</sup> Though inflationary pressures have been somewhat quelled, significant imbalances remain; commodities such as energy, fertilizers, and food experienced shortages and rising prices. Some of these imbalances are likely to last for years due to Russia’s hostile invasion of Ukraine.

Due to the increase in interest rates, the cost of borrowing dramatically increased. As of December 31, 2022, the two-year Treasury yield was 4.43%, up from 0.73%, a year-over-year increase of 503%. The German two-year bond rose 338 basis points (bps) over the year, closing out 2022 at 2.76%, up from -0.62% at year-end 2021.

It is important to note that each region and its respective economy adjusts to financial conditions differently. Overly indebted countries and underdeveloped economies that are heavily dependent on hydrocarbons and agricultural imports are the most vulnerable. Countries that tend to be more resilient are those with lower debt and that are exporters of highly valued commodities, such as hydrocarbons, fertilizers, and agricultural products. The Gulf Cooperation Council (GCC) region falls into that resilient category and its member countries are likely to insulate investors from many of the challenges facing the developed world as well as the economies that are heavily dependent upon the price of imported commodities.

For the one-year period ended December 31, 2022, the Investor Shares of the Amana Participation Fund returned -4.99% and the Institutional Shares returned -4.64%. The FTSE Sukuk Index returned -8.18%, trailing the Investor Shares by 319 bps and the Institutional Shares by 354 bps. Despite the decline in returns,

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As of December 31, 2022

| Top 10 Holdings         | Portfolio Weight |
|-------------------------|------------------|
| KFH Tier 1 Sukuk        | 4.59%            |
| Almarai Sukuk           | 4.40%            |
| ICD Sukuk               | 4.28%            |
| Equate Sukuk            | 4.08%            |
| DIFC Sukuk              | 3.71%            |
| Tabreed Sukuk           | 3.63%            |
| TNB Global Ventures Cap | 3.44%            |
| ADIB Capital Invest Two | 3.24%            |
| Saudi Telecom Sukuk     | 3.19%            |
| DIB Sukuk               | 3.07%            |

| 30-Day Yield                  |       |
|-------------------------------|-------|
| Investor Shares (AMAPX):      | 1.38% |
| Institutional Shares (AMIPX): | 1.61% |

| Credit Profile       |        |
|----------------------|--------|
| AAA                  | 2.04%  |
| AA                   | 0.00%  |
| A                    | 20.57% |
| BBB                  | 35.23% |
| BB                   | 2.47%  |
| B                    | 3.24%  |
| Not rated            | 21.42% |
| Cash and equivalents | 15.03% |

*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.*

continued erosion of market-friendly democratic institutions.

dividends, while Merck's cancer drug Keytruda continued to drive sales and earnings growth. TJX, Lincoln Electric, and Gartner are also long-term investments. We view TJX as an attractive retailer ahead of potential economic weakness given its discount focus. Lincoln Electric, a global leader in welding, will leverage the build out of an alternative energy infrastructure. Gartner was the sole Technology representative, although more as an observer than as a participant, given its focus on consulting. Finally, global seed and crop science leader Corteva was a new addition to the Amana Growth Fund, providing agricultural resilience in a time of increasing climate disruption.

Technology stocks led the sell-off in 2022, placed at risk by extended valuations as rising interest rates reduced the value of future cash flows. Technology stocks accounted for eight of the 10 Largest Detractors to Amana Growth Fund returns. That said, the companies are generally the leaders in their markets, featuring strong cash flows and minimal debt. Demand for their products and services are likely to remain strong, and they continue to represent some of the best growth opportunities available in the market. We believe the same can be said of Estée Lauder, which was victimized by the dramatically strengthening dollar, since roughly three quarters of its sales are sourced overseas. We are less committed to Church & Dwight, questioning some of their M&A activity, and have begun reducing the position.

Despite an active quarter, the only new addition to the Top 10 Holdings was Amgen, while Taiwan Semiconductor exited.



term investors we continue to believe that their use will only become more important in an increasingly connected and electrified world.

While the Amana Developing World Fund's underweight position in China was supportive in 2022, we acknowledge the country's reopening could provide a hurdle in 2023. Still, we remain cautious on China, with Xi's increasing stronghold on the country presenting continued risk. Instead, we believe India's ascendance to the middle-income countries, Taiwan and South Korea's dominance over advanced manufacturing, rapid economic growth in the Middle East, and South America's resources for electrification present friendlier waters. India, with the world's second largest population, stands out in particular; economists forecast the country's gross domestic product (GDP) will grow by 7.0% for the one-year period ended March 2023, second only to the 7.6% expected in Saudi Arabia. Regardless of geography, we remain steadfast in our approach to finding well-managed companies, with strong returns on capital, and compelling environmental, social, and governance characteristics.

the Fund demonstrated greater resilience than broader conventional emerging market benchmarks such as the JP Morgan Emerging Market Global Core Index and the Bloomberg Barclays GCC Credit Total Return Index, which fell -18.37% and -12.84% over the year, respectively. The Fund's favorable results can be attributed, in part, to our conservative portfolio construction and to our investment process which emphasizes the ownership of high-quality issues led by management teams exercising prudence and demonstrating sound long-term financial practices.

At the end of 2022, the Investor Shares of the Amana Participation Fund reported a 30-day yield of 1.38% while the Institutional Shares reported 1.61%. The Fund reported a modified duration of 3.16 years. The portfolio is diversified among 39 securities to meet its investment objective of capital preservation and current income while being entirely invested in US dollar-denominated securities.

The two best performing issues during the fourth quarter of 2022 were Indonesian sovereign *sukuk* and Saudi Electric Company *sukuk*. The two worst performing issues for the fourth quarter were grocery retailer and real estate operator Majid Al Futtaim and Malaysian sovereign *sukuk*.

## Performance Summary

As of December 31, 2022

| Average Annual Total Returns (Before Taxes)               | 1 Year  | 3 Year | 5 Year | 10 Year | 15 Year | Expense Ratio <sup>A</sup> |
|---|---------|--------|--------|---------|---------|----------------------------|
| <b>Income Fund</b> Investor Shares (AMANX)                | -8.72%  | 8.41%  | 8.63%  | 10.72%  | 8.24%   | 1.01%                      |
| <b>Income Fund</b> Institutional Shares (AMINX)           | -8.51%  | 8.64%  | 8.87%  | n/a     | n/a     | 0.77%                      |
| S&P 500 Index   | -18.11% | 7.66%  | 9.41%  | 12.56%  | 8.80%   | n/a                        |
| Morningstar "Large Blend" Category                        | -16.96% | 6.88%  | 8.26%  | 11.31%  | 7.91%   | n/a                        |
| <b>Growth Fund</b> Investor Shares (AMAGX)                | -19.41% | 12.09% | 13.93% | 14.03%  | 10.35%  | 0.91%                      |
| <b>Growth Fund</b> Institutional Shares (AMIGX)           | -19.22% | 12.35% | 14.20% | n/a     | n/a     | 0.64%                      |
| S&P 500 Index   | -18.11% | 7.66%  | 9.41%  | 12.56%  | 8.80%   | n/a                        |
| Morningstar "Large Growth" Category                       | -29.91% | 4.72%  | 8.30%  | 11.77%  | 8.34%   | n/a                        |
| <b>Developing World Fund</b> Investor Shares (AMDWX)      | -17.59% | 2.36%  | 1.45%  | 0.90%   | n/a     | 1.21%                      |
| <b>Developing World Fund</b> Institutional Shares (AMIDX) | -17.44% | 2.58%  | 1.62%  | n/a     | n/a     | 0.99%                      |
| MSCI Emerging Markets Index                               | -20.09% | -2.69% | -1.39% | 1.44%   | 0.65%   | n/a                        |
| Morningstar "Diversified Emerging Markets" Category       | -20.86% | -2.26% | -1.34% | 1.48%   | 0.61%   | n/a                        |
| <b>Participation Fund</b> Investor Shares (AMAPX)         | -4.99%  | 0.19%  | 1.38%  | n/a     | n/a     | 0.80%                      |
| <b>Participation Fund</b> Institutional Shares (AMIPX)    | -4.64%  | 0.44%  | 1.64%  | n/a     | n/a     | 0.56%                      |
| FTSE Sukuk Index  | -8.18%  | 0.32%  | 2.32%  | 2.82%   | 3.59%   | n/a                        |
| Morningstar "Emerging Markets Bond" Category              | -14.50% | -4.30% | -1.25% | 0.79%   | 3.49%   | n/a                        |

<sup>A</sup> Expense ratios shown are as stated in the Funds' most recent Prospectus dated September 30, 2022.

**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](http://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 Bloomberg 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 index includes the Bloomberg GCC USD Credit Total Return Index. The JP Morgan Emerging Markets Global Core Index is composed of US dollar-denominated government bonds issued by emerging market countries. 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 data quoted herein represents past performance and does not guarantee future results.

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## Performance Summary

As of December 31, 2022

| Morningstar™ Ratings <sup>A</sup>  | 1 Year | 3 Year | 5 Year | 10 Year | 15 Year | Overall |
|--|--------|--------|--------|---------|---------|---------|
| <b>Amana Income Fund – “Large Blend” Category</b>                            |        |        |        |         |         |         |
| Investor Shares (AMANX)  | n/a    | ★★★★★  | ★★★★★  | ★★★★    | n/a     | ★★★★★   |
| % Rank in Category   | 7      | 18     | 53     | 77      | 49      | n/a     |
| Institutional Shares (AMINX)   | n/a    | ★★★★★  | ★★★★★  | ☆☆☆     | n/a     | ★★★★★   |
| % Rank in Category   | 6      | 15     | 45     | 70      | 44      | n/a     |
| Number of Funds in Category  | 1,358  | 1,223  | 1,116  | 818     | 614     | 1,223   |
| <b>Amana Growth Fund – “Large Growth” Category</b>                           |        |        |        |         |         |         |
| Investor Shares (AMAGX)  | n/a    | ★★★★★  | ★★★★★  | ★★★★★   | n/a     | ★★★★★   |
| % Rank in Category   | 11     | 2      | 2      | 9       | 8       | n/a     |
| Institutional Shares (AMIGX)   | n/a    | ★★★★★  | ★★★★★  | ☆☆☆☆    | n/a     | ★★★★★   |
| % Rank in Category   | 10     | 2      | 2      | 7       | 7       | n/a     |
| Number of Funds in Category  | 1,235  | 1,131  | 1,054  | 804     | 579     | 1,131   |
| <b>Amana Developing World Fund – “Diversified Emerging Markets” Category</b> |        |        |        |         |         |         |
| Investor Shares (AMDWX)  | n/a    | ★★★★★  | ★★★★★  | ★★★★    | n/a     | ★★★★★   |
| % Rank in Category   | 31     | 9      | 11     | 68      | n/a     | n/a     |
| Institutional Shares (AMIDX)   | n/a    | ★★★★★  | ★★★★★  | ☆☆☆☆    | n/a     | ★★★★★   |
| % Rank in Category   | 30     | 8      | 10     | 58      | n/a     | n/a     |
| Number of Funds in Category  | 816    | 732    | 650    | 394     | n/a     | 732     |
| <b>Amana Participation Fund – “Emerging Markets Bond” Category</b>           |        |        |        |         |         |         |
| Investor Shares (AMAPX)  | n/a    | ★★★★★  | ★★★★★  | n/a     | n/a     | ★★★★★   |
| % Rank in Category   | 2      | 4      | 6      | n/a     | n/a     | n/a     |
| Institutional Shares (AMIPX)   | n/a    | ★★★★★  | ★★★★★  | n/a     | n/a     | ★★★★★   |
| % Rank in Category   | 1      | 2      | 4      | n/a     | n/a     | n/a     |
| Number of Funds in Category  | 270    | 248    | 223    | n/a     | n/a     | 248     |

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<sup>A</sup> Morningstar Ratings™ (“Star Ratings”) are as of December 31, 2022. 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.

Performance data quoted herein represents past performance and does not guarantee future results.

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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.

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## Footnotes to commentary:

<sup>1</sup> "S&P 500 Historical Annual Returns." Macrotrends. <https://www.macrotrends.net/2526/sp-500-historical-annual-returns>

<sup>2</sup> Dr. Yardeni, Edward, et al. Performance 2023; S&P 500 Sectors & Industries. Yardeni Research, Inc. January 12, 2023. <https://www.yardeni.com/pub/peacockperf.pdf>

<sup>3</sup> "US Corporate BBB Effective Yield." YCharts. [https://ycharts.com/indicators/us\\_corporate\\_bbb\\_effective\\_yield#:~:text=US%20Corporate%20BBB%20Effective%20Yield%20is%20at%205.69%25%2C%20compared%20to,long%20term%20average%20of%205.24%25](https://ycharts.com/indicators/us_corporate_bbb_effective_yield#:~:text=US%20Corporate%20BBB%20Effective%20Yield%20is%20at%205.69%25%2C%20compared%20to,long%20term%20average%20of%205.24%25).

<sup>4</sup> Vega, Nicholas. "Microsoft's market cap grew more than \$800 billion in 2021—here's how it compares to the most valuable companies in the world." CNBC, December 27, 2021. <https://www.cnbc.com/2021/12/27/how-much-the-biggest-companies-grew-in-2021.html>

<sup>5</sup> Olawoyin, Oladeinde. "One-third of global economy may slip into recession in 2023 – IMF." Premium Times, January 3, 2023. <https://www.premiumtimesng.com/business/business-news/573778-one-third-of-global-economy-may-slip-into-recession-in-2023-imf.html>

<sup>6</sup> "Current Inflation Rates: 2000-2023." US Inflation Calculator. <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

<sup>7</sup> "Euro area inflation rate." Rate Inflation. <https://www.rateinflation.com/inflation-rate/euro-area-inflation-rate/>

