



IDAHO TAX-EXEMPT FUND



Semi-Annual Report

May 31, 2021

Performance Summary (as of June 30, 2021)

Average Annual Returns (before any taxes paid by shareowners)

	1 Year	3 Year	5 Year	10 Year	15 Year	Expense Ratio
Idaho Tax-Exempt Fund	1.66%	3.85%	2.20%	2.93%	3.40%	0.72% ¹
S&P Idaho Municipal Bond Index	4.62%	4.85%	3.19%	4.60%	4.68%	n/a
"Muni Single State Intermediate" Category Average ²	2.50%	3.78%	2.16%	3.15%	3.45%	0.93%

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

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

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

¹ By regulation, the expense ratio shown in this table is as stated in the Fund's most recent prospectus, which is dated March 30, 2021, and incorporates results for the fiscal year ended November 30, 2020. The ratio presented in this table differs from expense ratios shown elsewhere in this report as they represent different fiscal periods.

² **Source: Morningstar June 30, 2021.** Morningstar, Inc. is an independent fund performance monitor. Category returns are determined monthly from total returns by Morningstar, by category as determined by Morningstar. Category average expense ratios are determined by Morningstar from prospectus level data reported by funds in the category.

On the cover: View of Boise Train Depot in Boise, Idaho, USA, with flowers blooming in the foreground and blue sky in the background.



Fellow Shareowners:

July 20, 2021

On July 1, 2021, the state of Idaho ended its budget year with a record surplus of over \$800 million, with May revenues \$580 million ahead of forecast – the largest month for state revenue in Idaho history. Over the past year individual income taxes, sales taxes, and corporate income taxes have all come in ahead of forecasts. Surplus funds enabled Governor Brad Little to sign legislation for a tax cut of almost \$400 million, as well as millions of dollars on infrastructure spending.¹ Idaho's willingness to maintain a balanced budget and take swift action to maintain that balance will drive good performance into the future.

Idaho State continues to benefit from favorable demographics. The latest census data shows that Idaho's population grew by 16.5%, seeing the largest net migration of any state in the country from 2010-2020.² The economic base of the state has diversified over the past decade by adding jobs in construction, technology, tourism, and health care. Employment has continued its good performance, relative to the rest of the country. Idaho's official monthly unemployment rate, at 3% as of June 2021, is close to half of that of the national economy.³

In the fixed income markets, 2020 was marked by a great deal of volatility, especially in March. However, after the initial yield surge, corporate spreads tightened significantly, and Treasury yields declined. The first part of 2021 saw that that trend reverse, especially in the long end, spurred by the steepening Treasury curve. Elevated inflation expectations from a reopening economy drove a rise in yields, and the Federal Reserve indicated a tolerance for that inflation, reinforcing market sentiment. However, the June meeting of the Federal Reserve indicated that they would be keen to act on inflation. This comment shifted market expectations for future inflation and reversed some of the rise in yields seen earlier in the year.⁴

During these market movements, the Idaho Tax-Exempt Fund continued to benefit from lack of correlation to other asset classes including US Treasuries and corporate bonds. As of June 30, 2021, the Fund showed a positive return of 0.37%. The

Fund has offered important diversification benefits, especially in the first half of 2021 when Treasuries and corporate bonds experienced rising rates. Treasuries saw their worst quarter in 40 years at the start of 2021, with the 30-year rising 77 basis points to 2.41%, in-line with pre-pandemic levels. Bloomberg's long-duration US Treasury benchmark, an index that only includes US Treasuries with a duration of 10 years or more, experienced a decline of -13.51%. In stark contrast, the Fund returned -0.6% over the same period, showing a correlation with the Treasury index of only 0.46.

We continue to be vigilant for potential challenges spurred by an uneven economic rebound from the coronavirus pandemic, ongoing volatility in the bond market, and even the impacts of unusually extreme heat and drought in the state. Our security review and surveillance process emphasize selecting securities with strong balance sheets and financial flexibility. The COVID-19 crisis presented challenges that highlight the merits of conservative fiscal management. The Fund continues to offer discriminating investors the opportunity to invest in high-quality, tax-exempt securities in an exceptionally creditworthy state.

Respectfully,



Jane Carten MBA,
President



Elizabeth Alm CFA®,
Portfolio Manager

¹ Corbin, Clark. *Idaho begins new fiscal year eyeing record \$800 million-plus budget surplus. Idaho Capital Sun*, July 1, 2021. <https://idahocapitalsun.com/2021/07/01/idaho-begins-new-fiscal-year-eyeing-record-800-million-plus-budget-surplus/>

² *Evaluation Estimates: 2020. United States Census Bureau*, July 16, 2021. <https://www.census.gov/programs-surveys/popest/technical-documentation/research/evaluation-estimates.html>

³ Hartgen, Stephen. *Idaho economy on a roll due to sound leadership. Idaho State Journal*, June 25, 2021. https://www.idahostatejournal.com/opinion/columns/idaho-economy-on-a-roll-due-to-sound-leadership/article_6a751bac-68f6-515d-8ed0-ec5084eb101d.html

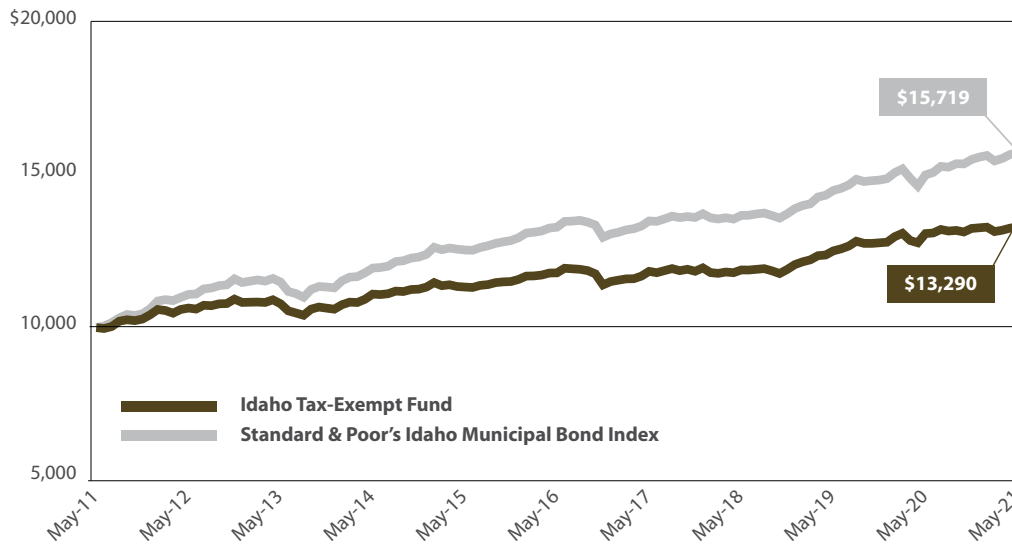
⁴ *Global markets adapt to a change in the Federal Reserve's tone. The Economist*, June 20, 2021. <https://www.economist.com/finance-and-economics/2021/06/20/global-markets-adapt-to-a-change-in-the-federal-reserves-tone>

Performance Summary

Average Annual Returns (as of May 31, 2021)

	1 Year	5 Year	10 Year	Expense Ratio ¹
Idaho Tax-Exempt Fund	1.68%	2.43%	2.88%	0.72%
S&P Idaho Municipal Bond Index	4.90%	3.44%	4.63%	n/a

Growth of \$10,000



Comparison of any mutual fund to a market index must be made bearing in mind that the Index is unmanaged and expense-free. Conversely, the fund will (1) be actively managed; (2) have an objective other than mirroring the index, such as limiting risk; (3) bear transaction and other costs; (4) stand ready to buy and sell its securities to shareowners on a daily basis; and (5) provide a wide range of services. The graph compares \$10,000 invested in the Fund on May 31, 2011, to an identical amount invested in the Standard & Poor's Idaho Municipal Bond Index, a broad-based index of Idaho municipal bond prices. The graph shows that an investment in the Fund would have risen to \$13,290 versus \$15,719 in the S&P Idaho Municipal Bond Index.

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

¹ By regulation, the expense ratio for the Fund shown in this table is as stated in the Fund's most recent prospectus, which is dated March 30, 2021, and incorporates results for the fiscal year ended November 30, 2020. The ratio presented in this table differs from expense ratios shown elsewhere in this report as they represent different fiscal periods.

Fund Objective

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

Portfolio Diversification

	% of Total Net Assets
General Obligations	45.9%
State Education	16.6%
Real Estate	8.8%
Financial Services	4.2%
Water Supply	3.5%
Municipal Leases	3.4%
Government Bonds	3.2%
Pollution Control	2.3%
Medical/Hospitals	2.2%
Health Care Facilities	2.2%
Transportation	1.5%
Other assets (net of liabilities)	6.2%

Top 10 Holdings

	% of Total Net Assets
Teton Co, ID SCD #401 Driggs (4.00% due 09/15/2035)	4.1%
Canyon Co ID SCD #134 Middleton (4.00% due 09/15/2028)	3.2%
Idaho Bond Bank Authority (4.00% due 09/15/2032)	3.1%
University of Idaho Revenue (5.00% due 04/01/2032)	3.0%
Idaho State Building Authority (5.00% due 09/01/2032)	2.9%
Nez Perce CO ISD #1 Lewiston (5.00% due 09/15/2029)	2.8%
Idaho Fish & Wildlife Foundation Rev (5.00% due 12/01/2033)	2.7%
Ada & Canyon Cos ID JSD #2 Meridian (5.00% due 08/15/2032)	2.7%
Twin Falls Co ID SCD #411 Series A (4.25% due 09/15/2030)	2.3%
Caribou Franklin Bannock JSD #148 (3.25% due 09/15/2035)	2.3%

Schedule of Investments

As of May 31, 2021

Tax-Exempt Municipal Bonds - 93.8%	Coupon / Maturity	Face Amount	Market Value	Percentage of Net Assets
Financial Services				
Idaho Bond Bank Authority	4.00% due 09/15/2032	\$405,000	\$443,192	3.1%
Idaho Housing & Finance Rev	3.00% due 07/01/2036	165,000	166,154	1.1%
			609,346	4.2%
General Obligation				
Ada & Canyon Cos ID JSD #2 Meridian	5.00% due 08/15/2032	325,000	384,679	2.7%
Ada & Canyon Cos ID JSD #3 Kuna	4.00% due 09/15/2027	100,000	119,745	0.8%
Boise City ID Independent SD	3.00% due 08/01/2038	100,000	104,743	0.7%
Bonneville & Bingham Cos JSD #93	5.00% due 09/15/2031	200,000	212,255	1.5%
Bonneville & Bingham Cos JSD #93	5.00% due 09/15/2029	250,000	265,352	1.8%
Bonneville Co ID SCD #91	4.00% due 09/15/2026	15,000	15,732	0.1%
Bonneville Co ID SCD #91	4.00% due 09/15/2026	35,000	36,639	0.2%
Bonneville Co ID SCD #91	3.75% due 09/15/2032	285,000	298,253	2.1%
Boundary County ID SCD #101	4.00% due 08/15/2021	240,000	241,900	1.7%
Canyon Co ID SCD #134 Middleton	4.00% due 09/15/2028	400,000	458,463	3.2%
Canyon Co ID SCD #135 Notus	3.25% due 09/15/2031	290,000	316,507	2.2%
Canyon Co ID SCD #135 Notus	3.25% due 09/15/2032	170,000	184,868	1.2%
Canyon Co ID SCD #139 Vallivue	5.00% due 09/15/2024	260,000	276,001	1.9%
Caribou Franklin Bannock JSD #148	3.25% due 09/15/2035	300,000	333,160	2.3%
Cassia Oneida Twin Falls JSD #151	3.375% due 09/15/2034	160,000	168,897	1.2%
College of Western ID Annual Approp	4.00% due 10/01/2027	125,000	148,364	1.0%
Kootenai Co ID SCD # 271 UNREF	4.00% due 09/15/2025	125,000	131,064	0.9%
Kootenai Co ID SCD #271 PREREF	4.00% due 09/15/2025	40,000	41,925	0.3%
Kootenai Co ID SCD #273	4.00% due 08/15/2031	265,000	302,463	2.1%
Kootenai-Shoshone ID Area Libraries	4.25% due 08/01/2021	220,000	221,502	1.5%
Latah Co ID SCD #281 Moscow Ser B	4.00% due 08/15/2027	100,000	108,123	0.7%
Latah Co ID SCD #281 Moscow Ser B	4.00% due 08/15/2028	200,000	216,200	1.5%
Madison Co. Id. SDC #321	5.00% due 09/15/2035	250,000	312,914	2.2%
Owyhee & Canyon Co. # 363 Marsing	4.00% due 09/15/2035	150,000	174,305	1.2%
Teton Co, ID SCD #401 Driggs	4.00% due 09/15/2035	500,000	590,744	4.1%
Twin Falls Co ID SCD #411 Series A	4.00% due 09/15/2027	170,000	190,493	1.3%
Twin Falls Co ID SCD #411 Series A	4.25% due 09/15/2030	300,000	338,614	2.3%
Twin Falls Co ID SCD #411 Series B	4.75% due 09/15/2039	200,000	229,009	1.6%
Valley & Adams Cos ID JSD #421	3.00% due 08/01/2026	220,000	226,259	1.6%
			6,649,173	45.9%
Government Bonds				
Idaho St Bldg Auth Health & Welfare	5.00% due 09/01/2043	25,000	30,667	0.2%
Idaho St Health Facs Auth	4.00% due 09/01/2045	265,000	310,403	2.1%
Idaho St Hsg & Fin Assn	5.00% due 07/15/2037	100,000	126,865	0.9%
			467,935	3.2%
Health Care Facilities				
Idaho Health Faci Auth Hos Rev	5.00% due 12/01/2047	260,000	316,232	2.2%
			316,232	2.2%
Medical/Hospitals				
Idaho Health Rev Trinity Health Grp	3.25% due 12/01/2028	300,000	325,647	2.2%
			325,647	2.2%

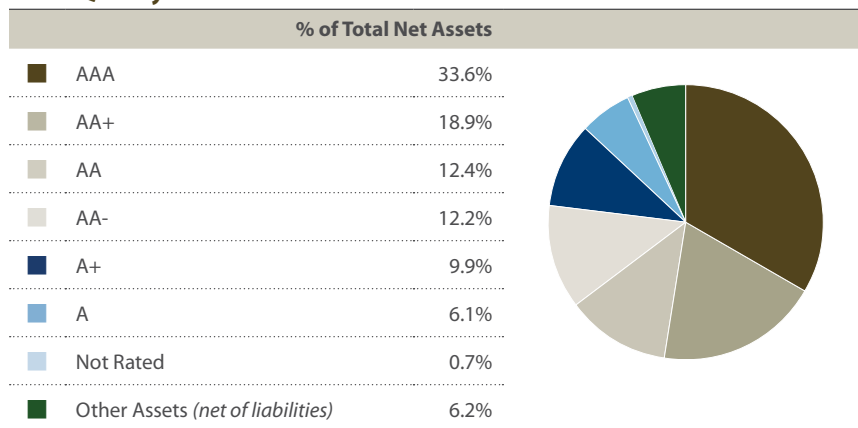
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Schedule of Investments

As of May 31, 2021

Tax-Exempt Municipal Bonds - 93.8%	Coupon / Maturity	Face Amount	Market Value	Percentage of Net Assets
Municipal Leases				
Idaho Falls ID COPS	4.00% due 09/15/2028	\$260,000	\$311,741	2.2%
Idaho Falls ID COPS	4.00% due 09/15/2038	150,000	179,315	1.2%
			491,056	3.4%
Pollution Control				
Idaho Bond Bank Authority	4.30% due 09/01/2022	20,000	20,061	0.1%
Idaho Bond Bank Authority	4.00% due 09/15/2032	130,000	152,703	1.1%
Idaho Bond Bank Authority	4.00% due 09/15/2033	135,000	158,170	1.1%
			330,934	2.3%
Real Estate				
Idaho Fish & Wildlife Foundation Rev	5.00% due 12/01/2033	320,000	397,657	2.7%
Idaho Fish & Wildlife Foundation Rev	4.00% due 12/01/2036	200,000	237,075	1.7%
Idaho State Building Authority	5.00% due 09/01/2031	200,000	212,211	1.5%
Idaho State Building Authority	5.00% due 09/01/2032	400,000	424,424	2.9%
			1,271,367	8.8%
State Education				
Boise State University ID Revenue	5.00% due 04/01/2028	125,000	145,122	1.0%
Boise State University ID Revenue	5.00% due 04/01/2032	160,000	191,246	1.3%
Idaho State University Revenue	4.00% due 04/01/2027	170,000	195,540	1.4%
Idaho State University Revenue	4.00% due 04/01/2030	245,000	278,678	1.9%
Idaho State University Revenue	3.00% due 04/01/2031	250,000	262,734	1.8%
Jefferson & Madison Cos. ID SCD#251	5.00% due 09/15/2028	100,000	128,890	0.9%
Nez Perce CO ISD #1 Lewiston	5.00% due 09/15/2029	330,000	410,283	2.8%
North Idaho College Dormitory Rev	4.00% due 11/01/2030	285,000	319,650	2.2%
University of Idaho Revenue (Defeased)	5.00% due 04/01/2032	30,000	31,199	0.3%
University of Idaho Revenue	5.00% due 04/01/2032	425,000	440,309	3.0%
			2,403,651	16.6%
Transportation				
Boise ID Airport Park Fac Rev	3.00% due 09/01/2028	210,000	211,242	1.5%
			211,242	1.5%
Water Supply				
Payette Lakes Rec Wtr & Swr Rev	4.00% due 08/01/2032	195,000	223,116	1.5%
Payette Lakes Rec Wtr & Swr Rev	4.00% due 08/01/2034	255,000	290,575	2.0%
			513,691	3.5%
Total investments	(Cost \$12,816,625)		\$13,590,274	93.8%
Other assets (net of liabilities)			900,025	6.2%
Total net assets			\$14,490,299	100.0%

Bond Quality Diversification



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.

Statement of Assets and Liabilities

As of May 31, 2021

Statement of Assets and Liabilities	
Assets	
Investments in securities, at value (Cost \$12,816,625)	\$13,590,274
Cash	785,868
Interest receivable	128,715
Prepaid expenses	2,481
Other assets	801
Total assets	<u>14,508,139</u>
Liabilities	
Accrued advisory fees	6,112
Distributions payable	2,896
Payable for Fund shares redeemed	2,165
Accrued Chief Compliance Officer expenses	1,200
Accrued audit expenses	1,174
Accrued trustee expenses	1,087
Accrued legal expenses	922
Accrued printing fees	915
Accrued other operating expenses	742
Accrued postage	569
Accrued retirement plan custody fee	58
Total liabilities	<u>17,840</u>
Net assets	\$14,490,299
Analysis of net assets	
Paid-in capital (unlimited shares authorized, without par value)	\$13,777,482
Total distributable earnings	712,817
Net assets applicable to Fund shares outstanding	\$14,490,299
Fund shares outstanding	2,576,841
Net asset value, offering and redemption price per share	\$5.62

Statement of Operations

Period ended May 31, 2021

Statement of Operations	
Investment income	
Interest income	\$181,988
Total investment income	<u>181,988</u>
Expenses	
Investment advisory fees	36,419
Audit fees	3,776
Legal fees	1,793
Chief Compliance Officer expenses	1,549
Other expenses	1,021
Printing and postage expenses	910
Transfer agent fees	890
Trustee fees	842
Filing and registration fees	691
Custodian fees	304
Retirement plan custodial fees	62
Total gross expenses	<u>48,257</u>
Less transfer agent fees waived	(890)
Less custodian fee credits	(304)
Net expenses	<u>47,063</u>
Net investment income	\$134,925
Net realized gain from investments	
Net realized gain from investments	\$23,254
Net decrease in unrealized appreciation on investments	(93,960)
Net loss on investments	\$(70,706)
Net increase in net assets resulting from operations	
	\$64,219

Statement of Changes of Net Assets

Period ended May 31, 2021

Year ended November 30, 2020

Increase (decrease) in net assets from operations		
From operations		
Net investment income	\$134,925	\$260,829
Net realized gain on investment	23,254	3,912
Net increase (decrease) in unrealized appreciation	(93,960)	253,795
Net increase in net assets	64,219	518,536
Distributions to shareholders	(134,913)	(260,790)
Capital share transactions		
Proceeds from sales of shares	883,546	1,747,848
Value of shares issued in reinvestment of dividends	115,940	219,377
Cost of shares redeemed	(1,418,314)	(731,875)
Total capital share transactions	(418,828)	1,235,350
Total increase (decrease) in net assets	(489,522)	1,493,096
Net assets		
Beginning of period	14,979,821	13,486,725
End of period	\$14,490,299	\$14,979,821
Shares of the Fund sold and redeemed		
Number of shares sold	157,183	311,367
Number of shares issued in reinvestment of dividends	20,640	39,076
Number of shares redeemed	(252,111)	(130,816)
Net increase (decrease) in number of shares outstanding	(74,288)	219,627

Financial Highlights

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

	For period ended May 31, 2021	For the year ended November 30,				
	2021	2020	2019	2018	2017	2016
Net asset value at beginning of period	\$5.65	\$5.55	\$5.28	\$5.37	\$5.29	\$5.48
Income from investment operations						
Net investment income	0.05	0.10	0.11	0.12	0.13	0.14
Net gains (losses) on securities (both realized and unrealized)	(0.03)	0.10	0.27	(0.09)	0.08	(0.19)
Total from investment operations	0.02	0.20	0.38	0.03	0.21	(0.05)
Less distributions						
Dividends (from net investment income)	(0.05)	(0.10)	(0.11)	(0.12)	(0.13)	(0.14)
Distributions (from capital gains)	-	-	-	-	-	(0.00) ^A
Total distributions	(0.05)	(0.10)	(0.11)	(0.12)	(0.13)	(0.14)
Net asset value at end of period	\$5.62	\$5.65	\$5.55	\$5.28	\$5.37	\$5.29
Total return^B	0.39%	3.67%	7.30%	0.51%	3.90%	(0.95)%
Ratios / supplemental data						
Net assets (\$000), end of period	\$14,490	\$14,490	\$13,487	\$13,554	\$17,474	\$17,997
Ratio of expenses to average net assets						
Before transfer agent fee waiver and custodian fee credits ^C	0.66%	0.72%	0.69%	0.68%	0.67%	0.67%
After transfer agent fee waiver ^C	0.65%	0.71%	0.67%	0.67%	0.66%	0.66%
After transfer agent fee waiver and custodian fee credits ^C	0.65%	0.71%	0.67%	0.67%	0.65%	0.65%
Ratio of net investment income after fee waiver and custodian credits to average net assets ^C						
	1.85%	1.82%	2.07%	2.20%	2.33%	2.54%
Portfolio turnover rate^B	3%	5%	4%	13%	20%	15%

^A Amount is less than \$0.01.

^B Not annualized for periods less than one year.

^C Annualized for periods less than one year.

Notes To Financial Statements

Note 1 — Organization

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

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

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

Investment risks:

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

The Fund entails credit risk, which is the possibility that a bond will not be able to pay interest or principal when due. If the credit quality of a bond is perceived to decline, investors will demand a higher yield, which means a lower price on that bond to compensate for the higher level of risk. If a security held by the Fund defaults on payment of interest or principal, the Fund's income, ability to preserve capital, and liquidity would all be adversely affected.

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

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

Note 2 — Unaudited Information

The information in this interim report has not been subjected to independent audit.

Note 3 — Significant Accounting Policies

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

Security valuation:

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

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

Share valuation:

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

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

Fair value measurements:

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

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

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

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

Notes To Financial Statements (continued)

The following table is a summary of the inputs used as of May 31, 2021, in valuing the Fund's investments carried at value.

Fair Value Inputs	Level 1 Quoted Price	Level 2 Significant Observable Input	Level 3 Significant Unobservable Input	Total
Municipal Bonds ¹	\$-	\$13,590,274	\$-	\$13,590,274
Total Assets	\$-	\$13,590,274	\$-	\$13,590,274

¹See Schedule of Investments for industry breakout.

During the period ended May 31, 2021, no Fund had transfers between Level 1, Level 2 or Level 3.

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

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

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

Income taxes:

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

The Fund recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2017 – 2019), or expected to be taken in the Fund's 2020 tax return. The Fund identifies its major tax jurisdiction as US federal and foreign jurisdictions where the Fund makes significant investments; however, the Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

Reclassification of capital accounts:

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

As of November 30, 2020, there were no reclassifications to the capital accounts.

Distributions to shareowners:

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

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

Use of estimates:

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

LIBOR Transition Risk:

The United Kingdom's Financial Conduct Authority announced a phase out of the London Interbank Offered Rate ("LIBOR") by the end of 2021, and it is expected that LIBOR will cease to be published after that time.

The Fund may be exposed to financial instruments tied to LIBOR to determine payment obligations, financing terms, hedging activities, or investment value. The transition process away from LIBOR might lead to increase volatility and illiquidity in markets for, and reduce the effectiveness of new hedges placed against, instruments whose term currently include LIBOR. The ultimate effect of the LIBOR transition process on the Fund is uncertain.

Notes To Financial Statements (continued)

Other:

Interest income is recognized on an accrual basis. Premiums on securities purchased are amortized and discounts are accreted using the yield to maturity method over the lives of the respective securities or where applicable, to the first call date of the securities.

Recent Accounting Pronouncement:

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

Note 4 — Transactions with Affiliated Persons

Under a contract approved by shareowners on September 28, 1995 and reviewed and approved annually by the Trust's Board of Trustees, including those Trustees who are not parties to the contract or "interested persons" (as defined in the Investment Company Act of 1940) of such parties or the Trust (the "Independent Trustees"), Saturna Capital Corporation ("Saturna Capital") provides investment advisory services and certain other administrative and distribution services to conduct the Fund's business. For such services, the Fund pays an annual fee equal to 0.50% of its average daily net assets. For the fiscal period ended May 31, 2021, the Fund incurred advisory fee expenses of \$36,419.

Expenses incurred by the Trust on behalf of the Fund (e.g., legal fees) are allocated to the Fund and the other Funds of the Trust on the basis of relative daily average net assets.

Saturna Capital also acts as transfer agent for the Fund, for which it did not receive any compensation during the fiscal year ended November 30, 2020. Saturna Capital has voluntarily elected to waive the transfer agent fee through November 30, 2021, to reduce the Fund's operating expenses. Such fees, had they been charged, would have totaled \$890.

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

Saturna Trust Company ("STC"), a subsidiary of Saturna Capital, acts as a retirement plan custodian for Fund shareowners. For the fiscal period ended May 31, 2021, the Fund incurred retirement plan custodial fees of \$62.

Mrs. Jane Carten serves as a trustee and president of the Trust. She is also a director and the president of Saturna Capital and Saturna Trust Company. She is not compensated by the Trust. For the fiscal period ended May 31, 2021, the Trust paid trustee compensation expenses of \$22,750 which is included in the \$25,805 of total expenses incurred for the independent Trustees. The Fund's allocation of these expenses was \$842.

The officers of the Trust are paid by Saturna Capital, not the Trust, except the Chief Compliance Officer, who is partially compensated by the Trust. For the fiscal period ended May 31, 2021, the Fund's allocation of these expenses was \$1,549.

On May 31, 2021, the trustees, officers, and their immediate families as a group directly or indirectly owned 17.46% of the outstanding shares of the Fund.

Note 5 — Distributions to Shareowners

The tax characteristics of distributions paid during the fiscal periods ended May 31, 2021, and November 30, 2020, were as follows:

	Period ended May 31, 2021	Year ended November 30, 2020
Tax-exempt income	\$134,913	\$260,597
Taxable income	\$-	\$193

Note 6 — Federal Income Taxes

The cost basis of investments for federal income tax purposes as of May 31, 2021 were as follows:

Cost of investments	\$12,816,625
Gross unrealized appreciation	\$787,408
Gross unrealized depreciation	\$(13,759)
Net unrealized appreciation	\$773,649

As of November 30, 2020, the components of distributable earnings on a tax basis were as follows:

Undistributed tax exempt income	\$3,859
Accumulated capital loss	\$(87,957)
Unrealized appreciation	\$867,609
Total accumulated earnings	\$783,511

As of November 30, 2020, the Fund had capital loss carryforwards as follows, subject to regulation.

	Carryforward	Expiration
Short-term loss carryforward	\$55,441	Unlimited
Long-term loss carryforward	\$32,516	Unlimited
	\$87,957	

Note 7 — Investments

During the period ended May 31, 2021, the Fund purchased \$504,618 of securities and sold/matured \$442,091 of securities.

Notes To Financial Statements *(continued)*

Note 8 — Custodian

Under the agreement in place with UMB Bank, custody fees are reduced by credits for cash balances. Such reduction for the period ended May 31, 2021, amounted to \$304.

Note 9 — COVID-19 Pandemic

The COVID-19 pandemic has adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets. The pandemic has resulted in quarantines, stay at home orders, travel prohibitions and closures, disrupting supply chains and economic activity. The duration of the pandemic's effects remain uncertain and difficult to assess. The effects of the pandemic may adversely impact the fund's performance and its ability to achieve its investment objective.

Note 10 — Subsequent Events

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

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

Expenses

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

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

Example

The following example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (December 1, 2020, to May 31, 2021).

Actual Expenses

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

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

Hypothetical Example for Comparison Purposes

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

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

	Beginning Account Value [December 1, 2020]	Ending Account Value [May 31, 2021]	Expenses Paid During Period ¹	Annualized Expense Ratio
Actual	\$1,000.00	\$1,003.90	\$3.23	0.65%
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.71	\$3.26	0.65%

¹ Expenses are equal to Idaho Tax-Exempt Bond Fund's annualized expense ratio of 0.65% (based on the most recent semi-annual period of December 1, 2020 through May 31, 2021) multiplied by the average account value over the period multiplied by 182/365 (to reflect the one-half year period).

Availability of Quarterly Portfolio Information

- (1) The Idaho Tax-Exempt Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. Previously, this information was filed on Form N-Q.
- (2) The Fund's Form N-PORT reports are available on the SEC's website at www.sec.gov.
- (3) The Fund makes a complete schedule of portfolio holdings after the end of each month available at www.idahotaxexemptfund.com.

Availability of Proxy Voting Information

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

Householding Policy

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

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

Statement Regarding Liquidity Risk Management Program

The Securities and Exchange Commission adopted Rule 22e-4 under the Investment Company Act of 1940, as amended (the "Liquidity Rule") to promote effective liquidity risk management throughout the open-end investment company industry, thereby reducing the risk that funds will be unable to meet their redemption obligations and mitigating dilution of the interests of fund shareholders.

Pursuant to the Liquidity Rule, the Trust, on behalf of the Funds, has adopted a liquidity risk management program (the "Program") to govern the Trust's approach to managing liquidity risk. The Program is overseen by Saturna Capital's Liquidity Risk Committee, and the Program's principal objectives include assessing, managing and

periodically reviewing each Fund's liquidity risk, based on factors specific to the circumstances of the Fund.

At a meeting of the Board held on December 17, 2019, the Trustees received a report addressing the operation of the Program and assessing its adequacy and effectiveness of implementation. It was reported to the Board that the assessment found that the Program was adequately designed and effective in achieving its objectives. Further, that review of the Program's implementation evidenced substantial compliance with relevant policies and procedures.

Privacy Statement

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

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

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

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



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

Saturna Brokerage Services, Distributor