Fund Commentary Q2 2022

Saturna Capital

Sextant Mutual Funds

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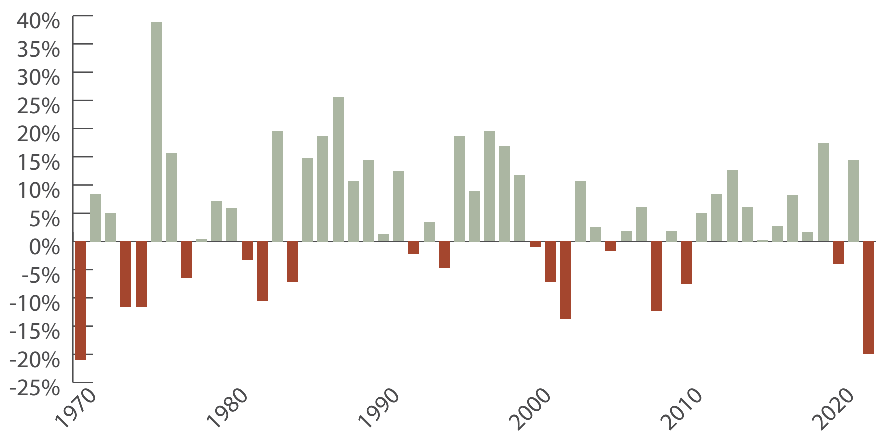
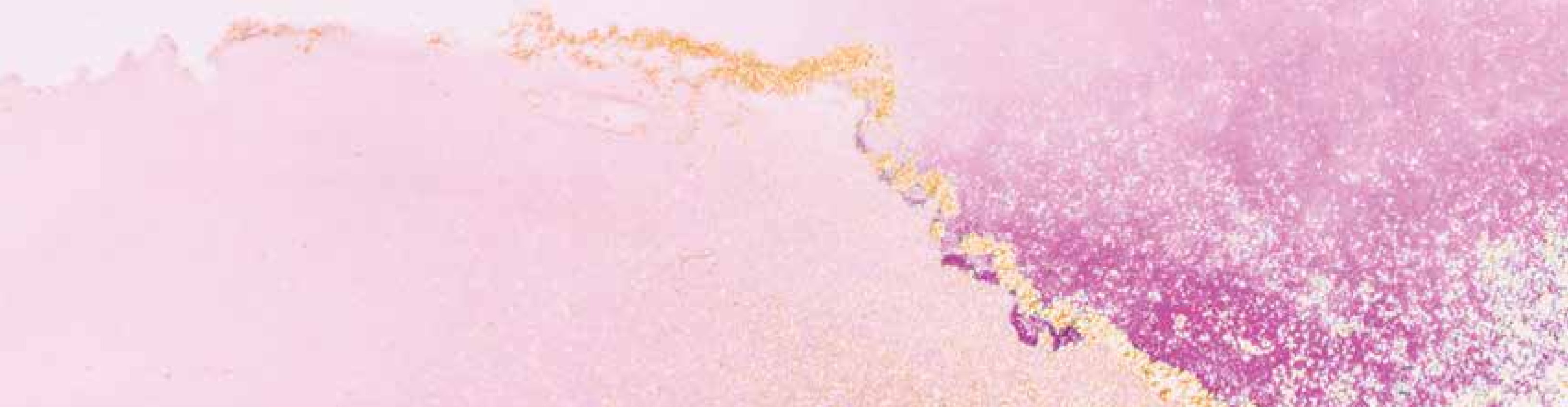
During the second quarter of 2022, the Federal Reserve officially removed "transitory" from its dictionary, acknowledging that inflation remained higher and more persistent than expected. Fears of further acceleration pushed the Fed governors to break out their bazookas, hiking the fed funds rate by 50 basis points (bps) on May 4 and then by 75 bps on June 15, pushing the rate to 1.58% compared to less than a tenth of a percent at the start of the year.[1] The last time the Fed increased rates by 75 bps was November 1994.[2] Apart from the carnage in bond markets, anticipation of the spike helped push the stock market, as measured by the S&P 500 Index, into bear market territory in June by declining just nearly -20% from its peak at the start of the year. In fact, the January-June 2022 performance of the S&P 500 was its worst since 1970. Interestingly, there have been six previous stock market declines of at least -15% in the first half of the year since 1932, and each were followed by an average 24% bounce in the second half.[3] Perhaps that history steels the spines of Fed governors who are unanimous in their view that more increases are necessary to rein in inflation, which climbed to 8.6% in May, the highest since 1981.[4] According to the Fed "dot plot," every governor anticipates a fed funds target level midpoint of more than 3%, ranging from 3.125% to 3.875%.[5]

S&P 500 Index First-Half Year Performance Worst Since 1970



Source: Wall Street Journal, Dow Jones Market Data



Such aggressive monetary tightening raises the prospect of tipping the economy into recession. While the aggressive hikes of 1994 succeeded in engineering a "soft landing,"[6] the Fed was acting preemptively to head off price pressures at that time, rather than racing to catch up to an inflationary ship that had left port. Nor was the Fed simultaneously engaged in quantitative tightening, working to assess global supply chain bottlenecks, or studying the effects of a major Russian invasion on commodity markets. Given the confluence of events, escaping an economic downturn would be a feat worthy of Houdini. Indeed, Fed Chairman Jerome Powell has admitted as much: "Is there a risk we would go too far? Certainly there's a risk. The bigger mistake to make — let's put it that way — would be to fail to restore price stability."[7]

Environment and Outlook

What about the stock market? As noted above, we entered bear market territory in June. Apart from the occasional short-lived upswing and a relief rally inspired by Ukrainian battlefield success in the second half of March, the market has consistently trended down. While market declines have lowered valuations and heartened some investors, valuation depends on two factors: price and earnings. Lower stock prices and steady earnings estimates, as we have seen to-date, lead to lower valuations. But what happens if (or when) the earnings estimates fall? We cannot say with certainty that the Fed's actions inevitably imply recession, but history points to chances being more likely than not, while recessions do inevitably lead to earnings reductions.

As we emerge from the current period of disruption, what sort of environment can we expect on the other side? There are two competing theses. The first is that we return to a period like the decade following the Global Financial Crisis (GFC): anemic growth, low inflation, and low interest rates. Presumably, such an easy money environment would support renewed asset price inflation with housing and stocks once again off to the races, the latter focusing on growth opportunities, be they immediate or in the future. Elements contributing to this outlook include the deflationary effect of aging demographics, stagnant-to-falling developed world populations, and continued efficiency gains from technological developments such as automation.

The second thesis is that a pullback in globalization (coupled with an end to the China-driven surge in working age population that has helped restrain prices for much of the century) will empower workers to demand higher wages, leading companies to increase prices, creating a cycle of embedded inflation and implying higher interest rates. Any sign of trouble will spur governments to act more aggressively than they did following the GFC and more closely follow their pandemic playbooks, given the apparent victory of Modern Monetary Theory and the absence of bond market vigilantes.

While it is far too early to settle upon the likely outcome, between now and then we face the highest interest rates in decades. Given our focus on strongly cash generative, low-debt companies, such an environment may prove relatively beneficial for our investments. They will not be burdened by high interest payments and may be able to exploit difficulties faced by other, more heavily indebted companies, or take advantage of opportunities to invest when others cannot.

Sextant Growth Fund

As of June 30, 2022

10 Largest Contributors	Return	Contribution
Monster Beverage	16.02%	0.33
Tyler Technologies	-1.49%	-0.01
General Motors	-27.39%	-0.11
TJX Companies	-7.31%	-0.11
Ecolab	-12.61%	-0.11
RPM International	-2.89%	-0.11
Ford Motor	-33.75%	-0.13
Starbucks	-10.39%	-0.15
Corteva	-5.57%	-0.17
Alaska Air Group	-9.86%	-0.21

10 Largest Detractors	Return	Contribution
Apple	-21.59%	-2.27
Amazon.com	-34.84%	-1.72
Microsoft	-16.49%	-1.50
Alphabet, Class A	-21.65%	-1.49
Adobe	-19.66%	-0.79
Mastercard, Class A	-11.60%	-0.65
Johnson Controls	-26.44%	-0.63
Stryker	-25.33%	-0.56
Newmont	-24.28%	-0.56
Nike, Class B	-23.86%	-0.54

Top 10 Holdings	Portfolio Weight
Apple	9.55%
Microsoft	9.32%
Alphabet, Class A	6.62%
Amazon.com	5.50%
Mastercard, Class A	5.40%
Abbott Laboratories	4.34%
Lowe's	3.75%
Adobe	3.62%
Costco Wholesale	3.23%
Monster Beverage	2.86%

The Sextant Growth Fund was not immune to the broad market downdraft; the Investor Shares shed -17.73% in the second quarter, while the S&P 500 Index dropped -16.45%. Year-to-date the Investor Shares slumped -24.85% against a -20.58% decline in the benchmark. Given the Fund's growth focus, the NASDAQ Composite may be a more appropriate benchmark, as it fell -22.28% over the second quarter and crashed -29.18% year-to-date.

In 2021, stock market strength was sometimes described as being the result of TINA – there is no alternative. While it doesn't make for as nice an acronym, 2022 has been the year of NPTH – no place to hide. Commodities, especially Energy, provided a haven earlier in the year but in the second quarter even Energy stocks faltered. Declines continued to be led by Technology in general and semiconductors specifically. Health Care and Consumer Staples were relatively resilient, but neither sector represents significant investments for the Sextant Growth Fund.

During the bull market from 2019 to 2021, we often had stocks in the 10 Largest Detractors that had increased in value, but not by as much as the rest of the portfolio. In the current bear market, we face the opposite situation; all but one of our 10 Largest Contributors lost value. Our investment in Monster Beverage has required patience, but that paid off in the second quarter. Demand for Monster's energy drinks remained strong throughout the pandemic, but the company has suffered from sharply rising freight rates and aluminum can supply issues. As these situations normalize, we look forward to further gains. During the quarter we exited several stocks appearing in the 10 Largest Contributors, including General Motors, Ford, Alaska Airlines, and Starbucks. Our GM and Ford positions were small, and we decided to realize losses that could be applied to gains at some point in the future. We believe that higher interest rates will make car buying more difficult, while soaring gas prices could affect the sales of their most profitable vehicles – SUVs and pick-ups. Alaska Airlines also appeared vulnerable to fuel prices. Many have hailed the return of Howard Schultz to Starbucks, but we believe his contentious relationship with a nascent union movement, the decision to halt stock buybacks, and the increasing price of coffee are all more than short-term issues and will bedevil the company for some time.

Highly valued companies with "long-duration" earnings profiles, a description that applies to many Technology stocks, were especially punished this year. Although we haven't avoided the damage in the semiconductor industry, our investments are relatively small, so the effect on performance has not been large. Rather, the Sextant Growth Fund has suffered at the hands of the mega-cap household Tech names such as Apple, Microsoft, Amazon, Adobe, and Alphabet. We hold large positions in all these stocks, accounting for their outsize negative contributions. We have been reducing the Adobe position but otherwise remain committed to these investments. In the event of recession, these companies will weather the storm more successfully than smaller competitors. Stryker's performance has been more curious. With the pandemic ebbing, demand for its

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Sextant International Fund

As of June 30, 2022

The Sextant International Fund Investor Shares declined -16.96% in the second quarter of 2022, while the benchmark MSCI EAFE Index declined -14.29% over the same period. Year-to-date, the Investor Shares of the Fund declined -18.52% while the Index fell -19.25%. Regarding the quarterly returns, the overweight Technology exposure led to the Fund's underperformance compared to the Index.

The Sextant International Fund generally holds positions in larger companies with strong balance sheets. The average market capitalization of holdings in the Fund was just under $75 billion, and the trailing 12-month average debt to market capitalization was 15.1% at quarter-end. The Fund ended the second quarter in a somewhat defensive posture, holding a cash balance of 6.76%, an increase since the first quarter-end.

Food and Health Care positions (Danone, Unilever, Novo Nordisk) led contributors for the second quarter while Technology-related companies (MercadoLibre, ASML, Dassault Systemes) led detractors. The two largest sector allocations of the portfolio were Technology at 39.17% and Health Care at 17.65%. The Top 10 Holdings accounted for 49.8% of assets at the end of the quarter. The Fund held 38 equity positions, an increase of seven since first quarter-end. We added small positions in the Materials, Industrials, Health Care, and Consumer Staples sectors. The average position size declined from 3.09% at first quarter-end to 2.45% at second quarter-end. Over the next several quarters we anticipate the Top 10 position concentration will continue to decline.

Over the medium-term, markets face a challenging outlook with tightening financial conditions, tighter monetary policy, and slowing economic momentum driven by broader geopolitical events. Clearly, trade tension, military aggression, and economic sanctions challenge the four-decade trend of deflationary globalization.

Historically, deflationary environments favor Technology and other fast growth companies. Inflationary environments favor Commodities and producers. Slowing economic growth favors defensive sectors like Utilities and Health Care. The markets entered a period where all three environments have collided. On balance, deflationary global trade forces remain, although perhaps not as strong as in the past.

10 Largest Contributors	Return	Contribution
Danone	3.61%	0.05
Unilever ADR	1.71%	0.02
Novo Nordisk ADS	0.34%	0.00
Reckitt Benckiser Group	-0.76%	-0.01
Experian	-1.02%	-0.01
Varta AG	-4.42%	-0.02
NIBE Industrier AB Class B	-5.48%	-0.03
Aveva Group	-6.85%	-0.03
TotalEnergies SE ADR	-7.63%	-0.04
Alfen Beheer BV	-11.49%	-0.05

10 Largest Detractors	Return	Contribution
MercadoLibre	-46.46%	-3.14
ASML Holding	-28.27%	-1.90
Dassault Systemes ADR	-24.96%	-1.59
Rio Tinto ADS	-24.13%	-1.00
Accenture, Class A	-17.42%	-0.77
Sony ADS	-20.39%	-0.76
Wolters Kluwer	-8.94%	-0.76
NICE Systems ADR	-12.12%	-0.72
Schneider Electric	-21.42%	-0.53
Telus	-13.82%	-0.46

Top 10 Holdings	Portfolio Weight
Wolters Kluwer	7.37%
Novo Nordisk ADS	6.78%
NICE Systems ADR	6.09%
Dassault Systemes ADR	5.36%
ASML Holding NY	5.13%
Accenture, Class A	4.26%
MercadoLibre	4.03%
Sony ADS	3.80%
Rio Tinto ADS	3.72%
Alcon	3.25%

Sextant Global High Income Fund

As of June 30, 2022

The Sextant Global High Income Fund returned -11.38% in the second quarter of 2022, ending the period with $9.02 million in total net assets. The Fund's equity benchmark, the S&P Global 1200, returned -15.31%, while its fixed-income benchmark, the Bloomberg Barclays Global High Yield Corporate Index, returned -11.25%. The Fund's Morningstar Global Allocation peer group returned -10.59%.

The Federal Reserve accelerated the pace of interest rate hikes in response to stubbornly high inflation and concerns that inflationary dynamics could become further entrenched. During the first quarter the Fed increased the federal funds rate by 25 basis points (bps), and in the second quarter they hiked the rate again, twice, first by 50 bps and then by 75 bps.

Stock markets fell, and investors worried that the effort to tame high inflation would force the Fed to slow the economy into a recession, curbing the appetite for high valuations amid the prospect of weakened corporate profits. The US dollar strengthened against major foreign currencies as global investors favored higher US dollar interest rates over lower rates in yen, euro, and pound sterling. The 10-year US Treasury yield rose from 2.33% at first quarter-end to 2.98% at second quarter-end. High-yield credit spreads widened by more than two percentage points, magnifying the impact of higher rates for riskier borrowers.

AT&T was the top contributor to Sextant Global High Income Fund's performance during the quarter, returning 17.10%. The company spun off its Warner Brothers Discovery media unit and lowered the dividend for the continuing business, both of which may ease the strain on cash flows for its core telecom business during a period of continued heavy investment and aggressive competition. Other telecom holdings Orange and Verizon also had positive returns, helping to cushion against declines elsewhere.

Detractors from performance were concentrated in the Materials sector, with investors apparently convinced that these companies' economic sensitivity to a potential recession was of more acute concern than their potential to benefit further from inflationary pressures on raw Materials prices. Aluminum producer Norsk Hydro returned -38.79%, Southern Copper returned -32.85%, and diversified miner South32 returned -28.71%.

Global economies are mired in the turmoil of high inflation, shortages in supply and select labor markets, a major land war and its repercussions, and higher interest rates. The likelihood that the US and other global economies will emerge from this turmoil on a flight path toward decreasing inflation and continued real economic growth is not necessarily remote, but it will be a tough challenge for policymakers. These conditions provide both risks and opportunities for investors, and we hope to make the most of the latter while remaining prudent in respect of those risks.

10 Largest Contributors	Return	Contribution
AT&T	17.10%	0.26
TotalEnergies SE ADR	5.50%	0.11
Orange ADR	3.15%	0.09
Verizon Communications	0.84%	0.02
GlaxoSmithKline ADS	0.71%	0.02
US Treasury Bill *(0.00% 10/13/2022)*	0.00%	0.00
Colony TX NFM Sales Tax Revenue *(7.625% 10/01/2042)*	-0.66%	0.00
Woodside Energy Group	-0.14%	-0.01
Royal Bank of Scotland *(6.125% 12/15/2022)*	-0.49%	-0.01
Republic of Argentina *(1% 07/09/2029)*	-31.70%	-0.01

10 Largest Detractors	Return	Contribution
South32 ADR	-28.71%	-1.02
Virtu Financial	-36.53%	-0.98
Norsk Hydro ASA	-38.79%	-0.90
Southern Copper	-32.85%	-0.85
BHP Biliton ADR	-18.45%	-0.72
Cisco Systems	-23.00%	-0.62
Micro Focus International	-36.42%	-0.57
Norfolk Southern Corp *(5.100% 08/01/2118)*	-18.22%	-0.53
Volkswagen AG	-19.71%	-0.50
CSX Corp *(4.65% 03/01/2068)*	-16.30%	-0.42

Top 10 Holdings		Portfolio Weight
US Treasury Bill due 1/26/23	*Bond*	5.46%
US Treasury Bill *(0.00% 10/13/2022)*	*Bond*	4.41%
BHP Biliton ADR	*Equity*	3.43%
South32 ADR	*Equity*	2.85%
Verizon Communications	*Equity*	2.81%
Norfolk Southern Corp *(5.100% 08/01/2118)*	*Bond*	2.75%
Skandinaviska Enskilda Banken, Cl A	*Equity*	2.73%
Comcast Corp *(4.65% 07/15/2042)*	*Bond*	2.66%
Netflix *(4.375% 11/15/2026)*	*Bond*	2.65%
Orange ADR	*Equity*	2.61%

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

Sextant Core Fund

For the quarter ended June 30, 2022, the Sextant Core Fund's return of -13.17% outperformed the benchmark Dow Jones Moderate Portfolio Index's return of -15.76% for the same period. The Fund ended the second quarter in a defensive posture, holding a cash balance of approximately 2.14% and 10.98% of the portfolio in fixed-income securities with maturities of less than one year.

Equities

The Sextant Core Fund's mandate specifies a 60% allocation to equity securities, with two-thirds being US-domiciled companies and one-third foreign-domiciled companies. The Fund averaged an equity allocation of 55.38% in the second quarter and finished the quarter at 53.73%. The equity allocation percentage of the portfolio declined as the equity market declined.

Performance contribution was concentrated within sectors. Health Care continued to outperform, while Materials and Technology underperformed. Notable positive contributors included Bristol Myers, Pfizer, Johnson & Johnson, and Novo Nordisk, while notable detractors included Virtu, Johnson Controls, Alcoa, and Apple. At second quarter-end, the two largest equity sector allocations were Technology at 18.56% and Health Care at 18.88%. Top 10 positions accounted for 21.62% of the Sextant Core Fund. The Fund held 51 equity positions (unchanged from the first quarter 2022) with an average market capitalization of $113.35 billion and an average position size of 1.05%.

Fixed Income

The Sextant Core Fund targets an allocation of 40% in investment-grade fixed-income securities including government and convertible bonds, money-market instruments, and cash.

The Federal Reserve accelerated the pace of interest rate hikes in response to stubbornly high inflation and concerns that inflationary dynamics could become further entrenched. During the first quarter the Fed increased the federal funds rate by 25 basis points (bps), and in the second quarter the federal funds rate was hiked again, twice, first by 50 bps and then by 75 bps.

The 10-year US Treasury yield rose from 2.33% at first quarter-end to 2.98% at second quarter-end. Credit spreads widened, magnifying the impact of higher rates for riskier borrowers. During the second quarter, the Sextant Core Fund did not make any trades in the bond market. There had been more extensive trading in the Fund near the end of the first quarter to increase the duration of the fixed-income portion of the portfolio.

10 Largest Contributors	Return	Contribution
Bristol-Myers Squibb	6.18%	0.09
Pfizer	2.08%	0.04
Johnson & Johnson	0.79%	0.01
Novo Nordisk ADS	0.34%	0.01
UnitedHealth Group	1.08%	0.01
Skagit SD #1 *(4.613% 12/01/2022)*	1.08%	0.01
PepsiCo	0.26%	0.00
General Electric Capital *(5.35% 04/15/2022)*	0.33%	0.00
Republic Services	-0.88%	0.00
US Treasury Bill due 1/26/23	-0.32%	0.00

10 Largest Detractors	Return	Contribution
Virtu Financial	-36.53%	-0.62
Johnson Controls International	-26.44%	-0.48
Alcoa Corp	-49.29%	-0.45
Apple	-21.59%	-0.44
Newmont	-24.28%	-0.40
Barrick Gold	-27.19%	-0.35
Alphabet, Class A	-21.65%	-0.30
CSX Corp *(4.65% 03/01/2068)*	-16.30%	-0.27
Infineon Technologies ADR	-28.79%	-0.24
Koninklijke Philips	-26.72%	-0.23

Top 10 Holdings		Portfolio Weight
Cash Mgmt Bill due 7/26/2022	*Bond*	2.82%
US Treasury Bill *(0.00% 10/13/2022)*	*Bond*	2.80%
United States Treasury Bond *(6.25% 8/15/2023)*	*Bond*	2.56%
United States Treasury Note *(1.125% 01/15/2025)*	*Bond*	2.15%
ConocoPhillips	*Equity*	2.03%
United States Treasury Note *(2.75% 11/15/2023)*	*Bond*	1.97%
Welltower *(4.25% 4/15/2028)*	*Bond*	1.92%
Comcast Corp *(5.650% 06/15/2035)*	*Bond*	1.85%
Apple	*Equity*	1.77%
NextEra Energy	*Equity*	1.75%

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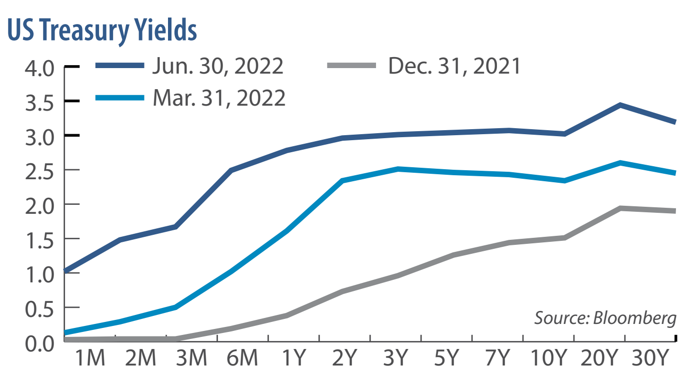
The Sextant Short-Term Bond Fund returned -3.62% over the first six months of 2022. The Bloomberg US Aggregate 1-3 Year Index returned -3.13% for the same period. For the second quarter the Fund returned -1.12% while the Index returned -0.64%.

The Sextant Bond Income Fund returned -13.46% year-to-date, compared to the -10.55% return of its benchmark, the FTSE US BIG Bond Index. In the second quarter the Fund returned -6.47% versus -4.83% for the Index. The Fund's performance was attributed to its longer duration relative to the Index.

The bond market's sell-off in the first half of 2022 was historic, with the ICE BofA 7-10 Year US Corporate Index posting its worst semiannual performance in its 29-year history. The Index returned -14.39% year-to-date, surpassing its previous low-water mark of -8.75% experienced during the Great Financial Crisis (GFC) in the first half of 2008. With Treasury yields jumping across the curve and spreads widening throughout credit qualities, there were few places to shelter in the storm. At the start of 2022, markets predicted that the Federal Reserve would raise rates to 0.74% by year-end. However, inflation remained higher and persisted longer than previously expected. At the end of June, those expectations had jumped to 3.38%.



Both the Short-Term Bond Fund and the Bond Income Fund reduced their effective durations to batten down the hatches, lowering their exposures to changes in interest rates. Between December 31, 2021, and June 30, 2022, the Short-Term Bond Fund's effective duration dropped from 2.06 years to 1.99 years and the Bond Income Fund's effective duration dropped from 9.41 years to 8.61 years. These measures, combined with both Funds' preference for high-quality credits, propelled them into the top quartile of their respective Morningstar categories. The Short-Term Bond Fund was in the 18th percentile year-to-date, outperforming its category by 124 basis points (bps). The Bond Income Fund was in the 11th percentile for the same period, outperforming the category by 707 bps. (See page 13-14 for more details.)

The best-performing security in the Sextant Bond Income Fund for both the first half and second quarter of 2022 was the 2022 Oklahoma County Independent School District #4 position. This holding produced a total return of 0.03% and 0.25% for the first half and second quarter, respectively. It was also the only bond with a positive return for each period. The worst-performing bond during the first half and second quarter was the 2042 Linde Inc. holding, posting a -22.55% return in the first half and a -13.97% return in the second quarter.

In the Short-Term Bond Fund, the top performer in both the first half and second quarter was the 2025 Oracle bond. This position was started in the second quarter and produced a 1.33% return during its holding period. During the first half of the year, the 2026 PayPal bond was the worst-performing holding with a -8.54% return. The 2025 Exelon (Constellation Energy Group) bond was the worst performer in the second quarter with a -3.07% total return.

Inflation sent waves throughout myriad asset classes, with fixed income leading the way down in many respects. Now the Fed has signaled a willingness to cause a recession in its quest to slay inflation. The portent of a recession led bonds to rally at the end of June as investors contemplated a Fed rapidly raising rates to tame inflation only to quickly cut them to fight a recession. We believe the forthcoming quantitative tightening will have a continuing impact on the bond market. The Fed's balance sheet stands at 37% of gross domestic product (GDP), the highest it's been since 1990. For context, after the GFC, the Fed's balance sheet was 15% of GDP. Under the current plan to shrink the balance sheet by $520 billion this year, the percentage would be lowered from 37% of GDP to 20%.[8] The significant decrease in the Fed's presence in the market will likely continue to negatively impact liquidity in the bond market, resulting in increased volatility for bond prices and overall tighter financial conditions for corporations.[9]

While bond yields were more attractive at quarter-end than they were at the start of 2022, spikes in credit spreads often coincide with increasing recession risks. Now is the time for a steady hand at the wheel to navigate the choppy waters on the horizon.

Top 10 Holdings tables presented on page 11

Sextant Short-Term Bond Fund, Sextant Bond Income Fund

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Sextant Short-Term Bond Fund Top 10 Holdings	Portfolio Weight
United States Treasury Note *(2.625% 12/31/2025)*	7.42%
Cash Mgmt Bill due 7/26/2022	5.01%
McCormick & Co. *(2.70% 08/15/2022)*	4.17%
United States Treasury Note *(2.50% 08/15/2023)*	4.15%
Qualcomm *(2.60% 01/30/2023)*	3.33%
United States Treasury Note *(2.875% 04/30/2025)*	3.33%
Gilead Sciences *(2.5% 09/01/2023)*	3.31%
Microsoft *(2.375% 05/01/2023)*	3.29%
Bank of America Corp *(3.50% 04/19/2026)*	3.26%
DuPont De Nemours *(4.493 11/15/2025)*	3.22%

Sextant Bond Income Fund Top 10 Holdings	Portfolio Weight
United States Treasury Bond *(4.25% 05/15/2039)*	8.63%
United States Treasury Bond *(3.375% 11/15/2048)*	5.60%
United States Treasury Bond *(5.375% 02/15/2031)*	4.61%
Apple *(4.50% 02/23/2036)*	3.58%
Microsoft *(4.20% 11/03/2035)*	3.52%
Intel *(4.00% 12/15/2032)*	3.46%
Home Depot *(5.875% 12/16/2036)*	3.38%
Burlington Northern Santa Fe *(5.05% 03/01/2041)*	3.10%
Praxair (Linde AG) *(3.55% 11/07/2042)*	2.98%
United Technologies *(6.05% 06/01/2036)*	2.76%

Footnotes to Commentary

[1] *"Federal Funds Effective Rate." FRED: Economic Data. https://fred.stlouisfed.org/series/DFF*

[2] *Klebnikov, Sergei. "Here's How Markets Reacted Last Time The Fed Hiked Rates By 75 Basis Points." Forbes, June 14, 2022. https://www.forbes.com/sites/sergeiklebnikov/2022/06/14/heres-how-markets-reacted-last-time-the-fed-hiked-rates-by-75-basis-points/?sh=66ab30d96b3b*

[3] *Otani, Akane. "Stock Markets Post Worst First Half of a Year in Over Five Decades." The Wall Street Journal, July 1, 2022. https://www.wsj.com/articles/markets-head-toward-worst-start-to-a-year-in-decades-11656551051?mod=djemMoneyBeat_us*

[4] *"United States Inflation Rate." Trading Economics. https://tradingeconomics.com/united-states/inflation-cpi*

[5] *Federal Open Market Committee. "FOMC Projections materials." Board of Governors of the Federal Reserve System, June 15, 2022. https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20220615.htm*

[6] *Ibid.*

[7] *Timiraos, Nick, and Fairless, Tom. "Powell Says Fed Must Accept Higher Recession Risk to Combat Inflation." The Wall Street Journal, June 29, 2022. https://www.wsj.com/articles/powell-says-pandemic-could-alter-inflation-dynamics-11656509259*

[8] *Canuto, Otaviano. "Quantitative Tightening and Capital Flows to Emerging Markets?" TheStreet, June 24, 2022. https://www.thestreet.com/economonitor/financial-markets/qt-and-k-flows-to-em*

[9] *Duguid, Kate, Smith, Colby, and Stubbington, Tommy. "Fed begins quantitative tightening on unprecedented scale." Financial Times, June 14, 2022. https://www.ft.com/content/2496105a-d211-4abe-ab5d-46a91876428f*

Sextant Growth Fund

Continued from page 6

surgical products and services should be strong and its earnings outlook remains positive. Regardless, at quarter-end, it traded below pre-pandemic levels. Johnson Controls was among the Fund's best performers in 2021, so some payback wasn't entirely unexpected. Its earnings outlook remains strong, and we are committed to the investment.

Costco and Monster Beverage are both new entrants to the Top 10 Holdings, supported by their relative stock price performance. Monster increased in value, while Costco declined less than other holdings. Edwards Life Sciences and Qualcomm both exited the Top 10. The story for Edwards has resembled that of Stryker; procedures are rebounding, and the business has been trending well, but it was still sold off, likely for valuation reasons. Qualcomm has succumbed to the same pressures as most other semiconductor stocks.

Sextant Core Fund

Continued from page 9

Looking Forward

Approximately 56% of the Sextant Core Fund's equity portion is valued below a 17.0 forward price-to-earnings market multiple. Likewise, over half of the Fund's equity portion is projected to produce dividends yielding more than 2.5% annually at second quarter-end. The Fund generally holds positions in companies with strong balance sheets; the average net-debt to market cap was under 26% at quarter-end. Over the next few months, the equity capital allocation will trend higher to the 60% mandate level, biased to value and income characteristics, with an emphasis on value.

Performance Summary

As of June 30, 2022

Average Annual Total Returns *(before taxes)*	**1 Year**	**3 Year**	**5 Year**	**10 Year**	**15 Year**	**Expense Ratio**[A] *Gross*	*Net*
Sextant Growth Fund Investor Shares (SSGFX)	-16.20%	10.38%	12.59%	11.65%	7.89%	0.74%	
Sextant Growth Fund Z Shares (SGZFX)[B]	-15.98%	10.64%	12.85%	n/a	n/a	0.51%	
S&P 500 Index	-10.62%	10.57%	11.30%	12.95%	8.53%	n/a	
NASDAQ Composite Index	-23.25%	12.24%	13.38%	14.98%	10.73%	n/a	
Morningstar Large Growth Category	-23.86%	8.10%	11.01%	12.51%	8.74%	n/a	
Sextant International Fund Investor Shares (SSIFX)	-18.52%	1.60%	6.47%	5.52%	3.34%	0.93%	
Sextant International Fund Z Shares (SIFZX)[B]	-18.35%	1.82%	6.72%	n/a	n/a	0.72%	
MSCI EAFE Index	-17.33%	1.54%	2.69%	5.88%	1.90%	n/a	
Morningstar Foreign Large Growth Category	-27.25%	1.72%	3.56%	6.13%	2.45%	n/a	
Sextant Core Fund (SCORX)	-7.95%	4.56%	5.64%	5.42%	4.41%	0.57%	
Dow Jones Moderate US Portfolio Index	-14.07%	3.07%	4.53%	6.18%	4.98%	n/a	
Morningstar Allocation – 50% to 70% Equity Category	-11.07%	4.54%	5.29%	6.69%	5.05%	n/a	
Sextant Global High Income Fund (SGHIX)[C]	-7.69%	-0.68%	2.69%	3.98%	n/a	0.78%	0.75%
S&P Global 1200 Index	-13.36%	7.52%	8.21%	10.03%	5.78%	n/a	
Bloomberg Barclays Global High Yield Corp Index	-16.70%	-1.35%	0.98%	3.79%	5.23%	n/a	
Morningstar World Allocation Category	-11.27%	2.67%	3.35%	4.65%	3.82%	n/a	
Sextant Short-Term Bond Fund (STBFX)	-4.29%	-0.12%	0.68%	0.84%	1.74%	0.66%	0.60%
Bloomberg US Aggregate 1-3 Years	-3.58%	0.21%	1.01%	0.99%	1.92%	n/a	
Morningstar Short-Term Bond Category	-5.19%	0.18%	1.08%	1.26%	2.16%	n/a	
Sextant Bond Income Fund (SBIFX)	-13.27%	-1.92%	0.43%	1.48%	3.11%	0.58%	
Bloomberg US Aggregate	-10.29%	-0.93%	0.88%	1.54%	3.26%	n/a	
FTSE US Broad Investment-Grade Bond Index	-10.55%	-0.92%	0.88%	1.55%	3.33%	n/a	
Morningstar Long-Term Bond Category	-19.51%	-1.89%	1.22%	3.09%	5.20%	n/a	

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.sextantfunds.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.*

[A] By regulation, expense ratios shown are as stated in the Funds' most recent prospectus or summary prospectus, dated March 30, 2022, and incorporate results from the fiscal year ended November 30, 2021. Higher expense ratios may indicate higher returns relative to a fund's benchmark. The adviser has voluntarily capped actual expenses of Sextant Global High Income at 0.75% and actual expenses of Sextant Short-Term Bond at 0.60% through March 31, 2023.

[B] Z Shares of Sextant Growth and Sextant International Funds began operations June 2, 2017.

[C] Sextant Global High Income Fund began operations March 30, 2012.

The S&P 500 Index is an index comprised of 500 widely held common stocks considered to be representative of the US stock market in general. The NASDAQ Composite Index measures the performance of more than 5,000 US and non-US companies traded "over the counter" through NASDAQ. The MSCI EAFE Index is an international index focused on Europe, Australasia, and the Far East. The MSCI ACWI Index, produced by Morgan Stanley Capital International, measures equity market performance throughout the world. The S&P Global 1200 Index is a global stock market index covering nearly 70% of the world's equity markets. The Bloomberg Barclays Global High Yield Corporate Bond Index is a rules-based, market-value weighted index engineered to measure the non-investment grade, fixed-rate, taxable, global corporate bond market. The Dow Jones Moderate Portfolio Index is a broad-based index of stock and bond prices. The Bloomberg US Aggregate 1-3 Years Index tracks bonds with 1-3 year maturities within the flagship Bloomberg US Aggregate Bond Index. The Bloomberg US Aggregate Bond Index is a broad-based, flagship benchmark that measures the investment-grade, US dollar-denominated, fixed-rate taxable bond market. The FTSE US Broad Investment-Grade Bond Index is a broad-based index of medium and long-term investment-grade bond prices. ICE BofA 7-10 Year US Corporate Index is a subset of ICE BofA US Corporate Index including all securities with a remaining term to final maturity greater than or equal to 7 years and less than 10 years. ICE BofA US Corporate Index tracks the performance of US dollar-denominated investment-grade corporate debt publicly issued in the US domestic market. When available, Saturna uses total return components of indices mentioned. Investors cannot invest directly in the indices.

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.

Performance Summary

As of June 30, 2022

Morningstar Ratings™ [A]	Overall	1 Year	3 Year	5 Year	10 Year
Sextant Growth Fund – "Large Growth" Category					
Investor Shares (SSGFX)	★★★★	n/a	★★★★	★★★★	★★★
% Rank in Category	n/a	21	31	27	74
Z Shares (SGZFX)	★★★★	n/a	★★★★	★★★★	☆☆☆
% Rank in Category	n/a	20	28	23	71
Number of Funds in Category	1,138	1,248	1,138	1,052	787
Sextant International Fund – "Foreign Large Growth" Category					
Investor Shares (SSIFX)	★★★★	n/a	★★★	★★★★★	★★★
% Rank in Category	n/a	8	57	10	69
Z Shares (SIFZX)	★★★★	n/a	★★★	★★★★★	☆☆☆
% Rank in Category	n/a	7	51	9	59
Number of Funds in Category	397	452	397	347	221
Sextant Core Fund – "Allocation – 50% to 70% Equity" Category					
(SCORX)	★★★	n/a	★★★	★★★	★★
% Rank in Category	n/a	19	48	42	83
Number of Funds in Category	709	755	709	645	476
Sextant Global High Income Fund – "World Allocation" Category					
(SGHIX)	★★	n/a	★★	★★★	★★
% Rank in Category	n/a	26	90	71	71
Number of Funds in Category	391	423	391	348	248
Sextant Short-Term Bond Fund – "Short-Term Bond" Category					
(STBFX)	★★	n/a	★★★	★★	★★
% Rank in Category	n/a	28	71	78	82
Number of Funds in Category	547	592	547	488	333
Sextant Bond Income Fund – "Long-Term Bond" Category					
(SBIFX)	★★	n/a	★★★★	★★★	★
% Rank in Category	n/a	11	42	99	100
Number of Funds in Category	30	32	30	27	24

[A] Morningstar Ratings™ ("Star Ratings") are as of June 30, 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 Sextant Growth and Sextant International Funds offer two share classes – Investor Shares and Z 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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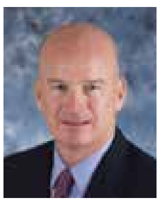

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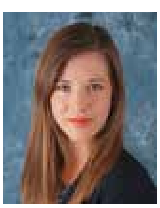

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Asset-weighted average debt to market capitalization: *This ratio represents the average debt to market capitalization of the portfolio. It is calculated by taking the debt to market capitalization for each company (its debt divided by its market capitalization),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

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.*

A Few Words About Risk

The ***Growth Fund*** *may invest in smaller companies, which involve higher investment risks in that they often have limited product lines, markets, and resources, or their securities may trade less frequently and have greater price fluctuation than those of larger companies.*

The ***International Fund*** *involves risks not typically associated with investing in US securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and lack of uniform financial, social, and political standards.*

The ***Core Fund*** *involves the risks of both equity and debt investing, although it seeks to mitigate these risks by maintaining a widely diversified portfolio that includes domestic stocks, foreign stocks, short and long-term bonds, and money market instruments.*

Investment in the ***Global High Income Fund*** *entails the risks of both equity and debt securities, although it seeks to mitigate these risks through a widely diversified portfolio that includes foreign and domestic stocks and bonds. Issuers of high-yield securities are generally not as strong financially as those issuing higher quality securities. 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."*

The risks inherent in the ***Short-Term Bond*** *and* ***Bond Income Funds*** *depend primarily on the terms and quality of the obligations in their portfolios, as well as on bond market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices rise. Bonds with longer maturities (such as those held by the Bond Income Fund) usually are more sensitive to interest rate changes than bonds with shorter maturities (such as those held by the Short-Term Bond Fund). The Funds entail 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.*