Fund Commentary Q4 2021

SATURNA CAPITAL

SEXTANT MUTUAL FUNDS

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Whether it was inflation, supply chain disruptions, the removal of government stimulus, the prospect of central bank monetary policies — whatever spooked investors leading to the September sell-off evaporated at the start of October, and once again, markets rose. From the close on September 30 through a high on November 19, the S&P 500 returned a remarkable 9.27%. The spread of the Omicron variant stalled the momentum following Thanksgiving, but the market recovered, setting new highs before the Federal Reserve talked of 2022 rate hikes and reducing monthly bond purchases. Again, investors shrugged off doubt and pushed the S&P 500 to new highs in the final week of the year. Surprisingly, Technology stocks that were pummeled during the September sell-off on fears of higher inflation and interest rates were the stocks that rebounded the strongest in the fourth quarter.

Apart from the issues listed above, we can add the weather. Viewing global events illustrates how much inflationary pressure results from a changing climate rather than monetary and fiscal action. Last winter, freezing temperatures in Texas drove energy prices higher, reduced natural gas production, and led to closures of Gulf Coast chemical plants. Soft commodity prices rose this year, starting with drought in Brazil and Argentina that shriveled crops and hampered river shipments, which reduced exports. In North America, drought closed western hydropower plants, raising demand for natural gas and coal. Triple-digit temperatures in the Pacific Northwest drove air conditioning demand to record levels, further depleting natural gas stocks. According to the Department of Agriculture, more than 1.2 million acres planted with spring wheat weren't harvested and US production dropped 44%.[1] As forests burned at a historic rate, lumber prices rose. Drought in China, flooding in Germany, and freezes in Brazil affected production and distribution of several other soft and hard commodities.

Environment and Outlook

At year-end, market observers offer their expectations for the coming year. We have little insight into inflation and interest rates in 2022. The removal of fiscal and monetary stimulus implies tightening conditions. Regardless, we feel confident about growth, with one caveat. While Delta and Omicron variants have pushed COVID-19 infections in the US to record highs, the milder illness from Omicron, as well as its transmissibility, imply a short spike. Infections are soaring, but experience elsewhere indicates the surge could quickly fade. A first-quarter return to normal economic activity seems likely as workers forced to isolate come back, businesses reopen, and global supply chains get back on track.

As for the one caveat, we view China as the primary risk. The US government passed a law banning products sourced from Xinjiang Province (home of the Muslim Uighur minority) unless they are proven to have not been manufactured using forced labor.[2] The bill puts US companies in a difficult position, navigating the law while dealing with the Chinese government's response. It raises the risk of supply chain disruptions, given Xinjiang's importance as a source of commodities. The bigger risk is a disruption of Chinese economic activity due to Omicron. China has employed a zero-tolerance COVID strategy. Looking ahead, the spread of Omicron, travel during Chinese New Year, hosting the Winter Olympics, and weak protection from domestic vaccines all could mean that China may lock down wide swaths of its territory. That would affect global economic activity, inflation expectations, and the interest rate outlook in the short-term. Longer-term, we may see an acceleration in deglobalization, affecting investments, margins, and profitability.

Concerning the stock market, we avoid short-term predictions. But what of the next decade? A theme since the start of the pandemic has been the big getting bigger. Apple flirts with a $3 trillion market capitalization, trailed by Microsoft, as Alphabet and Amazon also appear among the top five largest companies. Where will they be in 2030?

10 Largest Global Companies by Market Capitalization *(as of 12/31/2021)*

Rank	Name	Market Cap	Price	Country
1	Apple	$2.95 T	$179.51	US
2	Microsoft	$2.56 T	$341.04	US
3	Alphabet (Google)	$1.94 T	$2,927	US
4	Saudi Aramco	$1.91 T	$9.54	Saudi Arabia
5	Amazon	$1.72 T	$3,400	US
6	Tesla	$1.09 T	$1089	US
7	Meta (Facebook)	$961.23 B	$345.55	US
8	Nvidia	$749.66 B	$300.83	US
9	Berkshire Hathaway	$673.09 B	$453,770	US
10	TSMC	$626.89 B	$120.88	Taiwan

Source: CompaniesMarketCap.com

Only two companies remain from 2010's top 10 list: Apple and Microsoft. Going back to 2000, only Microsoft remains. Few companies maintain their position at the top for more than a decade or two. One that did was Exxon, which appeared decennially from 1980 through 2010. In 2019 it was ranked 10th, but as of writing has dropped to 39th place. Saudi Aramco has become the dominant listed energy producer, but fossil fuel demand can only go one way over the next decades. We expect that Microsoft will maintain its position as the dominant global provider of personal and business software, while growing its cloud business and potentially being a key provider of augmented and mixed hardware and software. We see network economies, current dominance, and the opportunity to extend into new areas providing a path forward for Alphabet. Amazon has failed to repeat its US strength overseas, setting it up to fade. While Meta (Facebook) features a dominant network, it has demonstrated a talent for misadventure and strikes us as a service people use grudgingly. Google+ and other social networks failed to dislodge it, but we don't see a durable Metaverse advantage. By 2030 every other car company in the world will be producing e-vehicles (EVs) and it's hard to imagine Tesla maintaining its position. Nvidia carved out a strong business, but we do not view its position as unassailable given evolving markets and capable competitors. It's reasonable to assume a change of leadership at Berkshire Hathaway by 2030. On one hand, semiconductors are foundational to the global economy and Taiwan Semiconductor dominates, but Taiwan's geopolitical vulnerabilities raise risks. While Apple may not be a network in the traditional sense, it does have over one billion active users dedicated to its products. Apple's unrivalled ability to integrate complex technology with a user-friendly customer experience positions the company to extend into media content, augmented reality, the connected home, and perhaps EVs, all while growing its profitable subscription revenue.

For any company that fades, another will take its place. Will the new giants be companies currently lurking at lower market capitalizations, or will they be companies that do not yet exist? Reviewing the list of the top 100 companies by market capitalization, few seem likely to advance. We ascribe a higher probability of new companies rising to the top, given the opportunities generated by the transition toward a carbon-free economy. Perhaps someone is tinkering with viable carbon capture. Battery technology could eliminate lithium and cobalt requirements. And what of fusion, which always stands a few years away? Success there, and all bets are off. Our task will be to identify these companies and hold them for the next couple of decades.

Sextant Growth Fund

As of December 31, 2021

Following modest performance through the first three quarters of the year, the Sextant Growth Fund Investor Shares came into their own in the fourth quarter, appreciating 11.89%, well ahead of the Morningstar "Large Growth" category gain of 6.91% and above the S&P 500's 11.03% return. Fourth quarter activity raised the full year Investor Shares' return to 22.99%, surpassing the Morningstar category return of 20.45% but trailing the S&P 500 Index return of 28.71%.

Stock selection was a mixed bag during the year. While we did well in retail, Health Care equipment, and Industrials, selection in our largest sector – Technology – failed to keep pace. Our pharmaceutical selections were also weak. The absence of Energy exposure restrained Fund returns.

Despite our selections trailing the sector, our Technology stocks were the top contributors to Fund returns during the year. We see Microsoft, Alphabet, and Apple as companies with a reasonable chance of being among the largest in the world 10 years from now. Nvidia had a spectacular 2021 but we expect competitors to make their own forays into graphics chips to power gaming, crypto, and AI due to a market far too large to ignore. Even though Technology claimed four of the top 10 slots, we believe Health Care, Consumer Discretionary, and Industrials represent opportunities going forward and we are looking at ways to expand exposure beyond our current holdings. Among the non-Technology positions that were top contributors in 2021, we remain positive on the outlook for each one and are especially enthusiastic about Lowe's, given record levels of aggregate home equity in the United States.

Perhaps our most disappointing investment during the year was PayPal, which contributed to the poor selection in Technology as it's considered a software stock rather than a Financial one. Despite the sell-off we believe electronic payments represent a long-term secular trend and that PayPal is well positioned in several areas. Take-Two was another disappointment, but gaming stock performance ebbs and flows with titles and, over the long-term, Take-Two outperformed. We have exited Domino's, Merck, Organon, Electronic Arts, Meta (Facebook), and Home Depot. We believe Home Depot is an excellent company but decided to focus on Lowe's. We may revisit that decision. Organon was a no growth spin-off from Merck and was not appropriate for the portfolio. In the case of Electronic Arts, we decided to run with Take-Two. Despite the performance in 2021, we are confident in that decision.

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10 Largest Contributors YTD	Return	Contribution
Microsoft	52.48%	3.81
Alphabet, Class A	65.30%	3.20
Apple	34.65%	2.94
Lowe's	63.33%	1.94
Nvidia	125.48%	1.47
Johnson Controls International	77.47%	1.38
Abbot Laboratories	30.54%	1.15
Costco Wholesale	51.81%	1.09
Edwards Lifesciences	42.00%	1.07
Oracle	36.87%	0.86

10 Largest Detractors YTD	Return	Contribution
PayPal	-36.80%	-0.63
Take-Two Interactive Software	-14.47%	-0.38
DocuSign	7.11%	-0.17
Domino's Pizza	-9.64%	-0.11
Xilinx	-8.09%	-0.08
Merck & Co.	-0.48%	-0.01
Organon	-19.24%	-0.01
Electronic Arts	0.49%	0.00
Home Depot	1.31%	0.02
Meta (Facebook)	5.12%	0.03

Top 10 Holdings	Portfolio Weight
Apple	8.81%
Microsoft	8.30%
Amazon	6.90%
Adobe	6.81%
Alphabet, Class A	6.59%
Mastercard, Class A	4.83%
Abbott Laboratories	3.83%
Lowe's	3.54%
Edwards Lifesciences	3.01%
Starbucks	2.52%

Sextant International Fund

As of December 31, 2021

For the year ended December 31, 2021, the Sextant International Fund Investor Shares gained 17.51%. The benchmark MSCI EAFE Index returned 11.78% for the same period. The Fund generally trailed the benchmark during the first half of the calendar year and outperformed during the second. At year-end, the Investor Shares of the Fund recorded a 30-day yield of 0.03% and the Fund reported a turnover of 21.9%.

The Sextant International Fund mandates that 65% of net assets be held in companies with their headquarters and at least half of their assets and earnings outside the US, and with market capitalizations greater than $1 billion. The Fund generally holds equity positions in larger companies with strong balance sheets. Being overweight to Technology produced the largest contribution to returns, with the sector representing five of the top 10 performers for the year. Communications, Materials, and Health Care positions rounded out the top 10 contributors, while detractors included positions across multiple sectors.

The Fund increased the number of equity positions from 26 to 31 over the year and increased the average position size to 3.1%, exclusive of the cash balance of 3.12%. For the same period, the Fund's top three sectors represented 73.0% of assets: Technology at 46.5%, followed by Health Care at 14.6%, and Industrials at 11.9%. The top three positions represented 26.6% of assets. Positions spanned 12 countries, led by the Netherlands at 21.1%, France at 13.2%, and Japan at 10.4%.

A global shortage of semiconductors propelled semiconductor equipment supplier ASML to contribute the most to performance, while competitive concerns led online commerce platform MercadoLibre to detract the most.

Global established equity markets generally ended 2021 on a positive note as investors look to 2022 with expectations of improved pandemic and economic conditions. We anticipate that year-over-year economic and corporate earnings comparisons will normalize in 2022. Existing risks to growth such as deglobalization, supply chain interruption, and workforce issues are now joined by potentially persistent inflation across regions. The Global Purchasing Manager Index activity steadily rebounded from the April 2020 lows to peak and then plateau in July 2021. Global capital markets began to discount coordinated tighter monetary policy combined with moderating fiscal policy, and we expect this to be the dominant theme in the first half of 2022. At present, tailwinds appear stronger than headwinds, but the expected tightening may add volatility.

10 Largest Contributors YTD	Return	Contribution
ASML Holding	64.12%	7.02
Wolters Kluwer	41.87%	4.14
Dassault Systemes ADR	46.94%	4.04
Novo Nordisk ADS	63.39%	2.75
Accenture, Class A	60.66%	2.05
Sony ADR	25.64%	0.85
Alcon	33.30%	0.76
Telus	24.52%	0.61
Linde	33.38%	0.54
BCE	22.19%	0.52

10 Largest Detractors YTD	Return	Contribution
MercadoLibre	-19.51%	-1.90
Koninklijke Philips	-30.73%	-0.85
Nintendo	-24.43%	-0.73
Agnico-Eagle Mines	-25.19%	-0.46
Iberdrola	-14.05%	-0.34
Unilever ADR	-7.61%	-0.27
CRISPR Therapeutics	-14.72%	-0.24
Novartis ADR	-3.82%	-0.14
Barrick Gold	-8.76%	-0.12
Danone	-9.28%	-0.11

Top 10 Holdings	Portfolio Weight
ASML Holding NY	12.31%
MercadoLibre	9.08%
NICE Systems ADR	8.32%
Wolters Kluwer	6.96%
Dassault Systemes ADR	6.10%
Novo Nordisk ADS	5.04%
Accenture, Class A	3.88%
Sony ADS	3.63%
OpenText	3.20%
Rio Tinto ADS	2.88%

Sextant Global High Income Fund

As of December 31, 2021

The Sextant Global High Income Fund returned 2.75% in the fourth quarter of 2021, ending the period with $9.5 million in total net assets including 17% in cash and equivalents. The Fund's equity benchmark, the S&P Global 1200, returned 8.06%, while its fixed income benchmark, the Bloomberg Barclays Global High Yield Corporate Index, returned -0.42%. The Fund's Morningstar "World Allocation" peer group returned 3.63%.

Factors Influencing Performance During the Quarter

The light at the end of the tunnel leading out of the coronavirus pandemic was clouded by the emergence of the new, and extremely pathogenic, Omicron variant. Fortunately, the variant's high transmissibility appears to be somewhat mitigated by less severe outcomes, with relatively fewer lower-respiratory infections than what characterized earlier stages of the pandemic.

Concerns about high inflation levels being less transitory than originally expected led the Federal Reserve to move up its timeline for tightening monetary policy. Equity markets appeared to respond favorably to this guidance, which eased worries about overheating inflation causing economic distortions while eroding corporate earnings and equity returns.

The Global High Income Fund added several new equity positions during the quarter including Nintendo, Volkswagen, and telecom companies Verizon and Telenor. Telecom companies have made large investments in 5G infrastructure and are furiously competing for customers and data-plan upgrades to help offset those investments. But the capital investments and plan discounting both work to depress profit margins in the short-term. Longer-term, most telecom companies operate in oligopolistic markets and should be able to return to normalized profit levels once the competition sorts itself out. In the meantime, these companies offer some of the highest dividend yields available in the stock market, which helps to offset the short-term risks.

Speaking of telecom companies, SK Telecom and AT&T were the Fund's two worst performers during the quarter. After examining the industry, we decided to increase investments in telecoms for the reasons outlined above.

10 Largest Contributors YTD	Return	Contribution
South32 ADR	50.38%	1.95
Equinor ADR	51.48%	1.64
Skandinaviska Enskilda Banken, Class A	43.84%	1.29
Cisco Systems	35.15%	0.93
Virtu Financial	19.18%	0.67
GlaxoSmithKline	33.95%	0.65
TotalEnergies ADR	25.23%	0.44
Royal Dutch Shell ADR, Class A	26.48%	0.40
Lincoln National *(2.17% 04/20/2067)*	15.83%	0.35
Volkswagen	10.86%	0.32

10 Largest Detractors YTD	Return	Contribution
Micro Focus International	-11.65%	-0.26
Federal Republic of Brazil *(8.50% 01/05/2024)*	-12.01%	-0.22
Orange ADR	-5.04%	-0.14
Novartis ADR	-3.89%	-0.13
Argent *(1.125% 07/09/46)*	-10.66%	-0.12
AT&T	-8.06%	-0.11
Petrobras *(6.74% 01/27/41)*	-10.04%	-0.11
Petrobras *(6.875 01/20/40)*	-10.35%	-0.07
Burlington Northern Santa Fe *(5.05% 03/01/2041)*	-0.47%	-0.02
Republic of Argentina *(1% 07/09/29)*	-13.90%	-0.01

Top 10 Holdings	Portfolio Weight	
South32 ADR	*Equity*	4.75%
Equinor ADR	*Equity*	4.73%
Skandinaviska Enskilda Banken, Class A	*Equity*	3.84%
Virtu Financial	*Equity*	3.33%
SK Telecom ADR	*Equity*	3.28%
BHP Biliton ADR	*Equity*	3.21%
Nissan Motor *(4.81% 09/17/2030)*	*Bond*	3.06%
Netflix *(4.375% 11/15/2026)*	*Bond*	3.05%
Cisco Systems	*Equity*	2.97%
Jefferies Group *(5.125% 01/20/2023)*	*Bond*	2.88%

The Fund's biggest contributor to performance during the quarter was the non-ferrous metals mining company South 32, returning 17.89%. South 32 has benefited from strong demand and pricing for aluminum and nickel. Demand for nickel in particular has increased, with growing demand for electric vehicle batteries which typically use oxides of lithium and nickel for their positive electrodes.

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Sextant Core Fund

For the year ended December 31, 2021, the Sextant Core Fund produced a one-year return of 12.11%. The Fund's benchmark, the Dow Jones Moderate Portfolio Index, returned 9.40% for the same period. The Fund generally trailed the benchmark during the year until the fourth quarter when the equity positions came into favor. At year-end, the Fund recorded a 30-day yield of 1.69% and reported turnover of 9.75%.

Equities

The Sextant Core Fund's mandate allocates a 60% weight in equity securities, with two-thirds being US-domiciled companies and one-third foreign-domiciled companies. The Fund generally holds equity positions in larger companies with strong balance sheets. During the year, the Fund reduced the number of equity positions and increased the average position size. The Fund's 59.6% equity allocation at year-end was comprised of 53 positions (down from 61) across 10 countries.

At year-end 2021, Technology had the largest sector weighting with 20.2% of the equity portion of the portfolio, followed by Health Care (16.4%), and Financials (12.8%). During the year, positive contributors from the Industrials, Consumer Cyclical, and Technology sectors were offset by Health Care and Consumer Discretionary positions. The Technology sector contributed two of the top 10 performers for the year and ended as the largest sector exposure at 21.4%, followed by Health Care (16.9%), and Industrials (12.6%).

Fixed Income

The Sextant Core Fund targets an allocation of 40% of its weight in investment-grade fixed-income securities including government and convertible bonds, money-market instruments, and cash. The US 10-Year Treasury Note began 2021 with a near-historic low yield of 0.93% and ended the year with a yield of 1.52%, after reaching as high as 1.74% in March.[3] The prices of bonds fall as interest rates increase, and this increase in yields detracted slightly from Fund performance. However, the increase in interest rates also gave the Fund the opportunity to invest lower-yielding cash into bonds with higher yields, which lowered the Fund's weight in cash and increased its weight in bonds during the year.

Looking Forward

Like 2020, the US equity market ended 2021 on a positive note, and again investors look to the next year with expectations of improving pandemic and economic conditions. Year-over-year economic and corporate earnings comparisons may normalize in 2022. The US capital markets began to discount tighter monetary policy combined with moderating fiscal policy, and we expect this to be the dominant theme in the first half of 2022. Existing risks to growth such as deglobalization, supply chain interruption, and workforce issues are now joined by potentially persistent inflation. At present, tailwinds appear stronger than headwinds.

10 Largest Contributors YTD	Return	Contribution
Johnson Controls International	77.47%	1.07
Lowe's	63.33%	0.76
ConocoPhillips	86.70%	0.74
Pfizer	66.74%	0.69
Alphabet, Class A	65.30%	0.62
Apple	34.65%	0.59
Novo Nordisk ADS	63.39%	0.56
Microsoft	52.48%	0.52
Home Depot	59.50%	0.51
Abbot Laboratories	30.54%	0.49

10 Largest Detractors YTD	Return	Contribution
Nintendo ADR	-30.32%	-0.33
Koninklijke Philips	-30.73%	-0.33
Barrick Gold	-13.37%	-0.16
VF	-12.04%	-0.15
CRISPR Therapeutics	-25.12%	-0.14
Novartis ADR	-10.08%	-0.12
Amgen	-9.83%	-0.10
Ross Stores	-6.04%	-0.07
Unilever ADR	-7.61%	-0.07
Berkshire Hathaway Energy *(6% 01/15/39)*	-3.10%	-0.07

Top 10 Holdings		Portfolio Weight
United States Treasury Bond *(6.25% 8/15/2023)*	*Bond*	2.57%
Welltower *(4.25% 4/15/2028)*	*Bond*	2.09%
Johnson Controls International	*Equity*	1.99%
United States Treasury Note *(2.75% 11/15/2023)*	*Bond*	1.94%
Virtu Financial	*Equity*	1.93%
Walt Disney *(6.4% 12/15/2035)*	*Bond*	1.91%
BRKHEC (Pacificorp) *(6.00% 01/15/2039)*	*Bond*	1.84%
Apple	*Equity*	1.79%
Abbott Laboratories	*Equity*	1.68%
NextEra Energy	*Equity*	1.66%

The Sextant Short-Term Bond Fund returned -1.10% for the 1-year period ended December 31, 2021, while its benchmark, the FTSE US BIG Govt/Corp 1-3 Year Bond Index, returned -0.45%. For the fourth quarter the Short-Term Bond Fund slightly outperformed the Index, returning -0.55% versus the benchmark's -0.56%.

The Sextant Bond Income Fund returned -2.39% for the 1-year period ended December 31, 2021 compared to the -1.60% return of its benchmark, the FTSE US BIG Bond Index. For the fourth quarter the Bond Income Fund outperformed the Index, returning 0.58% versus -0.02% for the Index.

The main detractors to performance for both Funds in the fourth quarter were bonds maturing in the next three to five years; these bonds returned -0.79% in the Short-Term Bond Fund and -1.05% in the Bond Income Fund. During the fourth quarter the US Treasury yield curve flattened as rates on three-year Treasurys rose 45 basis points (bps) while 30-year yields fell 14 bps. Challenges in the so-called belly of the curve weren't limited to the fourth quarter. Over the course of the year, rates on the three, five, and seven-year US Treasurys all rose more than 75 bps, compared to more tepid rises of 28 bps and 26 bps for the one-year and 30-year, respectively.

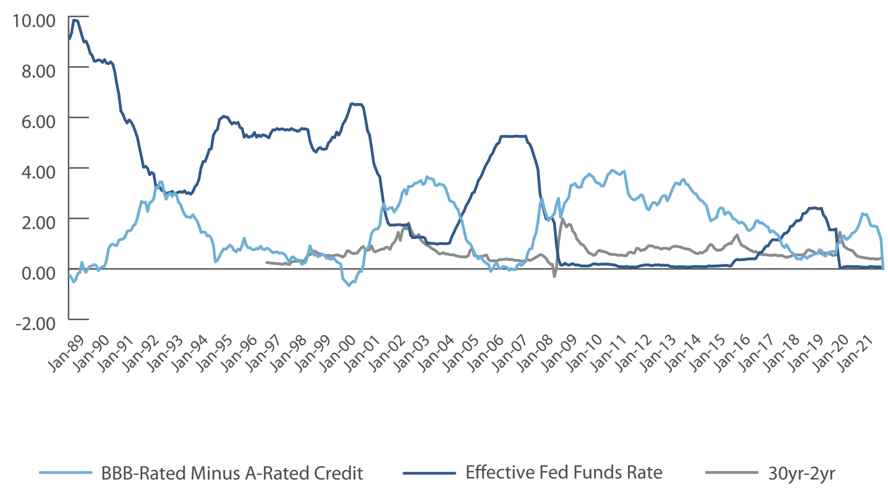
In the Short-Term Bond Fund, the top performer for both the fourth quarter and the year was the 2021 Teva bond with 0.27% and 2.10%, respectively. This bond had been downgraded to high-yield after being bought for the portfolio and it matured with full repayment in November. In the fourth quarter, the 2026 Swiss Re holding saw the biggest drawdown at -1.08%. For the full year, the 12/31/2025 US Treasury was the largest detractor with a return of -2.53%.

The best performing security in the Bond Income Fund for the year was the 2045 Chubb Holdings position which produced a total return of 5.16%. The best performing bond in the fourth quarter was the 2048 US Treasury, returning 3.75%. During the fourth quarter, the 2026 UBS position had the biggest drawdown with a -1.68% return. For the full year, the 2041 US Treasury saw the largest sell-off with a -5.24% return.

In 2021 the risk of inflation came to bear, with the US Consumer Price Index growing at its fastest pace in over 30 years during the month of November. With the Fed signaling an end to its bond-buying programs and subsequent increases in interest rates expected, it's important to consider the implications for both Funds. Dating back to 1989, the spread in yields between "BBB" rated bonds and "A" rated bonds correlates -0.44 with the federal funds rate. We see that the spread tends to fall in rising rate environments, suggesting lower-grade credits outperform. Countering this trend, the spread between "BBB" rated bonds and "A" rated ones is close to the tightest it's been since the Great Recession, suggesting further outperformance from "BBB" rated debt may be harder to come by in 2022.

With countering forces at play regarding credit quality performance, duration is especially important to consider. Undertaking similar analysis, dating back to 1989, we see the spread in yields between 30-year and two-year US Treasurys has a -0.73 correlation with the federal funds rate, tending to fall during rising rate environments. This suggests longer-dated holdings could outperform as the Fed hikes rates.

Relationship Between Fed Funds Rate and Credit and Duration Spreads



With inflation roaring back to life, we now stand to witness the Fed's ability to combat it. The Fed finds itself at a precipice, with the potential for policy errors. If the Fed hikes rates too fast, it risks strangling the economic recovery. Too slow, and runaway inflation could overheat the economy with deleterious effects. As the Fed navigates this narrow ridge, we remain keen at the wheel, plotting a path through increasingly unsettled waters, expecting that bonds will remain a valuable tool for absorbing volatility.

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 *(2.50% 08/15/2023)*	6.67%
United States Treasury Note *(2.625% 12/31/2025)*	5.96%
McCormick *(2.70% 08/15/2022)*	4.35%
United States Treasury Note *(2.875% 04/30/2025)*	3.68%
Exelon Generation *(3.25% 06/01/2025)*	3.64%
Gilead Sciences *(2.5% 09/01/2023)*	3.54%
Qualcomm *(2.60% 01/30/2023)*	3.51%
Burlington Northern Santa Fe *(3.05% 09/01/2022)*	3.48%
Microsoft *(2.375% 05/01/2023)*	3.47%
Costco Wholesale *(2.75% 5/18/24)*	3.47%

Sextant Bond Income Fund Top 10 Holdings	Portfolio Weight
United States Treasury Bond *(4.25% 05/15/2039)*	8.42%
United States Treasury Bond *(3.375% 11/15/2048)*	5.72%
United States Treasury Bond *(5.375% 02/15/2031)*	4.32%
Apple *(4.50% 02/23/2036)*	3.53%
Microsoft *(4.20% 11/03/2035)*	3.45%
Intel *(4.00% 12/15/2032)*	3.41%
Home Depot *(5.875% 12/16/2036)*	3.40%
Burlington Northern Santa Fe *(5.05% 03/01/2041)*	3.25%
Praxair (Linde AG) *(3.55% 11/07/2042)*	3.16%
Puget Sound Energy (Macquarie) *(4.434% 11/15/2041)*	2.84%

Footnotes to Commentary

[1] *Small Grains: 2021 Summary. United States Department of Agriculture, National Agricultural Statistics Service, September 2021. Page 14. https://www.nass.usda.gov/Publications/Todays_Reports/reports/smgr0921.pdf*

[2] *Biden signs law banning goods made in China's Xinjiang region. Al Jazeera, December 23, 2021. https://www.aljazeera.com/news/2021/12/23/biden-signs-law-banning-goods-made-with-forced-labour-from-china*

[3] *Market Yield on US Treasury Securities at 10-Year Constant Maturity. FRED: Federal Reserve Economic Data. https://fred.stlouisfed.org/series/DGS10*

Sextant Growth Fund

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Fund performance in 2021 was hindered by a handful of large positions that have provided outstanding long-term returns but trailed the markets in 2021 – Amazon, Adobe, and Mastercard. While Amazon and Adobe were stellar performers in 2020, Mastercard has suffered since the beginning of the pandemic given the slowdown in travel spending. In fact, as recently as December, Mastercard was below its pre-pandemic price level. We continue to have confidence in the long-term outlook but recognize that Omicron may delay the recovery.

Sextant Global High Income Fund

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Looking Ahead

The factors likely to be most influential in equity market performance in the new year are the speed with which the Omicron variant makes its way through populations and to what extent it affects staffing and operations, as we began to see over the holiday period with flight cancellations. inflation and the speed and gravity with which the Fed reacts to higher inflation are also likely to be at the top of investors' minds.

A risk that appears to be under the radar, but could have large consequences, is whether the omicron variant gains a toehold in China. China is the only large country remaining in the world that is hewing to a "COVID-Zero" strategy — but with the country hosting the Winter Olympics in February, the population traveling for the Chinese New Year, and the fact that omicron appears to be the second most pathogenic respiratory virus in humans (just behind measles), the risks are especially heightened as any infections there could lead to widespread lockdowns involving tens or even hundreds of millions of people, further interruptions in manufacturing and global trade, and even the possibility of civil unrest there in the event of shortages of food and other essentials.

Performance Summary

As of December 31, 2021

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)	22.99%	29.83%	21.88%	16.00%	10.44%	1.05%	
Sextant Growth Fund Z Shares (SGZFX)[B]	23.31%	30.17%	n/a	n/a	n/a	0.82%	
S&P 500 Index	28.71%	26.04%	18.45%	16.53%	10.65%	n/a	
Morningstar Large Growth Category	20.45%	29.54%	22.39%	17.65%	11.99%	n/a	
Sextant International Fund Investor Shares (SSIFX)	17.51%	19.71%	15.64%	8.88%	6.32%	0.83%	
Sextant International Fund Z Shares (SIFZX)[B]	17.64%	19.94%	n/a	n/a	n/a	0.63%	
MSCI EAFE Index	11.78%	14.06%	10.06%	8.53%	4.08%	n/a	
Morningstar Foreign Large Growth Category	7.69%	20.03%	14.11%	10.16%	5.32%	n/a	
Sextant Core Fund (SCORX)	12.11%	14.08%	10.16%	7.25%	n/a	0.88%	
Dow Jones Moderate US Portfolio Index	9.40%	13.34%	9.70%	8.52%	6.59%	n/a	
Morningstar Allocation – 50% to 70% Equity Category	13.89%	14.85%	10.39%	9.33%	6.80%	n/a	
Sextant Global High Income Fund (SGHIX)[C]	10.60%	6.24%	6.46%	n/a	n/a	0.70%	0.55%
S&P Global 1200 Index	21.55%	21.65%	15.40%	13.09%	7.98%	n/a	
Bloomberg Barclays Global High Yield Corp Index	1.97%	7.74%	5.89%	6.42%	6.69%	n/a	
Morningstar World Allocation Category	11.31%	11.58%	8.02%	6.92%	5.55%	n/a	
Sextant Short-Term Bond Fund (STBFX)	-1.10%	2.08%	1.56%	1.24%	2.11%	0.90%	0.60%
FTSE USBIG Govt/Corp 1-3 Year Index	-0.45%	2.28%	1.84%	1.36%	2.23%	n/a	
Morningstar Short-Term Bond Category	0.05%	3.02%	2.37%	1.96%	2.59%	n/a	
Sextant Bond Income Fund (SBIFX)	-2.39%	5.41%	4.01%	3.26%	4.14%	0.63%	0.48%
FTSE US Broad Investment-Grade Bond Index	-1.60%	4.89%	3.63%	2.92%	4.16%	n/a	
Morningstar Long-Term Bond Category	-1.19%	10.37%	7.22%	6.02%	6.75%	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 a Fund's most recent prospectus or summary prospectus, dated March 30, 2021, and incorporate results from the fiscal year ended November 30, 2020. 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%, Sextant Short-Term Bond at 0.60% and actual expenses of Sextant Bond Income at 0.65% through March 31, 2022.*

[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. Its annualized since inception return as of December 31, 2021 is 5.15%.*

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 FTSE Gov./Corp. Investment Grade Index 1-3 Years is a broad-based index of shorter-term investment-grade US government and corporate bond prices. The FTSE US Broad Investment-Grade Bond Index is a broad-based index of medium and long-term investment-grade bond prices. 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 December 31, 2021

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	45	48	55	79
Z Shares (SGZFX)	★★★	n/a	★★★	☆☆☆	☆☆
% Rank in Category	n/a	43	45	53	78
Number of Funds in Category	1,116	1,237	1,116	1,012	768
Sextant International Fund – "Foreign Large Growth" Category					
Investor Shares (SSIFX)	★★★	n/a	★★★	★★★★	★★
% Rank in Category	n/a	6	49	26	79
Z Shares (SIFZX)	★★★	n/a	★★★	☆☆☆☆	☆☆
% Rank in Category	n/a	6	46	22	76
Number of Funds in Category	386	450	386	332	221
Sextant Core Fund – "Allocation – 50% to 70% Equity" Category					
(SCORX)	★★★	n/a	★★★	★★★	★★
% Rank in Category	n/a	65	66	56	90
Number of Funds in Category	665	710	665	601	433
Sextant Global High Income Fund – "World Allocation" Category					
(SGHIX)	★★	n/a	★★	★★	n/a
% Rank in Category	n/a	60	88	74	n/a
Number of Funds in Category	398	432	398	344	234
Sextant Short-Term Bond Fund – "Short-Term Bond" Category					
(STBFX)	★★	n/a	★★	★★	★★
% Rank in Category	n/a	93	88	89	89
Number of Funds in Category	557	608	557	478	315
Sextant Bond Income Fund – "Long-Term Bond" Category					
(SBIFX)	★	n/a	★	★	★
% Rank in Category	n/a	94	100	100	100
Number of Funds in Category	29	31	29	27	22

[A] Morningstar Ratings™ ("Star Ratings") are as of December 31, 2021. 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.

About The Authors

Scott Klimo CFA®
Vice President and Chief Investment Officer

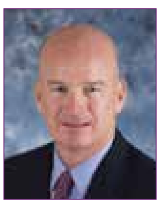
Sextant Growth, Portfolio Manager

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

Bryce Fegley MS, CFA®, CIPM®

Sextant Global High Income, Sextant Core, Portfolio Manager

Bryce Fegley MS, CFA, CIPM, Senior Investment Analyst, joined Saturna Capital in 2001 and worked in brokerage/trading and later as an investment analyst. Beginning in 2010, he spent two years as President of our Malaysian subsidiary, Saturna Sdn Bhd, directing its research and fund management operations. In 2012 he returned to Saturna Capital headquarters. Prior to joining Saturna, Mr. Fegley worked in brokerage operations in Seattle from 1997-2000. Originally from upstate New York, he earned a BA in English Literature from the University of Colorado at Boulder. Mr. Fegley earned an MS in Computational Finance and Risk Management from the University of Washington in December 2017. His volunteer activities include a board role with the Whatcom Family YMCA.



Christopher E. Paul MBA, CFA®

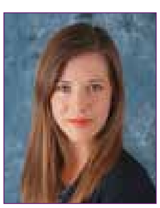
Sextant Core, Sextant International, Portfolio Manager

Christopher E. Paul MBA, CFA, Senior Investment Analyst, joined Saturna Capital in August 2016. He earned an MBA Finance from New York University and a BS in Computer Science from Syracuse University. His experience includes research and management positions at asset management firms and investment banks, as well as finance and operations roles at technology companies.

Patrick Drum MBA, CFA®, CFP®

Sextant Global High Income Deputy Portfolio Manager

Patrick T. Drum, MBA, CFA, CFP, Research Analyst and Portfolio Manager, joined Saturna Capital in October 2014. He is a former select member of the United Nations Principles for Responsible Investment (UNPRI) Fixed Income Outreach Subcommittee and a former adjunct professor of finance at Pinchot University, formerly known as Bainbridge Graduate Institute (BGI). Mr. Drum has over 10 years of experience integrating ESG considerations into fixed-income portfolio management. He holds a BA in economics from Western Washington University and an MBA from Seattle University Albers School of Business. He is a Chartered Financial Analyst Charterholder® (CFA) and a Certified Financial Planner®. Mr. Drum has more than 20 years of investment experience in serving institutions and private clients.



Elizabeth Alm CFA®

Sextant Bond Income, Portfolio Manager

Elizabeth Alm CFA, Senior Investment Analyst, joined Saturna Capital in April of 2018. Originally from Connecticut, she graduated from New York University with degrees in Economics and Anthropology including field work completed in Luxor, Egypt. Prior to joining Saturna, Ms. Alm spent 11 years at Wells Fargo Asset Management as a senior research analyst focusing on high-yield municipal bonds. As part of her previous role, she also worked on the management of several municipal SMA strategies. Ms. Alm is a Chartered Financial Analyst (CFA) charterholder.

Levi Stewart Zurbrugg MBA, CFA®, CPA®

Sextant Short-Term Bond, Portfolio Manager

Levi Stewart Zurbrugg MBA, CFA, CPA, Senior Investment Analyst, joined Saturna in June 2019. He graduated from Western Washington University with a BA in Business Administration and has an MBA from the University of Washington's Foster School of Business. Prior to Saturna, Mr. Stewart Zurbrugg worked at the Sustainability Accounting Standards Board as a Sector Analyst for the Consumer Staples sector. He is a Certified Public Accountant and is currently a Level III candidate in the Chartered Financial Analyst (CFA) program.

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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), 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.*