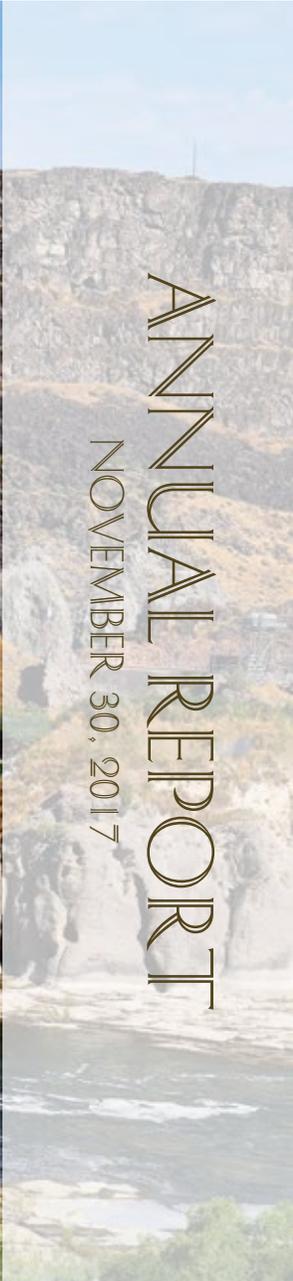


IDAHO TAX-EXEMPT FUND



ANNUAL REPORT

NOVEMBER 30, 2017

Performance Summary (as of December 31, 2017)

(unaudited)

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	3.87%	1.81%	2.00%	3.23%	3.20%	0.67% ¹
S&P Idaho Municipal Bond Index	5.06%	3.46%	3.64%	4.92%	5.03%	n/a
"Muni Single State Intermediate" Category Average ²	3.59%	1.96%	1.97%	3.38%	3.36%	0.98%

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 advisor, 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 June 2, 2017, and incorporates results for the fiscal year ended November 30, 2016. The ratio presented in this table differs from expense ratios shown elsewhere in this report as they represent different fiscal periods.

² **Source: Morningstar December 31, 2017.** 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: A rainbow over Shoshone Falls.



Fellow Shareowners:

The 2017 Tax Cuts and Jobs Act does not alter the tax exemption on interest paid by municipal bonds. The after-tax yield and tax exemption on municipal bond income remain potent reasons to invest in tax-exempt municipal bonds. The elimination of the tax exemption for advance refunding bonds will reduce the forward supply of municipal bonds adding support to the prices of existing municipal bonds.

For high-income earners in high-tax states, the new \$10,000 limit on the deductibility of property, income, or sales taxes may eliminate a significant portion of a valuable deduction. The \$750,000 principal cap on the deductibility of mortgage interest may increase the after-tax cost of high-end residential property ownership. The elimination of the deductibility of interest on home equity loans may also reduce the incentive to invest more in homes. Combined, these new laws may lead to softer high-end home prices to offset the new higher after-tax cost of ownership. To the extent the new law affects home prices, the law may impact tax revenues based on property values. The impact of a higher threshold on the alternative minimum tax and the doubling of the standard deduction are unclear for the municipal bond market.

Taxes factor significantly in interstate competition for commerce, economic prosperity, and taxpayer migration. The new tax law may motivate some homeowners, prospective home buyers, and young families to consider locating to lower tax states, eroding the tax base of higher tax states. In general, the impact of the new tax bill on high-tax states like California and Oregon may be a credit negative. Given Idaho's well-balanced, regionally competitive tax structure, exceptional business climate, and low relative cost of living, the new laws are likely a

credit positive for Idaho, which is already experiencing one of the nation's fastest growing populations. The new tax law requires municipal bond investors to be even more aware of the increasing divergence in states' credit quality.

Credit quality for Pacific Northwest states continues to improve. Conning Municipal Credit Research's October 2017 "State of the States Report," identifies Idaho as the second most creditworthy state. Idaho ranks fifth in economic debt-to-personal income and tenth for highest general fund reserves. Idaho has an unemployment rate below 3% and the third highest home price appreciation (a leading indicator of credit quality). With one of the nation's most attractive business climates, Idaho investors may rest assured the state continues to thrive.

Idaho continues to offer discriminating investors the opportunity to invest in high quality tax-exempt securities in an exceptionally creditworthy state.

Respectfully,



Jane Carten,
President



Phelps McIlvaine,
Vice President, Portfolio Manager

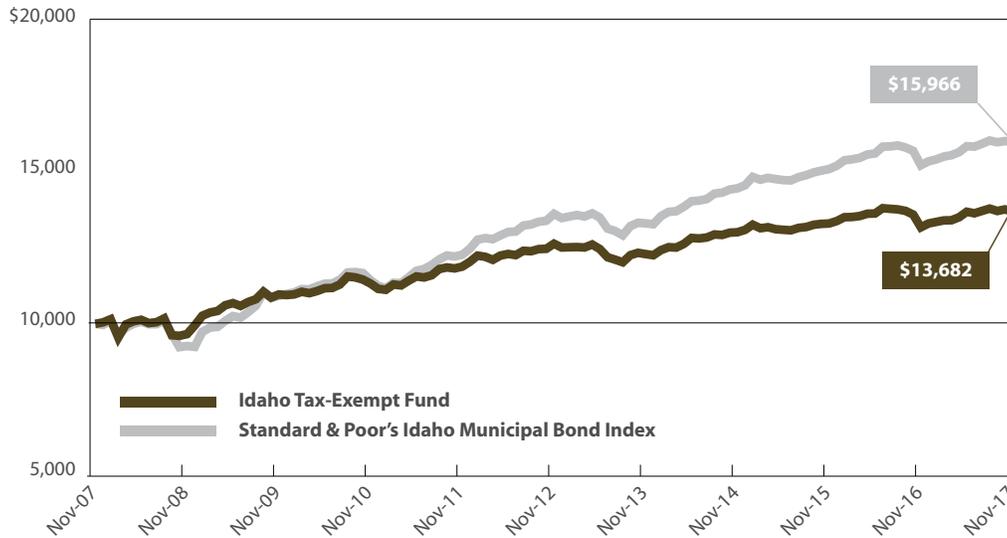
Performance Summary

(unaudited)

Average Annual Returns (as of November 30, 2017)

	1 Year	5 Year	10 Year	Expense Ratio ¹
Idaho Tax-Exempt Fund	3.90%	1.61%	3.18%	0.67%
S&P Idaho Municipal Bond Index	5.00%	3.24%	4.79%	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 November 30, 2007, 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 \$13,682 versus \$15,966 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 June 2, 2017, and incorporates results for the fiscal year ended November 30, 2016. 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 Obligation	54.7%
State Education	15.5%
Real Estate	6.3%
Financial Services	6.0%
Water Supply	5.1%
Transportation	3.0%
Medical - Hospitals	2.9%
Pollution Control	2.0%
Other industries <1%	0.9%
Other assets (net of liabilities)	3.6%

Top 10 Holdings

	% of Total Net Assets
Twin Falls Co ID SCD #414 Kimberly (5.00% due 09/15/2031)	4.6%
Boise ID ISD (Ada & Boise Cos) (5.00% due 08/01/2030)	4.2%
Boise State University ID Revenue (5.00% due 04/01/2032)	3.7%
Idaho Housing & Finance Rev (3.00% due 07/01/2036)	3.0%
University of Idaho Revenue (5.00% due 04/01/2032)	2.9%
Idaho State Building Authority (5.00% due 09/01/2032)	2.6%
Canyon Co ID SCD #134 Middleton (4.00% due 09/15/2028)	2.6%
Ada & Canyon Cos ID JSD #3 Kuna (4.00% due 08/15/2022)	2.5%
Idaho Bond Bank Authority (4.00% due 09/15/2032)	2.5%
Ada & Canyon Cos ID JSD #2 Meridian (5.00% due 08/15/2032)	2.2%

Discussion of Fund Performance

(unaudited)

For the 12 months ended November 30, 2017, Idaho Tax- Exempt Fund returned 3.90%, which was higher than the 3.63% average annual return of its Morningstar "Muni Single State Intermediate" category peer group. For the five years ended November 30, 2017, the Fund provided an annualized total return of 1.61%, compared to the 1.54% annualized return for the Morningstar category peer group. The Fund's net operating expense ratio was 0.65%. For the year, the Fund's net assets fell 2.9% to \$17.47 million. The Fund's net asset value per share rose modestly from \$5.29 to \$5.37. Over the one-year period, the Fund's outstanding shares declined 4% to 3.3 million.

Factors Affecting Past Performance

A year ago, tax-exempt bond investors were apprehensive about changes to income tax exemptions, deductions, and brackets. As a result, tax-exempt bonds underperformed relative to taxable bonds. However, the municipal bond market's fears were largely misplaced. The 2017 Tax Cuts and Jobs Act did not alter the income tax exemption for interest paid by municipal bonds and only modified the highest income tax rates slightly. Other provisions will lower the supply of new municipal bonds and improve the supply/demand balance for the entire market. Relieved of these concerns, the municipal bond market generally outperformed the US Treasury market through November 30, 2017.

The US Federal Reserve Bank, relying on improving economic growth raised the federal funds rate target from 0.50% to 1.25%. The rate of personal consumption expenditures, while positive for the year, shows signs of slowing. These two forces combined to produce a substantial flattening of fixed income yield curves. For example, five-year US Treasury notes *rose* 0.31% in yield while the 30-year US Treasury yield *declined* -0.19%. Reflecting their outperformance for the year, five-year high-grade municipal bond yields *fell* -0.21%, while the 30-year municipal bond yields declined by an even larger -0.46%. The Fund's dollar-weighted average effective maturity remains near six years. While falling long-term rates benefit the Fund less than portfolios with longer average maturities, the Fund may be impacted less during periods of rising long-term rates.

For the year, Idaho's credit quality remained on solid ground. In October 2017, Conning Municipal Credit Research ranked Idaho the second most creditworthy state. Idaho is supported by above average economic and population growth in the surrounding Pacific Northwest region.

Looking Forward

Short-term US yields will grind higher as the US Federal Reserve cautiously tightens policy amid a record supply of short-term US Treasury paper issued to finance expanding federal deficits. High public and private sector debt levels and Fed tightening will dampen inflation expectations, moderate economic growth, and weigh on long-term yields. The forces flattening the yield curve will persist. The US Federal Reserve has another 75 basis points before a flat or inverted yield curve develops. When that arrives, the Federal Open Market Committee will have good reason to pause as the effects of an inverted curve can take a year to manifest. Volatility may remain modest.

The invigorating growth effects of the new US tax law will have to overcome the retarding effects of greater debt-funded deficits, weak demographics, and tighter monetary policy. New limits on mortgage and home equity loan interest deductions may temper purchasing decisions in an overheated housing market. Limits on the deductibility of interest paid by corporations will raise the cost of corporate mergers, debt-funded equity buyback programs, and leverage in general. The higher after-tax cost of debt may have a moderating effect on business activity and inflation.

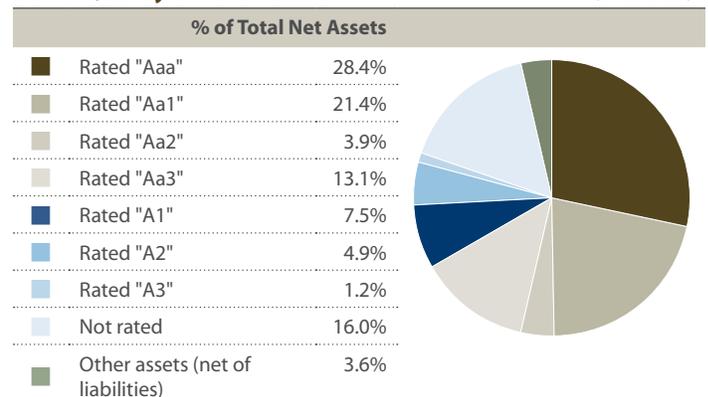
US state credit quality in general may have peaked as general fund tax revenue is failing to keep pace with rising costs for energy, health care, infrastructure, and pensions. Of these, only pension funding is constitutionally mandated. Pension funding is the most senior claim on general fund revenue. Eventually, diverting general fund revenue to pay pension liabilities could crowd out other essential state programs causing conflict between elected representatives, taxpayers, pension beneficiaries, and those who rely on state programs. Shareowners should expect to see these headlines soon and understand that Idaho is not in the same situation.

A large and lasting increase in yields remains a remote possibility absent real change in inflation expectations. If bond yields do increase, the diversification value of municipal bonds will improve. Higher bond yields have the potential to draw funds back to bonds from dividend-paying common stocks, reversing a dynamic caused by the Fed-induced yield famine. Idaho Tax-Exempt Fund chooses not to invest in US territories such as Puerto Rico, Guam, and the US Virgin Islands to boost income at the expense of creditworthiness. The Fund does not employ derivatives or other financial engineering tools to modify risk and return.

For those seeking a conservative investment vehicle, the Idaho Tax-Exempt Fund offers a portfolio of high-grade issues intended to provide income exempt from federal income, federal alternative minimum, and Idaho state income taxes. The Fund may purchase carefully vetted, nonrated Idaho bonds.

Bond Quality Diversification

(unaudited)



Credit ratings are determined by Moody's Investors Service, a Nationally Recognized Statistical Rating Organization. If Moody's does not rate a particular security, that security is categorized as not rated.

Schedule of Investments

As of November 30, 2017

Tax-Exempt Municipal Bonds – 96.4%	Coupon / Maturity	Face Amount	Market Value	Percentage of Assets
Financial Services				
Idaho Bond Bank Authority	4.00% due 09/15/2019	\$90,000	\$91,858	0.5%
Idaho Bond Bank Authority	4.00% due 09/15/2032	405,000	433,281	2.5%
Idaho Housing & Finance Rev	3.00% due 07/01/2036	550,000	529,436	3.0%
		1,045,000	1,054,575	6.0%
General Obligation				
Ada & Canyon Cos ID JSD #2 Meridian	5.00% due 08/15/2032	325,000	381,063	2.2%
Ada & Canyon Cos ID JSD #3 Kuna	5.00% due 09/15/2019	240,000	242,494	1.4%
Ada & Canyon Cos ID JSD #3 Kuna	4.00% due 08/15/2022	400,000	439,268	2.5%
Ada & Canyon Cos ID JSD #3 Kuna	4.00% due 09/15/2027	100,000	114,434	0.6%
Adams & Washington Cos ID JSD #432	4.00% due 08/15/2019	100,000	100,484	0.6%
Bingham Co ID SCD #52 Snake HS	4.00% due 09/01/2020	250,000	255,000	1.5%
Bingham Co ID SCD #52 Snake HS	4.00% due 09/01/2027	200,000	204,000	1.2%
Boise ID ISD (Ada & Boise Cos)	5.00% due 08/01/2030	600,000	729,204	4.2%
Bonneville & Bingham Cos JSD #93	5.00% due 09/15/2029	250,000	284,757	1.6%
Bonneville & Bingham Cos JSD #93	5.00% due 09/15/2031	200,000	227,610	1.3%
Bonneville Co ID SCD #91	3.75% due 09/15/2032	285,000	297,936	1.7%
Bonneville Co ID SCD #91 (Defeased)	4.00% due 09/15/2026	15,000	16,469	0.1%
Bonneville Co ID SCD #91 (Undefeased)	4.00% due 09/15/2026	35,000	37,678	0.2%
Boundary County ID SCD #101	4.00% due 08/15/2021	240,000	241,301	1.4%
Canyon Co ID SCD #134 Middleton	4.00% due 09/15/2028	400,000	446,668	2.6%
Canyon Co ID SCD #135 Notus	3.25% due 09/15/2031	290,000	301,119	1.7%
Canyon Co ID SCD #135 Notus	3.25% due 09/15/2032	170,000	176,518	1.0%
Canyon Co ID SCD #139 Vallivue	5.00% due 09/15/2024	260,000	295,511	1.7%
Cariboo Franklin Bannock JSD #148	3.25% due 09/15/2035	300,000	308,103	1.8%
Cassia Oneida Twin Falls JSD #151	3.375% due 09/15/2034	160,000	162,667	0.9%
Fremont & Madison Cos ID JSD #215	4.00% due 08/15/2019	200,000	201,092	1.1%
Fremont & Madison Cos ID JSD #215	4.125% due 08/15/2024	130,000	130,742	0.7%
Jefferson & Madison SCD #251 Rigby	4.25% due 09/01/2024	100,000	100,727	0.6%
Kootenai Co ID SCD #271 CDA	4.00% due 09/15/2025	165,000	180,048	1.0%
Kootenai Co ID SCD #273	4.00% due 08/15/2031	265,000	290,917	1.7%
Kootenai-Shoshone ID Area Libraries	4.25% due 08/01/2021	220,000	221,199	1.3%
Latah Co ID SCD #281 Moscow Ser B	4.00% due 08/15/2027	100,000	111,001	0.6%
Latah Co ID SCD #281 Moscow Ser B	4.00% due 08/15/2028	200,000	221,092	1.3%
Latah Nez Perce Clearwater JSD #283	4.50% due 08/15/2027	190,000	193,108	1.1%
Meridian Co. Id. SDC #321	5.00% due 9/15/2035	250,000	296,057	1.7%
Owyhee & Elmore Cos ID JSD #365	4.00% due 08/15/2027	350,000	351,911	2.0%
Twin Falls & Gooding Cos JSD #412 R	4.125% due 09/01/2023	50,000	54,244	0.3%
Twin Falls & Gooding Cos JSD #412 N	4.125% due 09/01/2023	50,000	54,036	0.3%
Twin Falls Co ID SCD #411	4.00% due 09/15/2027	170,000	188,720	1.1%
Twin Falls Co ID SCD #411	4.25% due 09/15/2030	300,000	331,956	1.9%
Twin Falls Co ID SCD #411 Series A	4.25% due 09/15/2031	100,000	110,128	0.6%
Twin Falls Co ID SCD #411	4.75% due 09/15/2039	200,000	224,056	1.3%
Twin Falls Co ID SCD #414 Kimberly	5.00% due 09/15/2031	670,000	801,876	4.6%
Valley & Adams Cos ID JSD #421	3.00% due 08/01/2026	220,000	226,369	1.3%
		8,750,000	9,551,563	54.7%
Medical/Hospitals				
Idaho Health Rev St. Luke's	6.75% due 11/01/2037	200,000	208,864	1.2%
Idaho Health Rev Trinity Health Grp	3.25% due 12/01/2028	300,000	304,923	1.7%
		500,000	513,787	2.9%

Continued on next page.

Schedule of Investments

As of November 30, 2017

Tax-Exempt Municipal Bonds – 96.4%	Coupon / Maturity	Face Amount	Market Value	Percentage of Assets
Municipal Leases				
Nez Perce County ID COPS	4.50% due 02/01/2021	\$150,000	\$150,363	0.9%
		150,000	150,363	0.9%
Pollution Control				
Caldwell ID Sewer Revenue	4.50% due 09/01/2019	100,000	104,836	0.6%
Idaho Bond Bank Authority	4.30% due 09/01/2022	20,000	20,044	0.1%
Idaho Bond Bank Authority (Undefeased)	4.125% due 09/15/2023	20,000	20,042	0.1%
Moscow ID Sewer Revenue	4.45% due 05/01/2028	200,000	201,864	1.2%
		340,000	346,786	2.0%
Power Generation				
Idaho Falls ID Electric Revenue	6.75% due 04/01/2019	5,000	5,081	0.0% ^A
		5,000	5,081	0.0%^A
Real Estate				
Boise City Urban Renewal Lease Rev	5.00% due 12/15/2032	300,000	342,816	1.9%
Idaho State Building Authority	5.00% due 09/01/2031	200,000	224,694	1.3%
Idaho State Building Authority	5.00% due 09/01/2032	400,000	449,004	2.6%
Post Falls ID LID SPA	5.00% due 05/01/2021	90,000	90,202	0.5%
		990,000	1,106,716	6.3%
State Education				
Boise State University ID Revenue	5.00% due 04/01/2028	125,000	146,250	0.8%
Boise State University ID Revenue	5.00% due 04/01/2032	560,000	655,889	3.7%
Idaho State University Rev	4.00% due 04/01/2027	170,000	187,976	1.1%
Idaho State University Rev	4.00% due 04/01/2030	245,000	264,421	1.5%
Idaho State University Rev	3.00% due 04/01/2031	250,000	249,177	1.4%
Idaho State University Rev	3.00% due 04/01/2032	160,000	158,522	0.9%
North Idaho College Dormitory Rev	4.00% due 11/01/2030	285,000	309,949	1.8%
University of Idaho Revenue	5.00% due 04/01/2028	225,000	240,041	1.4%
University of Idaho Revenue	5.00% due 04/01/2032	455,000	500,555	2.9%
		2,475,000	2,712,780	15.5%
Transportation				
Boise ID Airport Park Fac Rev	3.00% due 09/01/2028	210,000	212,373	1.2%
Idaho Housing & Finance Rev	4.60% due 07/15/2023	250,000	255,010	1.5%
Idaho Housing & Finance Rev	5.00% due 07/15/2027	50,000	52,705	0.3%
		510,000	520,088	3.0%
Water Supply				
Chubbuck ID Water Revenue	4.00% due 09/01/2025	155,000	162,854	0.9%
Payette Lakes Rec Wtr & Swr Rev	4.00% due 08/01/2034	255,000	271,700	1.6%
Pocatello ID Water Revenue	4.50% due 02/01/2024	100,000	100,509	0.6%
Pocatello ID Water Revenue	4.75% due 02/01/2026	350,000	351,918	2.0%
		860,000	886,981	5.1%
Total investments	(Cost \$16,643,861)	\$15,625,000	16,848,720	96.4%
Other assets (net of liabilities)			625,491	3.6%
Total net assets			\$17,474,211	100.0%

^A Amount is less than 0.05%

Statement of Assets and Liabilities

As of November 30, 2017

Statement of Assets and Liabilities	
Assets	
Investments in securities, at value (Cost \$16,643,861)	\$16,848,720
Cash	491,409
Interest receivable	168,058
Prepaid expenses	1,075
Insurance reserve premium	801
Total assets	17,510,063
Liabilities	
Accrued audit expenses	10,500
Payable for fund shares redeemed	10,185
Accrued advisory fees	7,342
Distributions payable	5,352
Accrued other expenses	974
Accrued trustee expenses	704
Accrued Chief Compliance Officer expense	697
Accrued retirement plan custodial fees	98
Total liabilities	35,852
Net assets	\$17,474,211
Analysis of net assets	
Paid-in capital (unlimited shares authorized, without par value)	\$17,329,047
Undistributed tax-exempt income	3,051
Accumulated net realized loss	(62,746)
Unrealized net appreciation on investments	204,859
Net assets applicable to Fund shares outstanding	\$17,474,211
Fund shares outstanding	3,254,120
Net asset value, offering and redemption price per share	
	\$5.37

Statement of Operations

Year ended November 30, 2017

Statement of Operations	
Investment income	
Interest income	\$519,341
Total investment income	519,341
Expenses	
Investment adviser fees	87,145
Audit fees	9,782
Chief Compliance Officer expenses	5,081
Trustee fees	3,525
Other expenses	2,254
Filing and registration fees	2,036
Printing and postage	2,021
Transfer agent fees	1,909
Legal fees	1,794
Custodian fees	834
Retirement plan custodial fees	49
Total gross expenses	116,430
Less transfer agent fees waived	(1,909)
Less custodian fee credits	(834)
Net expenses	113,687
Net investment income	\$405,654
Net realized loss from investments	
	\$(62,746)
Net increase in unrealized appreciation on investments	
	304,617
Net gain on investments	\$241,871
Net increase in net assets resulting from operations	
	\$647,525

Statements of Changes of Net Assets

Year ended November 30, 2017

Year ended November 30, 2016

Increase (decrease) in net assets from operations		
From operations		
Net investment income	\$405,654	\$458,468
Net realized gain (loss) on investments	(62,746)	3,909
Net increase (decrease) in unrealized appreciation	304,617	(650,064)
Net increase (decrease) in net assets	647,525	(187,687)
Distributions to shareholders from		
Net investment income	(405,654)	(458,714)
Capital gains distributions	-	(4,857)
Total distributions	(405,654)	(463,571)
Capital share transactions		
Proceeds from sales of shares	2,980,462	1,730,524
Value of shares issued in reinvestment of dividends	340,869	396,892
Cost of shares redeemed	(4,086,060)	(899,482)
Total capital share transactions	(764,729)	1,227,934
Total increase (decrease) in net assets	(522,858)	576,676
Net assets		
Beginning of year	17,997,069	17,420,393
End of year	17,474,211	17,997,069
Undistributed tax-exempt income	\$3,051	\$3,051
Shares of the Fund sold and redeemed		
Number of shares sold	555,996	312,922
Number of shares issued in reinvestment of dividends	63,317	71,952
Number of shares redeemed	(766,934)	(162,472)
Net increase (decrease) in number of shares outstanding	(147,621)	222,402

Financial Highlights

For the year ended November 30,

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

	2017	2016	2015	2014	2013
Net asset value at beginning of year	\$5.29	\$5.48	\$5.51	\$5.36	\$5.68
Income from investment operations					
Net investment income	0.13	0.14	0.15	0.16	0.16
Net gains (losses) on securities (both realized and unrealized)	0.08	(0.19)	(0.03)	0.15	(0.31)
Total from investment operations	0.21	(0.05)	0.12	0.31	(0.15)
Less distributions					
Dividends (from net investment income)	(0.13)	(0.14)	(0.15)	(0.16)	(0.16)
Distributions (from capital gains)	-	0.00 ^A	0.00 ^A	0.00 ^A	(0.01)
Total distributions	(0.13)	(0.14)	(0.15)	(0.16)	(0.17)
Net asset value at end of year	\$5.37	\$5.29	\$5.48	\$5.51	\$5.36
Total return	3.90%	(0.95)%	2.21%	5.83%	(2.70)%
Ratios / supplemental data					
Net assets (\$000), end of year	\$17,474	\$17,997	\$17,420	\$16,721	\$15,492
Ratio of expenses to average net assets					
Before transfer agent fee waiver and custodian fee credits	0.67%	0.67%	0.67%	0.65%	0.66%
After transfer agent fee waiver	0.66%	0.66%	0.66%	0.63%	0.64%
After transfer agent fee waiver and custodian fee credits	0.65%	0.65%	0.66%	0.63%	0.64%
Ratio of net investment income after fee waiver and custodian credits to average net assets	2.33%	2.54%	2.66%	2.85%	2.88%
Portfolio turnover rate	20%	15%	7%	5%	9%

^AAmount is less than \$0.01

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 — 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 November 30, 2017, 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	\$-	\$16,848,720	\$-	\$16,848,720
Total Assets	\$-	\$16,848,720	\$-	\$16,848,720

¹ See Schedule of Investments for industry breakout.

During the period ended November 30, 2017, the Fund had no transfers among Levels 1, 2, or 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 (2014 – 2016), or expected to be taken in the Fund's 2017 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, 2017, 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.

Other:

Interest income is recognized on an accrual basis. Premiums on securities purchased are amortized and discounts are accreted over the lives of the respective securities.

Notes To Financial Statements (continued)

Note 3 — Transactions with Affiliated Persons

Under a contract approved by shareowners on September 28, 1995 and reviewed annually by the Board of Trustees, Saturna Capital Corporation 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 November 30, 2017, the Fund incurred advisory fee expenses of \$87,145. 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 period ended November 30, 2017. Saturna Capital has voluntarily elected to waive the transfer agent fee through November 30, 2018, to reduce the Fund's operating expenses. Such fees, had they been charged, would have totaled \$1,909.

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 November 30, 2017, the Fund incurred retirement plan custodial fees of \$49.

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 year ended November 30, 2017, the Trust paid trustee compensation expenses of \$32,000 which is included in the \$38,260 of total expenses paid for the independent Trustees. The Fund paid \$3,525 of these total expenses.

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 period ended November 30, 2017, the Fund incurred \$5,081 in compensation for such services.

On November 30, 2017, the trustees, officers, and their immediate families as a group directly or indirectly owned 12.87% of the outstanding shares of the Fund.

Note 4 — Distributions to Shareowners

The tax characteristics of distributions paid during the fiscal periods ended November 30, 2017, and November 30, 2016, were as follows:

	November 30, 2017	November 30, 2016
Tax-exempt income	\$404,401	\$458,714
Taxable income	1,253	-
Capital gain ¹	\$-	\$4,857

¹ Long-Term Capital Gain dividend designated at 20% rate pursuant to Section 852(b)(3) of the Internal Revenue Code.

Note 5 — Federal Income Taxes

The cost basis of investments for federal income tax purposes at November 30, 2017 was as follows:

Cost of investments	\$16,643,861
Gross unrealized appreciation	283,128
Gross unrealized depreciation	(78,269)
Net unrealized appreciation	\$204,859

As of November 30, 2017, the components of distributable earnings on a tax basis were as follows:

Undistributed tax exempt income	\$3,051
Tax accumulated earnings	3,051
Accumulated capital losses	(62,746)
Unrealized appreciation	204,859
Total accumulated earnings	\$145,164

As of November 30, 2017, the Fund had capital loss carryforwards as follows, subject to regulation.

	Carryforward	Expiration
Short-term loss carryforward	\$62,746	Unlimited
	\$62,746	

Note 6 — Investments

During the period ended November 30, 2017, the Fund purchased \$3,290,100 of securities and sold/matured \$3,782,665 of securities.

Note 7 — Custodian

Under the agreement in place with Bank of New York Mellon, custody fees are reduced by credits for cash balances. Such reduction for the period ended November 30, 2017, amounted to \$834.

Note 8 — 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.

The Funds declared the payment of a distribution to be paid on December 29, 2017, to all shareowners of record on December 28, 2017, as follows:

Tax-Free Income
\$0.00997

Dividend income distribution paid by the Funds was accrued daily.

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

Report of Independent Registered Public Accounting Firm

To the Shareholders of the Idaho Tax-Exempt Fund and Board of Trustees of Saturna Investment Trust,

We have audited the accompanying statements of assets and liabilities of Idaho Tax-Exempt Fund, a series of the Saturna Investment Trust (the "Trust"), including the schedule of investments as of November 30, 2017, and the related statement of operations for the year then ended, and the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2017, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Idaho Tax-Exempt Fund as of November 30, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Philadelphia, Pennsylvania
January 29, 2018



Tait, Weller & Baker LLP

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 (June 1, 2017, to November 30, 2017).

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 [June 1, 2017]	Ending Account Value [November 30, 2017]	Expenses Paid During Period¹	Annualized Expense Ratio
Actual	\$1,000.00	\$1,000.20	\$3.30	0.66%
Hypothetical (5% return before expenses)	\$1,000.00	\$1,021.77	\$3.34	0.66%

¹ Expenses are equal to Idaho Tax-Exempt Bond Fund's annualized expense ratio of 0.66% (based on the most recent semi-annual period of June 1, 2017 through November 30, 2017) multiplied by the average account value over the period multiplied by 183/365 (to reflect the one-half year period).

Trustees and Officers

(unaudited)

Name, Address, and Age	Position(s) Held with Trust and Number of Saturna Fund Portfolios Overseen	Principal occupation(s) during past 5 years, including Directorships	Other Directorships held by Trustee
Independent Trustees			
	Marina E. Adshade (50) 1300 N. State Street Bellingham WA 98225	Independent Trustee (since 2017); Nine Professor of Economics, University of British Columbia, Vancouver and Simon Fraser University; Author	None
	Ronald H. Fielding , MA, MBA, CFA (68) 1300 N. State Street Bellingham WA 98225	Independent Trustee (since 2009); Thirteen	Director, ICI Mutual Insurance Company Amana Mutual Funds Trust
	Gary A. Goldfogel , MD (59) 1300 N. State Street Bellingham WA 98225	Chairman (since 2017); Independent Trustee (since 1995); Nine	Medical Examiner (pathologist) Owner, Avocet Environmental Testing (laboratory)
	Jim V. McKinney (56) 1300 N. State Street Bellingham WA 98225	Independent Trustee (since 2017); Nine	Executive Director, Common Threads Northwest; President/CEO, Apple Mountain LLC, consulting and development; US Army Foreign Area Officer - Political/Military Advisor to US Army Central; Senior Defense Official, Defense Attaché, US Embassy Slovenia
	Sarah E.D. Rothenbuhler (49) 1300 N. State Street Bellingham WA 98225	Independent Trustee (since 2017); Nine	CEO, Birch Equipment (industrial rentals and sales)
Interested Trustee			
	Jane K. Carten , MBA (42) 1300 N. State Street Bellingham WA 98225	President, Trustee (since 2017); Nine	President and Director, Saturna Capital Corporation Vice President and Director, Saturna Trust Company President, Saturna Brokerage Services

Trustees and Officers *(continued)*
(unaudited)

Name (Age) and Address	Position(s) held with Trust and Number of Saturna Fund Portfolios Overseen	Principal occupation(s) during past 5 years, including Directorships	Other Directorships held by Trustee	
Officers Who Are Not Trustees				
	Phelps S. McIlvaine (64) 1300 N. State Street Bellingham, WA 98225	Vice President (since 1994); N/A	Vice President, Saturna Capital Corporation Director, Vice President, and former Treasurer Saturna Brokerage Services	N/A
	Christopher R. Fankhauser (45) 1300 N. State Street Bellingham, WA 98225	Treasurer ¹ (since 2002); N/A	Chief Operations Officer, Saturna Capital Corporation Vice President and Chief Operations Officer, Saturna Brokerage Services Director, Vice President, and Chief Operations Officer, Saturna Trust Company	N/A
	Michael E. Lewis (56) 1300 N. State Street Bellingham, WA 98225	Chief Compliance Officer ¹ (since 2012); N/A	Chief Compliance Officer, Saturna Capital, Saturna Trust Company, and Affiliated Funds	N/A
	Jacob A. Stewart (37) 1300 N. State Street Bellingham, WA 98225	Anti-Money Laundering Officer ¹ (since 2015); N/A	Anti-Money Laundering Officer, Saturna Capital Corporation, Saturna Brokerage Services Chief Compliance Officer, Saturna Brokerage Services Bank Secrecy Act Officer, Saturna Trust Company	N/A
	Nicholas F. Kaiser , MBA, CFA (71) 1300 N. State Street Bellingham WA 98225	Secretary (since 2017); N/A	Chairman and Director, Saturna Capital Corporation Chairman, Director, and President, Saturna Trust Company Former Director, Saturna Brokerage Services	Amana Mutual Funds Trust

Term of Office: each Trustee serves for the lifetime of the Trust or until they die, resign, are removed, or not re-elected by the shareowners. Each officer serves a one-year term subject to annual reappointment by the Trustees.

The Trust's Statement of Additional Information, available without charge upon request by calling Saturna Capital at 1-800-728-8762 and on the Funds' website, www.idahotaxexemptfund.com, includes additional information about the Trustees.

On November 30, 2017 the Trustees, officers, and their related accounts as a group owned 12.84% of the outstanding shares of the Fund.

During the year ended November 30, 2017, the Independent Trustees were each paid by the Trust: (1) \$2,000 annual retainer plus \$1,000 per board meeting attended (in person or by phone), plus reimbursement of travel expenses; (2) \$250 for committee meetings; and (3) \$250 per quarter for serving as chairman of the board or any committee.

Mrs. Carten is an Interested Trustee by reason of her positions with the Trust's adviser (Saturna Capital Corporation) and underwriter (Saturna Brokerage Services), and is the primary manager of the Saturna Sustainable Equity Fund portfolio. She is paid by Saturna Capital a salary, plus a bonus for each month the Saturna Sustainable Equity Fund portfolio earns a 4 or 5 star rating from Morningstar (see www.saturna.com). The officers are paid by Saturna Capital and not the Trust. As of November 30, 2017, all Saturna Capital employees list above as officers owned shares in one or more of the Saturna Investment Trust funds, with Mrs. Carten owning (directly or indirectly) over \$0.5 million.

¹ Holds the same position with Amana Mutual Funds Trust

Renewal of Investment Advisory Contract

(unaudited)

During their meeting of September 16, 2017, the Trustees of Saturna Investment Trust discussed the continuance of the Investment Advisory and Administration Agreement between Idaho Tax-Exempt Fund (the "Fund") and Saturna Capital Corporation ("Saturna"). In considering the renewal of the agreement with Saturna, the Trustees discussed the nature, extent, and quality of the services provided by Saturna to the Trust and the Fund. The Trustees discussed Saturna's experience, ability, and commitment to quality service through performing internally such functions as shareowner servicing, administration, accounting, marketing, and distribution – all in addition to investment management.

The Trustees took into consideration Saturna's continued avoidance of significant operational and compliance problems, plus its investments in infrastructure, information management systems, personnel, training, and investor education materials, all designed to provide high quality investor services and meet investor needs. They recognized Saturna's efforts to recruit and retain increasingly qualified, experienced, and specialized staff and improve the capital base on which Saturna operates, which the Trustees believe is important to the long-term success of the Fund. They appreciate Saturna's focus on investors and its efforts to avoid potential conflicts of interest.

The Trustees considered the investment performance of the Fund over time, including the Fund's average annual total returns relative to its benchmark for the one-, three-, five-, and ten-year periods, all as of July 31, 2017. The Trustees also considered comparative information published by Morningstar Inc. ("Morningstar"), an independent data service provider that, among other things, ranks mutual fund performance within categories comprised of similarly managed funds. The Trustees considered and discussed at length the Fund's performance relative to its Morningstar category for the one-, three-, five- and ten-year periods ended July 31, 2017. The Trustees also considered the Fund's Morningstar performance rankings (one through five stars) for the one-, three-, five- and ten-year periods, ended as of July 31, 2017, and the Fund's performance ranking relative to the Fund's category selected by Lipper, Inc. for the same period.

With respect to long-term (10-year) performance, the Trustees found that the average annual total return of the Fund for the 10-year period ended on July 31, 2017, was equal to its Morningstar category average. The Trustees considered the short- and medium-term performance of the Fund, noting that the Fund's average annual total return for the one-, three-, and five-year period ended on July 31, 2017 was below its Morningstar category average.

The Trustees noted the risk-averse investment style and other factors, which can affect the Fund's performance relative to its broader Morningstar category. The Trustees also noted certain differences between the Fund and the peer funds within its Morningstar category, including differences in investment strategies and asset size. The Trustees found that Saturna continued to manage the Fund in a manner that is designed to be risk-averse and attractive to long-term investors. The Trustees discussed and considered the efforts of Saturna to make additional resources available to assist in managing the Fund. The Trustees also considered Saturna's focus on improving investment performance without incurring materially higher levels of risk.

The Trustees also considered the performance and expenses of the Fund as compared to smaller group of funds with similar assets and investment objectives and strategies. The Trustees considered these comparative performance expense data, along with the comparative data published by Morningstar and the Fund's performance relative to its benchmark, to evaluate the Fund's performance over near-term and long-term time periods.

The Trustees also reviewed the fees and expenses of the Fund and considered the components of the Fund's operating expenses. The Trustees noted the steps that Saturna has undertaken to maintain competitive levels of Fund operating expenses. They noted the significant sponsorship of the Fund by Saturna evidenced, in part, by certain fees and expenses paid by Saturna out of its own resources and the Trustees appreciated Saturna's efforts help make the Fund more widely available and less expensive than would otherwise be the case without Saturna's efforts.

The Trustees recognized that the Fund remains relatively small and there have not been opportunities to consider economies of scale. The Trustees appreciated that Saturna continues to operate the Fund, often times at considerable costs to itself.

The Trustees reviewed Saturna's financial information and discussed the issue of Saturna's profitability as related to management and administration of the Trust. They discussed the reasonableness of Saturna's profitability as part of their evaluation of whether the advisory fees bear a reasonable relationship to the mix of services provided by Saturna, including the nature, extent, and quality of such services.

The Trustees considered and compared the fees charged by Saturna to other types of accounts, including non-mutual fund advisory clients. The Trustees noted the differences between the full range of services Saturna provides to the Fund, including investment advisory services, transfer agency services, administrative and other services, as compared to the investment advisory services provided to the other advisory accounts.

The Trustees considered potential benefits to Saturna's other business lines from acting as investment adviser to the Fund, but also recognized that Saturna's other business lines benefit the Fund. The Trustees considered whether there are other potential benefits to Saturna in continuing to manage the Fund and the Trustees found that there were no material benefits other than Saturna's receipt of advisory fees.

The Trustees concluded that the fees paid by the Fund to Saturna were, from an arm's-length bargaining perspective, reasonable and in the best interest of the Fund and its shareowners in light of the services provided, comparative performance, expense and advisory fee information, costs of services provided, profits to be realized, and benefits derived or to be derived by Saturna from its relationship with the Fund. Following this discussion, the Trustees unanimously agreed to renew the agreement of Idaho Tax-Exempt Fund with Saturna Capital Corporation.

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Availability of Portfolio Information

- (1) The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q.
 - (2) The Fund's Form N-Q is available on the SEC's website at www.sec.gov and at www.idahotaxexemptfund.com.
 - (3) The Fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800/SEC-0330.
 - (4) The Fund makes a complete schedule of portfolio holdings after the end of each month available to investors at www.idahotaxexemptfund.com.
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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.

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, shareholder 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.

www.idahotaxexemptfund.com

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.



1300 N. State Street
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1-800-728-8762

Saturna Brokerage Services, Distributor