SATURNA CAPITAL

2024

SUSTAINABILITY AND STEWARDSHIP REPORT

SATURNA
SUSTAINABLE FUNDS

About Saturna

Saturna Capital, manager of the Amana, Saturna Sustainable, and Sextant Funds, uses years of investment experience to aid investors in navigating today's volatile markets. Founded in 1989 by professionals with extensive experience, Saturna has helped individuals and institutions build wealth, earn income, and preserve capital.

We are long-term, values-based, and socially responsible investors. We view consideration of sustainable factors as essential in forming portfolios of high-quality companies that are better positioned to reduce risk and identify opportunities. We believe that companies proactively managing business risks related to sustainable issues make better contributions to the global economy and are more resilient.

At Saturna, we believe in making your investment dollars work hard for you and that your interests always come first. Saturna strives to not only offer the best investment opportunities from mutual funds to IRAs, but to match those sound investments with superior customer service.

Table of Contents

We are navigating an increasingly intricate environment as the investment landscape shifts dramatically. The climate crisis is causing devastating floods, fires, and storms, resulting in significant human suffering, loss of life, and economic damage on a global scale. Concurrently, investors must also contend with a rapidly evolving regulatory and political landscape, compounded by the perpetual challenge of navigating economic cycles.

We passionately believe that we serve our clients in the best possible way by incorporating a wider set of material information when choosing investments. This includes our views on the economy, the financial strength of a company, and when the Federal Reserve will move on interest rates. Alongside those perspectives, it also includes data about carbon emissions, gender equality, and water usage. The full picture embraces the risks posed by climate change and the opportunities lost by a workforce not performing up to its full potential.

New Risks Emerge

We have entered a new era of climate and legal uncertainty. Several recent Supreme Court cases, including the decision which overturned the "Chevron deference," have weakened energy and environmental regulation in the United States. These decisions severely limited the government's ability to impose fines and penalties. They also made it easier to challenge or overturn longstanding rules and regulations.[1]

The court's actions may also lead to consequences such as increased climate and investment risk. For example, it is now more likely that the Securities and Exchange Commission will face limitations on their ability to require climate and emissions disclosure without legislative obstacles, possibly including a specific congressional mandate. Moreover, we are likely to see an uptick in legal precedents overturned as regulations are challenged, adding to uncertainty.

Navigating Changes

While the true impact of these rulings has yet to be felt, it is also true that we are in uncharted waters. We haven't seen the climate change before in such a globalized world, making it difficult for history to inform us about what may happen in the markets. We also haven't had the extensive social and workforce demographic data we do now. These data sets can now be used to evaluate the importance of such factors.

The modern investor must be flexible, taking in new information and patterns while adapting to new risks and opportunities. No matter which way the winds of politics may blow, they don't erase the material impact to investors from the unprecedented changes we face.

We continue to prioritize climate resilience, investing in strong companies and issuers poised to navigate both business and regulatory cycles. Additionally, with global mandates, the Sustainable Bond and Equity funds can diversify holdings across regions and regulatory environments. This minimizes exposures from any single government or rule of law.

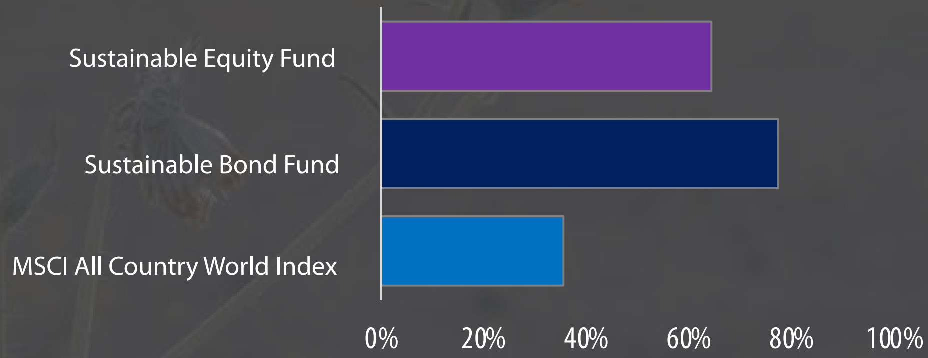
Our Promise to Our Clients

Transparency and credibility form the cornerstone of our reporting approach. We believe that providing clear, verifiable data on our investment decisions and their impacts is crucial for maintaining investor trust and demonstrating the real-world effects of sustainable investing. This report aims to offer an honest assessment of both our achievements and the challenges we face when investing with a sustainable lens.

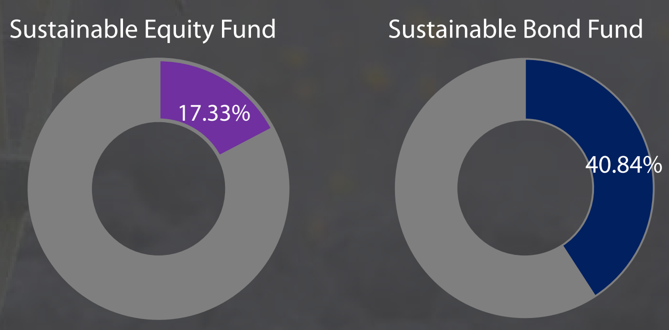
As we delve into the details of our fund's impact and key performance indicators, we invite our investors and stakeholders to critically examine our strategies and outcomes. We remain committed to fostering a dialogue that enhances our collective understanding of sustainable investing and its role in shaping a more resilient future.

The Sustainable Funds have significantly less carbon intensity, and more gender diversity on the board than their benchmark index, the MSCI All Country World Index

Holdings with 33% or More Female Board Representation



Carbon Intensity Relative to the MSCI All Country World Index



Net Zero — Credibility up in Smoke

The ever-present announcement of new critical climate milestones is increasingly disconcerting, serving as stark reminders of the rapidly accelerating pace of global climate change. Each new milestone — whether it's record-breaking temperatures, unprecedented ice melt, or alarming levels of greenhouse gas concentrations — underscores the urgency of our climate crisis.

Still, new critical climate announcements continue.

- April 2024 was the warmest April on record for the globe in the National Oceanic and Atmospheric Administration's 175-year record. Global surface temperatures rose by 1.32 C (2.38 F) above the 20th-century average of 13.7 C (56.7 F).[2]
- The January–April global surface temperature was the warmest in the 175-year record at 1.34 C (2.41 F). This is above the 1901–2000 average of 12.6 C (54.7 F).[3]
- There is a 61% chance that 2024 will rank as the warmest year on record and a 100% chance that it will rank in the top five.[4]

The importance of credible greenhouse targets becomes clear when examining their potential impact on global warming. If only the most credible net zero targets are met, the world is still projected to warm by about 2.6 C by the end of the century. However, if all pledges, including less credible ones, are fully implemented, warming could be limited to around 1.7 C.[5]

While such temperature differences from 1.5 C to 2.0 C might not seem like much, for ecosystems it is significantly different. It is estimated that 70–90% of coral reef systems will disappear when global temperatures rise 1.5 C. The projected losses increase to 99% at 2.0 C. Globally, up to a billion people rely on coral reef ecosystems for physical protection from the ocean, work opportunities, and direct dietary needs.[6]

The credibility of net zero targets is crucial in the global effort to limit temperature rise to 1.5 C above pre-industrial levels, as called for in the Paris Agreement. While many countries, companies, and organizations have made net zero pledges, the effectiveness of these commitments in mitigating climate change hinges on their credibility and implementation.

Recent research has highlighted a significant credibility gap in global net zero targets. A study published in Science, a peer-reviewed journal, found that 90% of global net-zero greenhouse gas emissions pledges provide low confidence in their full implementation.[7] This lack of credibility poses a serious risk to climate action efforts.

At Saturna Capital, we strive to ascertain the creditability of an issuer's commitment to achieve substantive greenhouse gas (GHG) emission reductions in alignment with the Paris Agreement.

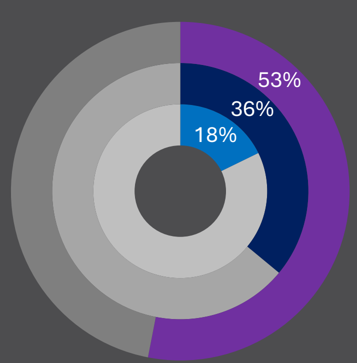
Net Zero — Moving to Science-based Targets

Of 1,000 companies examined by Net Zero Tracker, only 4% are doing the bare minimum required under the Paris Agreement's goal of limiting warming to 1.5 C.[9]

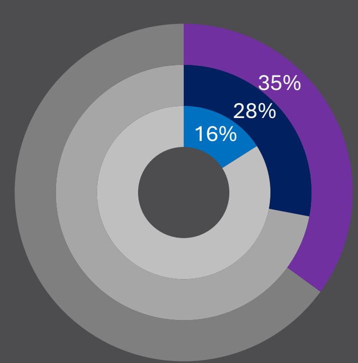
Now as Net Zero moves from planning to implementation, it is very likely we will see more controversy and abandoned targets. Choosing companies with credible commitments will be essential. The warming planet will continue to present risks for investors and corporations, even as regulatory power in the US grows weaker and the political climate more volatile.

This year, we are moving to present data based on criteria set by the Science Based Targets initiative (SBTi). The SBTi is a climate action organization that is incorporated as a charity. It works to validate corporate targets and set standards, bringing these targets in line with the goal of combating global warming.[10]

Percent Holdings with SBTi Short Term Targets of 1.5 degrees Celsius



Percent Holdings with SBTi Confirmed Net Zero Commitments



Sustainable Equity Fund　Sustainable Bond Fund　MSCI All Country World Index

Note: *Equal weighted corporate holdings. Sustainable Bond holdings exclude sovereign, sub sovereign, and supranationals as SBTi currently does not access those sectors*

Sustainable Development Goals — Framework for Impact Reporting

A major challenge when integrating environmental, social, and governance (ESG) data into investment decisions is gauging the true commitment of a company or issuer to address factors that will impact their exposure to risks. The same challenge is present in their ability to identify opportunities with ESG issues such as climate change, diversity, and biodiversity.

Greenwashing is common in this space. Even companies with high risk or negative climate impacts can use greenwashing to present themselves as glowing sustainable investments by using large marketing investments and clever data presentation.

The Sustainable Development Goals (SDGs) includes 17 goals and 169 targets and are an excellent framework to evaluate potential investments and follow current holdings. The breadth of the goals and the specificity of their underlying targets allow us to evaluate the positive impacts and risk exposures to our portfolio. However, as with other data in the ESG space, what companies put in their reporting is not regulated or audited.

"SDG washing" is just as big a concern as greenwashing. The specificity of the targets aids our analysis, as does looking at how exactly companies and issuers report on the goals.

"SDG washing" is just as big a concern as greenwashing. The specificity of the targets aids our analysis, as does looking at how exactly companies and issuers report on the goals. The analysis is manual in nature. Our investment team combs through every holding's disclosure and looks at how the SDGs are reported. We pay special attention to whether claims are backed by data and targets for improvement, or if only general claims are being made without substance.

Our team created a data set unique to Saturna Capital regarding how our investments align with the SDGs. We developed this resource by examining every single corporate social responsibility report or impact report for the holdings in the Saturna Sustainable Funds. We looked at which issuers reported on specific SDGs and how they reported on each goal. We split company reporting into three categories, from most comprehensive to least comprehensive.

The categories include:

Companies that assign data with quantitative targets for a specific goal

Examples of quantitative targets can include reducing carbon emissions by a specific amount over a defined period or workforce goals related to board or management ethnic and/or gender diversity. These targets must be directly linked with an SDG.

- *Example:* Home Depot pledged to have 100% renewable electricity for all its facilities worldwide by 2030, with the target linked to SDG 12 (Responsible Consumption and Production) and SDG 7 (Affordable and Clean Energy)

Companies that provide supporting data regarding a specific goal

We look for supporting data that backs up the claim of SDG alignment. This can include gender pay parity information for SDG 5 (Gender Equality) or carbon emissions trends.

Companies that mention they are aligned with a goal but don't provide data or targets to support the claim

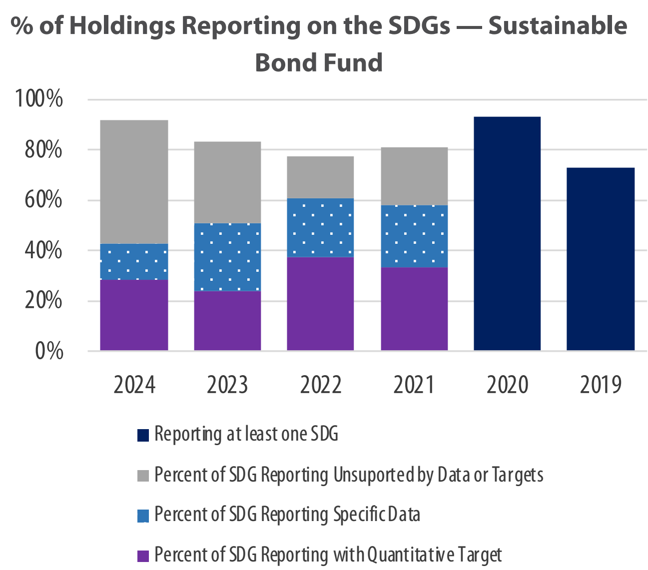
Unsubstantiated claims can indicate SDG washing, or that the company or issuer doesn't focus on that specific goal.

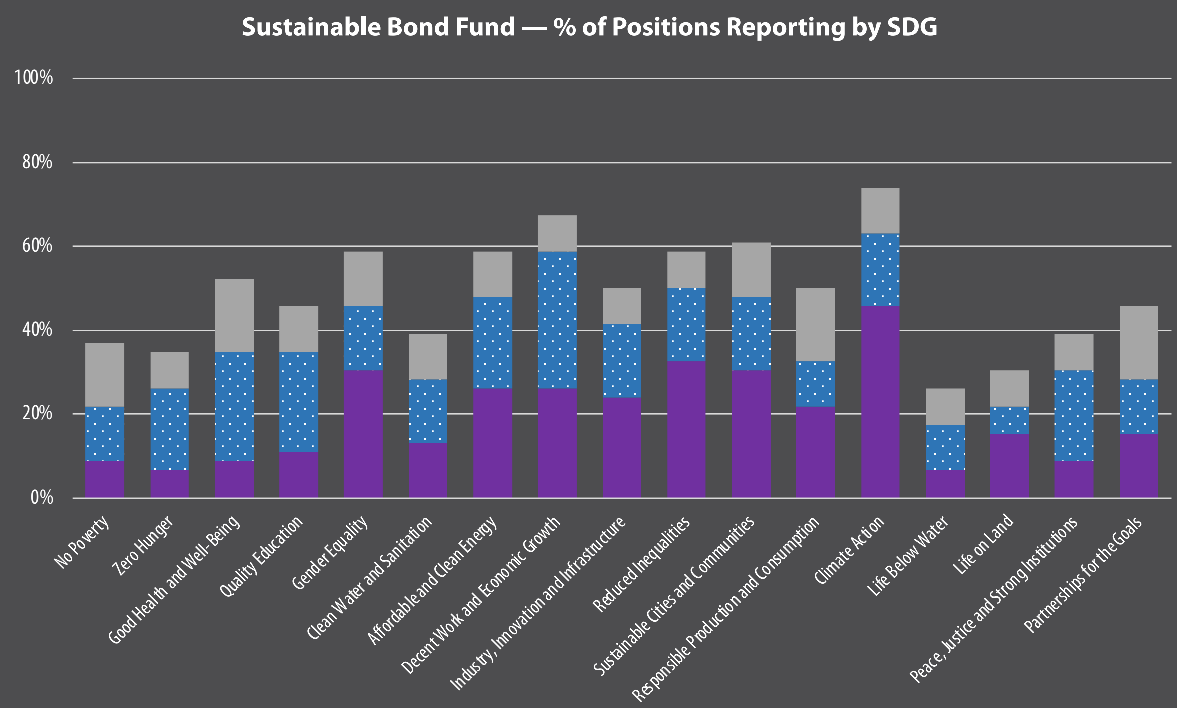
Saturna Sustainable Bond Fund

92% of the Sustainable Bond Fund holdings reported directly on the SDGs, with 43% of fund holdings reporting on at least one SDG supported with quantitative targets or data.

Overall reporting reached its highest level since 2021, with the biggest gains in Gender Equality (SDG 5). There was a 16% increase in quantitative targets associated with the SDG and a 22% increase in quantitative targets associated with Reduced Inequalities (SDG 10). The Sustainable Bond Fund did see more of that reporting growth come from companies just mentioning the SDG, rather than substantiative reporting. The goals least likely to be connected with targets or data are Partnerships for the Goals (SDG 17) and, surprisingly, Good Health and Well-being (SDG 3).

The most well-reported goals in the bond fund continue to be Climate Action (SDG 13), which saw 74% reporting, and decent work and Economic Growth (SDG 8), which saw 67% of holdings report. The trend from past years continue to hold in that Climate Action (SDG 13) is the goal most connected to quantitative targets and data.





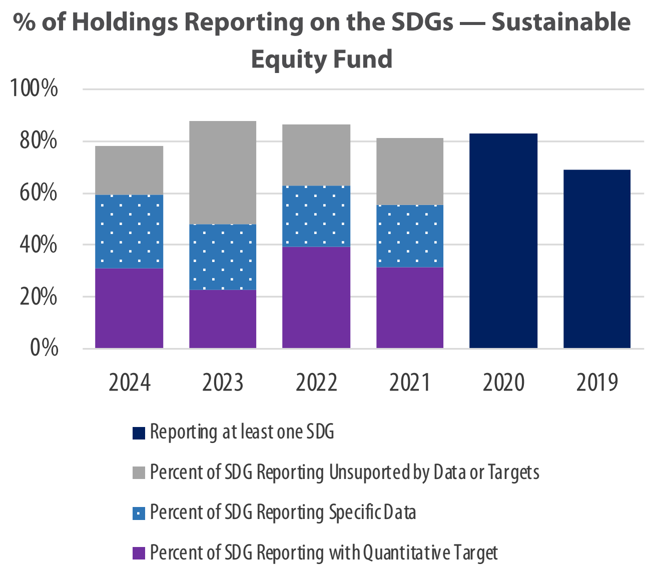
Saturna Sustainable Equity Fund

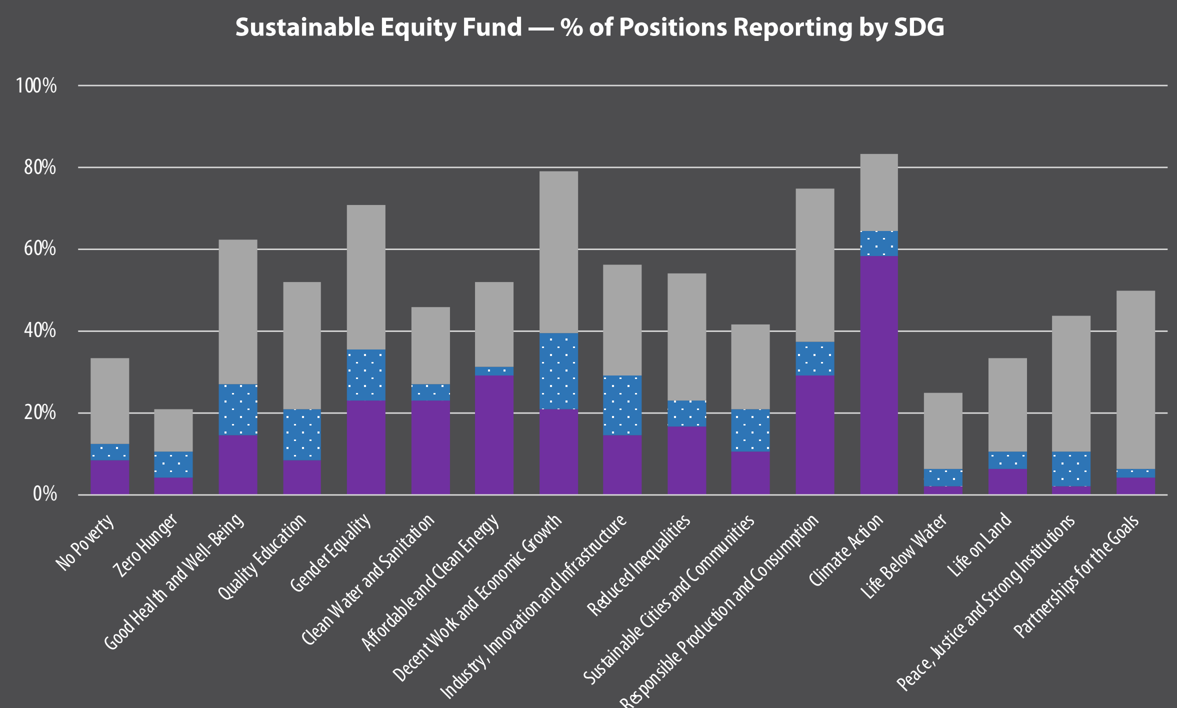
78% of the Sustainable Equity Fund holdings reported directly on the SDGs, with 60% of fund holdings reporting on at least one SDG supported with quantitative targets or data.

While overall reporting fell from last year, we find this decline comes from a decrease in the number of companies reporting on unsubstantiated SDGs, which we view as a positive trend. We favor more focused reporting on material goals versus wider reporting that's not necessarily material to the business.

The widest reported goals continue to remain Climate Action (SDG 13), with 83% of companies reporting, and Responsible Production and Consumption (SDG 12), with 75% of companies reporting. The least reported goal is Zero Hunger (SDG 2), which tends to be material for fewer companies. We would like to see better reporting on Life on Land (SDG 15) as ecosystem health and natural resource use is material across sectors, but widespread reporting is not yet common.

Clean Water (SDG 6), Clean Energy (SDG 7), and Decent Work (SDG 8) all had 9% increases in the number of quantitative targets reported. Clean Water also had the largest overall decline in reporting, mostly from companies not directly connecting their water data directly with the United Nations' SDGs.





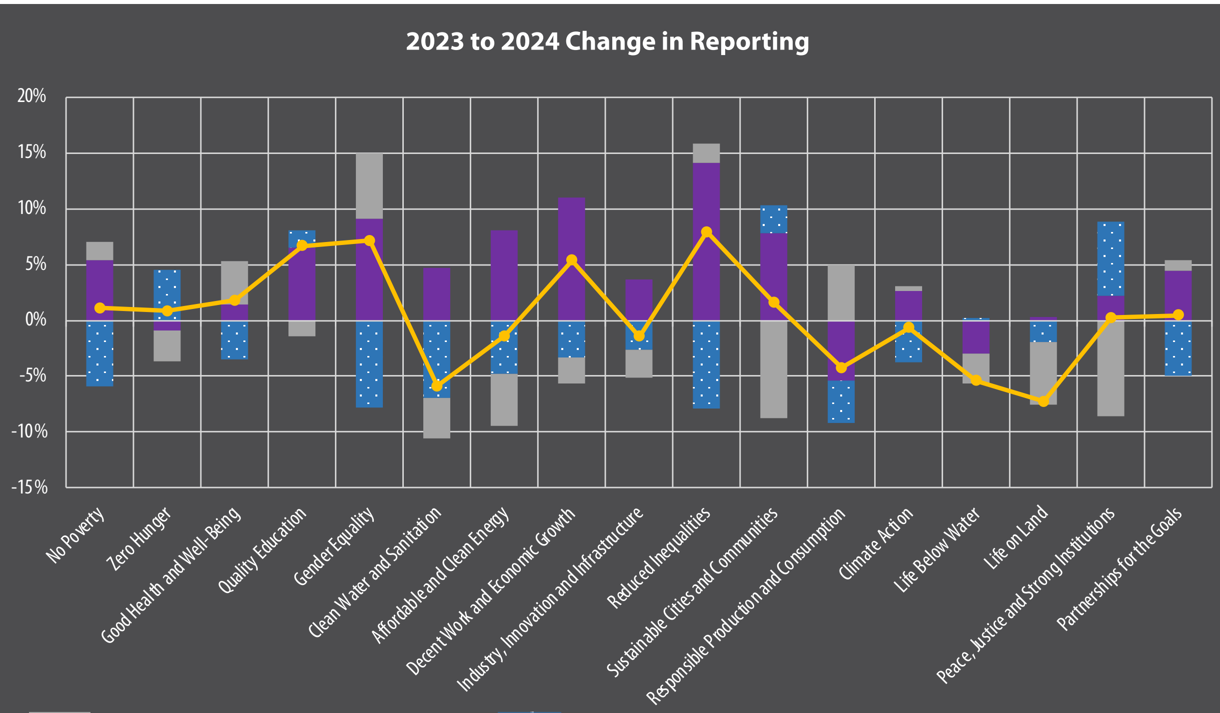
Trends and Results

The sustainable funds saw a 14% increase in the number of quantitative targets directly associated with Reduced Inequalities (SDG 10).

The 2023 to 2024 change in reporting graph maps the combined reporting change for each of the Saturna Sustainable Funds. While we recognize that the funds have different investment objectives, our aim is to present overall reporting patterns. While some of these changes are due to companies updating what they report, some are due to which holdings are in the funds.

The chart describes overall changes in SDG reporting, looking at how the different types of reporting changed along with overall trends. Mostly we saw an increase in quantitative targets connected to the SDGs, with declines in unsubstantiated reporting, or reporting connected to data, but lacking targets for the future. In Sustainable Cities and Communities (SDG 11) and Peace, Justice, and Strong Institutions (SDG 16), we saw the move go entirely to more quality reporting.

The largest increase in overall reporting was in Reduced Inequalities (SDG 10), where we saw a 14% increase in reporting connected to quantitative targets. Most of this increase came from companies moving from only data connected to the goal, to setting material targets. The most negative trend came from Responsible Production and Consumption (SDG 12), where most changes were away from substantiative reporting.



% of Positions Mentioning SDGs
% of Positions Reporting Specific Data
% of Positions Reporting Quantitative Data
% of Positions Reporting on an SDG (% Change)

Overall Reporting Trends by Sector

To show overall patterns in reporting by sector, we use the combined reporting for both Saturna Sustainable Funds. While we recognize that the funds have different investment objectives, our aim is to present overall reporting patterns.

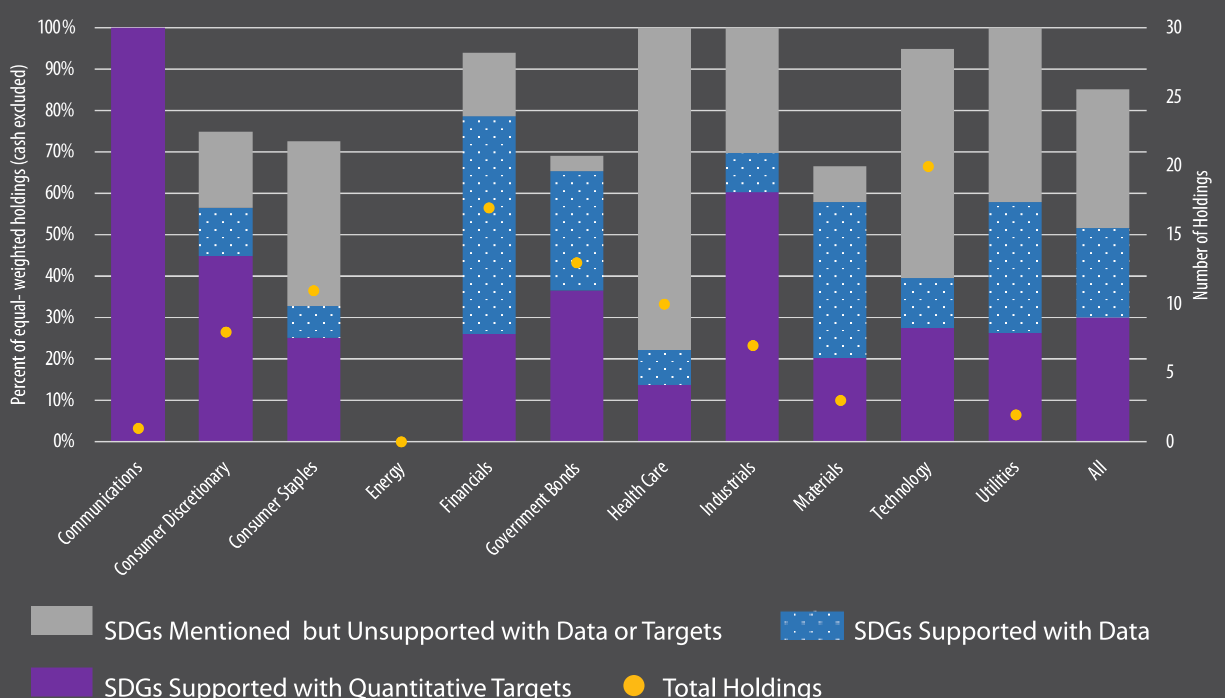
All our holdings in the utilities, industrials, healthcare, and communications sectors had some sort of reporting directly connected to the SDGs. Other than communications, which had a single holding, the industrials sector had the most quantitative targets. 60% of our industrial holdings had future targets directly linked to an SDG, most commonly under Climate Action (SDG 13).

Financials generally also had in-depth reporting, with around 79% of our holdings in that sector reporting data or quantitative targets linked with SDGs, most related to Reduced Inequalities, and Climate Action. The Communications sector has a single holding, Telecom Italia in SEBFX, which had excellent SDG integration in their most recent sustainability report.

The government bonds sector had some of the biggest improvement over the past few years. The sector includes sovereign, municipal, and US Agency bonds. There has been a large increase in issuance of green and sustainable bonds, which include direct reporting on SDGs related to use of bond proceeds.

The healthcare sector had the least robust reporting. While every healthcare company reported on Good Health and Well-Being (SDG 3), only two out of the 10 companies had quantitative targets directly associated with this goal. Many had targets under related outcomes, but fewer made the direct connection to the UN SDGs.

Sustainable Equity and Sustainable Bond Fund Percent of Holdings Reporting on the SDGs



3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all, at all ages.

One way we evaluate a company's contribution to this goal is by looking at the strength of its health and safety policies, programs, and reporting. To have a strong safety policy, a company needs to have set targets to reduce health and safety incidents, robust monitoring and measurement protocols in place, and managerial responsibility for health and safety issues. Companies must also report on their performance. The Saturna Sustainable Funds performed better on this goal than the MSCI All Country World Index.

Strong Health and Safety Management System

	1 Year Change	2024	2023	2022	2021	2020
MSCI All Country World Index	1%	37%	36%	35%	31%	27%
Sustainable Bond Fund	0%	100%	100%	60%	40%	75%
Sustainable Equity Fund	1%	54%	53%	43%	42%	45%

Percent of holdings/constituents reporting (by number of holdings)

SDG 3, Good Health and Well-being, remains critically important in 2024 as it aims to ensure healthy lives and promote well-being for all people globally. This goal addresses key health challenges, including reducing maternal and child mortality, combating communicable and non-communicable diseases, and improving access to essential health care services. Following the COVID-19 pandemic, SDG 3 emphasizes the need to strengthen our preparedness by enhancing our health systems and promoting universal health coverage. The goal also focuses on mental health, substance abuse prevention, and reducing deaths from road traffic accidents, underscoring the expansive nature of health and well-being in the modern world.

Closing the Gender Health Care Gap

Women's health needs have been historically underfunded and under-researched. On average, women spend 25% more time in poor health than men.[11]

Underfunding

- The National Institute of Health (NIH) only spent 10.8% of funding on women's health.[12]
- Despite women accounting for up two-thirds of Alzheimer's cases, only 12% of NIH funding for the disease is aimed at women.
- In a selection of 19 cancers, ovarian cancer ranks fifth for lethality, but 12th in terms of its funding-to-lethality ratio.[13]
- Just 4% of all biopharma research and development spending go toward female-specific conditions.[14]

Research Inequality

It was only three decades ago that women that women were allowed back into clinical research to participate as subjects. Even now, they account for less than 34% of participants.[15] It wasn't until 2015 that the NIH put forth a policy to consider sex as a biological variable in research. The biological differences between the sexes goes far beyond the reproductive system, and the lack of information can seriously impact safety.[16] The systematic underrepresentation of women in clinical research has led to women experiencing serious or fatal drug reactions from approved medicines 36% more frequently than men. Products are 3.5 times more likely to be removed because of safety risks in women patients compared to men.[17]

Care Delivery

Care disparities are a major issue in women's health. Women are seven times more likely than men to have a heart condition misdiagnosed or be discharged during a heart attack. This is likely due to more sensitive biomarkers needed to detect heart attacks in women. In the United States, Native American and Black women are 2–3 times more likely to die from a pregnancy-related cause than white women.[18] Better diagnostic tools are needed specifically for women.

For cancer, it took women two and a half more years to be diagnosed versus men.

A study conducted in Denmark[19] across 21 years showed that women were diagnosed later than men for more than 700 diseases. For cancer, it took women two and a half more years to be diagnosed. For diabetes, the delay was four and a half years. Analyses of US health records and studies indicate that fewer than half of women living with endometriosis have a documented diagnosis.[20]

Additional Reading for SDG 3

Information on SDG3 from the Regional Information Centre for Western Europe: unric.org/en/sdg-3/

Infographic for SDG3 from the Department of Economic and Social Affairs: sdgs.un.org/goals/goal3

Overview of SDG3 from the United Nations: un.org/sustainabledevelopment/health/

3 GOOD HEALTH AND WELL-BEING

Case Study: Roche

SDG Target 3.7: By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes.

Key Themes: Women's Health

Holdings: 1.25% of SEEFX | 0.56% SEBFX

Roche is a Swiss multinational corporation deeply entrenched in the pharmaceutical and biotechnology sector. Their groundbreaking innovations, particularly in cancer treatment, have left an enduring mark on the health care industry and specifically in women's health issues.[21]

Roche's Contribution to Cervical Cancer Prevention and Diagnostics

Cancer Screening and Prevention

90% of women who die from cervical cancer live in low- and middle-income countries.[22] Tracking progress and gathering evidence are crucial steps to achieve better outcomes. Screening and survival rates are important indicators to help measure the effectiveness of cervical cancer screening programs. Digital tools for care management such as Roche's navify® Cervical Screening software can collect and analyze population-based data on screening rates and guideline adherence. This then helps uncover opportunities and gaps for improvement.[23]

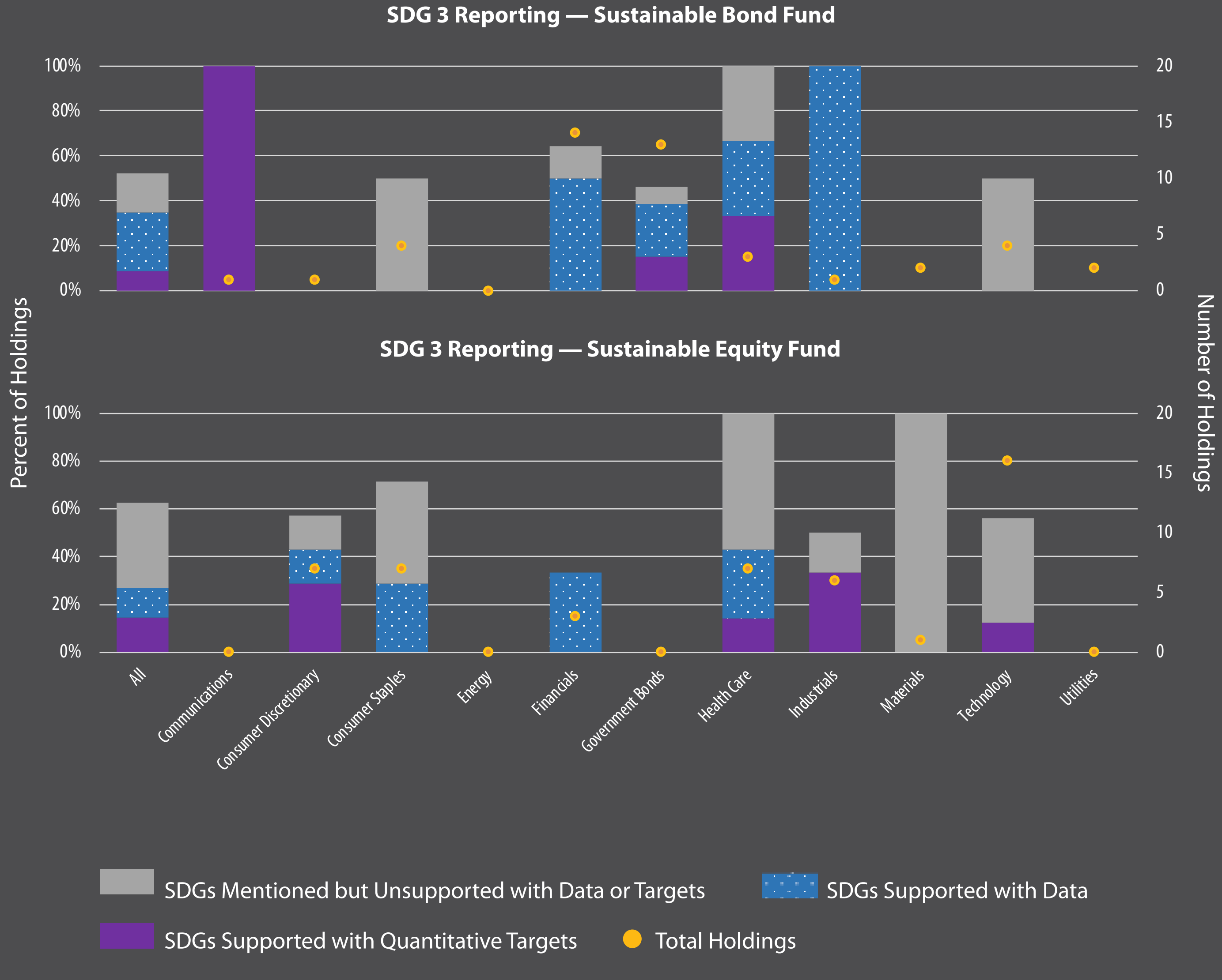
Investing in women's health shows a positive return on investment. For every $1 invested, roughly $3 is projected in economic growth.

Expanding Access to Care and Diagnostics

Roche was granted approval from the US Food and Drug Administration and received a WHO prequalification for their HPV self-collection solution, the cobas HPV test. Roche partners with health systems and governments in more than 55 countries to support their cervical cancer screening programs with the cobas HPV test. As a result of these collaborations, more women have been accessing HPV molecular testing. For example, after just one year of Roche and the Peruvian Ministry of Health working together with other government organizations and patient advocates, more than 300,000 un- or under-screened women — some in remote areas of the Amazon rainforest — have been tested for HPV. Roche's self-collection solution was the primary tool used to expand access.[24]

Ultimately, investments addressing women's health could potentially boost the global economy $1 trillion annually by 2040 by reducing the time women spend in poor health, adding more than a year to a woman's lifetime, and enabling more active workforce participation.[25]

Sustainable Development Goals Reporting by Sector



The government bond sector includes sovereign, municipal, and US agency bonds.

Achieve gender equality and empower all women and girls.

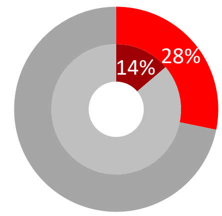
Women represent 48% of the workforce, but have only 28% representation in the C-suite.[26]

Only 6.5% of companies in the MSCI All Country World Index were female-led.[27]

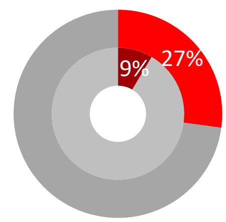
While the percentage of women in the C-suite saw a 6% gain since 2018 among the 276 companies surveyed by McKinsey for their "Women in the Workplace" report, it still reflects great inequality — especially for women of color. Even though they comprise 18% of roles in entry level positions, they only have 6% representation in the C-suite.[28]

Companies with sustained board gender diversity are more than twice as likely to have a female board chair or CEO.[29] We track board diversity levels and trends through time as one way of identifying these companies who will benefit from operational advantages of a diverse leadership team.

Sustainable Bond Fund



Sustainable Equity Fund



Average Female Executives

% Portfolio with Female CEO*

**Calculated as number of positions with a female CEO out of total corporate holdings*

Holdings with Three or More Female Board Members

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All Country World Index	1%	50%	48%	45%	42%	37%	48%
Sustainable Bond Fund	-9%	76%	85%	89%	91%	78%	67%
Sustainable Equity Fund	0%	88%	88%	88%	82%	64%	70%

Holdings with 33% or More Female Board Representation

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All Country World Index	4%	35%	32%	28%	21%	20%	25%
Sustainable Bond Fund	-5%	77%	82%	78%	56%	63%	47%
Sustainable Equity Fund	2%	64%	63%	65%	45%	45%	43%

Percent of holdings/constituents reporting (by number of holdings)

Saturna's gender equality KPIs demonstrate our focus on equality in a corporate setting while using data that is widely available. Corporate policies can have a huge impact on gender equality. This is true not only for equal gender representation on the board, but also in closing the pay gap. The KPIs focus on the board, as research shows that a more gender-diverse board and management team correlates with better profitability. The data presented is driven by that research.[30]

Case Study: Women's Livelihood Bond 3

SDG Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.

Key Themes: Financial Inclusion and Small- and Medium-size Enterprise (SME) Lending; Sustainable Agriculture and Fisheries

Holdings: 1.66% of SEBFX

The Women's Livelihood Bond 3 was the first position the sustainable bond fund took in the innovative bond series issued by the Impact Investment Exchange. This year marks the maturity of the bond, and thus an opportunity to showcase the use of proceeds. Bonds were used to lend to eight organizations based in four countries: Cambodia, India, Indonesia, and the Philippines. Impact data is verified by a combination of virtual in-depth interviews and surveys sent to over 500 randomly selected women.[31]

Impact Performance (through December 31, 2023)			
Indicator (cumulative through December 31, 2023)	Target	Actual	Status
Women Directly Impacted	92,493	93,126	Exceeded
Social Return on Investment (SROI)	$3.97	$4.31	Exceeded

Note: SROI expresses how much social and environmental impact is created for every dollar invested.

Katra India is a sustainable agriculture company which sources marigold from smallholder farmers in low-income communities.

Loan proceeds were used to formally integrate women smallholder farmers into its supply chain. Their goal was to go increase the proportion of women smallholder farmers signing contracts from 10% to 50% by year four of its loan.[32] The formal recognition of the role of female farmers and ensuring women are paid for their work in the agricultural sector is a critical move to close India's gender gap in employment, where there is only 0.32 women to every man in the labor force.[33]

Based in Bangalore, India, Kinara Capital is a leading socially responsible fintech company, providing business loans to sustainable SMEs. Through their HerVikas loan program, they specifically lend to women-owned SMEs at a discounted rate. This program is estimated to impact more than 2500 women-owned businesses.[34]

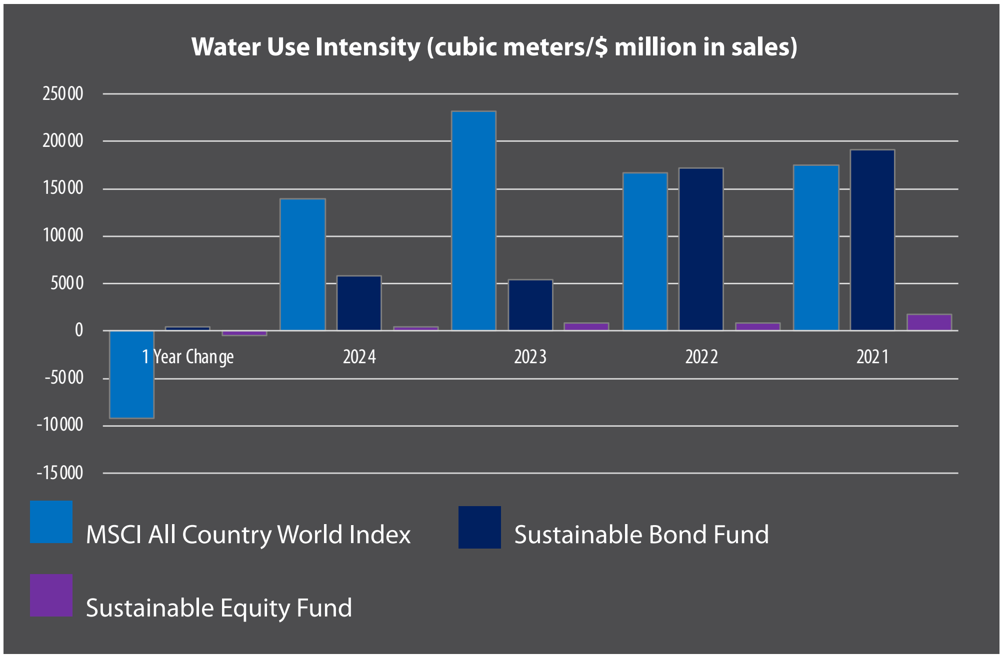
Sustainable Development Goals Reporting by Sector

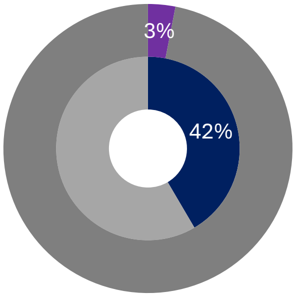
The government bond sector includes sovereign, municipal, and US agency bonds.

Ensure availability and sustainable management of water and sanitation for all.

Access to clean, affordable water is one of the most significant climate-related risks to modern society.

In 2022, 2.2 billion people did not have access to safely managed drinking water. Roughly half of the world's population experienced water scarcity for at least part of the year.[35,36] A lack of access to clean water not only impacts the health and livelihoods of individuals, but also can slow economic development via the diversion of economic resources away from sectors that progress emerging market economies. Water and climate change are inseparable. According to the United Nations, limiting global warming to 1.5 C, compared to 2 C, would approximately halve the population that experiences water scarcity.[37]





Sustainable Equity Fund has 3% of the average water intensity of the MSCI All Country World Index.

Sustainable Equity Fund has 42% of the average water intensity of the MSCI All Country World Index.

6 CLEAN WATER AND SANITATION

Portfolio-level KPIs showcase more holdings with strong water management programs versus the MSCI All Country World Index.

A strong water management program must include water use reporting, monitoring and measurement, water reduction targets and deadlines combined with initiatives to reduce fresh water use. The company must have a policy commitment to reduce water use, there must also be managerial responsibility for water use.

The Saturna Sustainable Bond Fund invests in Mexican Peso-denominated green bonds issued by the International Bank of Reconstruction and Development (IBRD), a member of the World Bank Group. The proceeds from these bonds attempt to address climate change via mitigation and adaptation projects across the world, targeting positive environmental returns while maintaining AAA credit quality.[38]

The IBRD and other supranational organizations bridge the financing gap for developing countries by providing local public and private institutions with favorable financing terms. This is critical for emerging market countries, as the average government debt-to-GDP ratio for emerging markets is 70% as of April 2024.[39] Global debt levels have risen substantially over the past decade. Additionally, a historic monetary tightening cycle has caused global interest rates to soar. Together, this places immense pressure on debt burdens of emerging market nations, often leading to a choice between fiscal austerity and economic growth. Providing lower-cost capital to developing countries can help mitigate this issue, allowing a country to invest in projects that support economic development without the same fiscal strain that traditional financing contains.

Company has a Strong Water Management Program*

	1 Year Change	2024	2023	2022
MSCI All Country World Index	2%	29%	27%	28%
Sustainable Bond Fund	22%	44%	22%	33%
Sustainable Equity Fund	-10%	33%	43%	50%

Percent of holdings/constituents reporting (by number of holdings)

**Only reporting from 2022 due to change in sustainalytics criteria for this*

Case Study: International Bank for Reconstruction and Development

Sustainable Water Resource Management

SDG Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

Key Themes: Water Infrastructure, Clean Water, Development Finance

Holdings: 4.33% of SEBFX in International Bank for Reconstruction and Development Mexican Peso-Denominated Green Bonds

Water and climate change are inseparable. According to the United Nations, limiting global warming to 1.5 C, compared to 2 C, would approximately halve the population that experiences water scarcity.

Across the world, large urban areas are increasingly facing water shortages. These cities include São Paulo, Las Vegas, New Delhi, and Tokyo. A prominent recent example is Mexico City. As of June 2024, Mexico City's surrounding reservoirs were at less than 27% capacity — the result of multiple years of heat and drought as well as an unfavorable El Niño in 2023. More than 550 neighborhoods already had their water pressure reduced or turned off completely.[40] Further depletion will be incredibly damaging, as the city's metro area population is more than 22 million.

The IBRD's recent Water Security and Resilience for the Valley of Mexico (PROSEGHIR) project aims to improve the Cutzamala System by modernizing the system's infrastructure while also strengthening the management of water resources in the region. So far, progress has been slow, but a recent restructuring of the project will be beneficial for progression.[41] If all desired outcomes are met, the project will help provide longer-term solutions that complement the current solutions of water rationing, importing water via tankers, and reducing water use by large corporations through corruption mitigation.[42]

The need for projects like PROSEGHIR is not new, but the severity of inaction is accelerating. By 2050, the global economic impact of water risks worldwide could reach over $5.6 trillion.[43,44]

The IBRD has many successful and ongoing projects related to water sustainability in Mexico and across the globe. Cumulatively, the IBRD has disbursed $8.3 billion for projects relating to water and sanitation, with $1.7 billion disbursed in 2023.[45] IBRD's green bonds in particular have led to $945 million in cumulative disbursements, and the water sector represents almost 10% of total cumulative commitments.[46]

The impact of these programs is expansive. In fiscal year 2023, the World Bank estimates that their projects provided 4.3 million people with access to improved water sources. They also believe the impact will accumulate each year as their projects progress.[47]

Since 2008, the World Bank estimates that their green bond projects have led to a cumulative 44 million cubic meters of annual water savings.[48]

6 CLEAN WATER AND SANITATION

Sustainable Development Goals Reporting by Sector

The government bond sector includes sovereign, municipal, and US agency bonds.

7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable, and modern energy for all.

Portfolio-level KPIs have been consistently stronger regarding both renewable energy use and strong renewable energy programs.

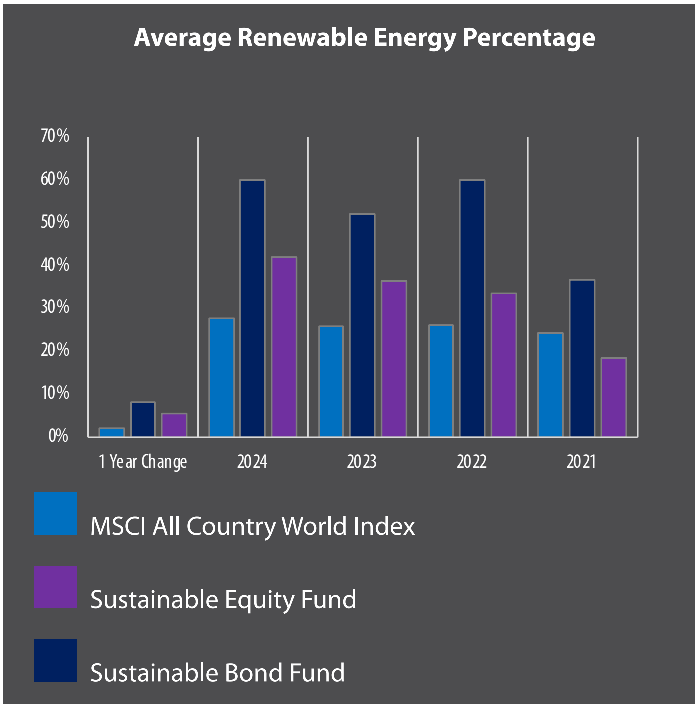
Implemented Renewal Energy Program Quantitive Targets with Clear Deadline

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All Country World Index	10%	44%	34%	28%	19%	15%	17%
Sustainable Bond Fund	7%	82%	75%	88%	67%	70%	41%
Sustainable Equity Fund	5%	81%	76%	78%	58%	40%	32%

More than 10% of Company's Primary Energy Use Comes From Renewable Energy Sources

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All Country World Index	5%	61%	57%	58%	54%	16%	22%
Sustainable Bond Fund	5%	93%	88%	95%	80%	80%	36%
Sustainable Equity Fund	6%	83%	77%	81%	54%	53%	46%

Percent of holdings/constituents reporting (by number of holdings)



Average Renewable Energy Use is 60% in SEBFX and 42% in SEEFX.

Emerging markets are a critical focus in the fight against climate change.

Inclusion of emerging and developing economies (EMDEs) is critical to global efforts to limit temperature rise to 1.5 C above pre-industrial levels, as called for in the Paris Agreement.

- EMDEs accounted for over 95% of the increase in GHG emissions during the past decade.
- EMDEs are expected to account for 98% of global population growth and over 90% of new middle-class households in this decade, which will drive energy demand.[49]
- Under a business-as-usual scenario middle- and low-income countries are expected to account for 66% of global CO2 emissions by 2030, up from 44% in 1990.[50]

Put another way, since climate change is a worldwide issue, coordinated global responses are needed. As global managers with a worldwide perspective, we deliberately seek holdings who proactively address climate-related risks in EMDE regions. Some of these regions are known for being extremely hot and arid climates, such as the Middle East.

Sukuk securities allow portfolio holdings in unique issuers operating within areas in need of positive climate impact

In regions such as the Middle East where a great deal of climate impact is needed, it's also common for issuers to utilize faith-based fixed income securities that adhere to Islamic principles. Such instruments are known as *sukuk*, which act in a similar fashion to other fixed-income securities like bonds but meet the criteria of the Islamic faith, such as avoiding interest and *haram*[51] industries.

In January 2017, *sukuk* were added to the list of acceptable green instruments in the Climate Bonds Initiative's Climate Bonds Standard V2.1.[52] The Climate Bonds Standard is a key tool used to assess the quality of sustainable bonds, offering a set of mandatory requirements for bonds to be able to use the Certified Climate Bonds quality mark. This followed the 2015 release of version 2.0, which ensured that projects and funded assets align with the Paris Climate Agreement and a 2 C future.[53,54] Because they might include sustainable, social, and green *sukuk*, these instruments are sometimes referred to as ESG *sukuk*. According to Fitch, the Middle East's adoption of ESG *sukuk* is expanding quickly. In the Gulf Cooperative Council (GCC), for example, these instruments account for 45% of the ESG debt mix, with bonds making up the remaining amount.[55]

Case Study: Majid Al Futtaim

SDG Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.

Key Themes: Green Building, Emissions Reduction, Green Securities

Holdings: 2.25% of SEBFX in Green Sukuk

Majid Al Futtaim is a real estate development and property management business as well as a retail operator with 478 stores in 15 countries.[56] The Dubai-headquartered company is a proactive and innovative leader in tackling complex climate-related risks.

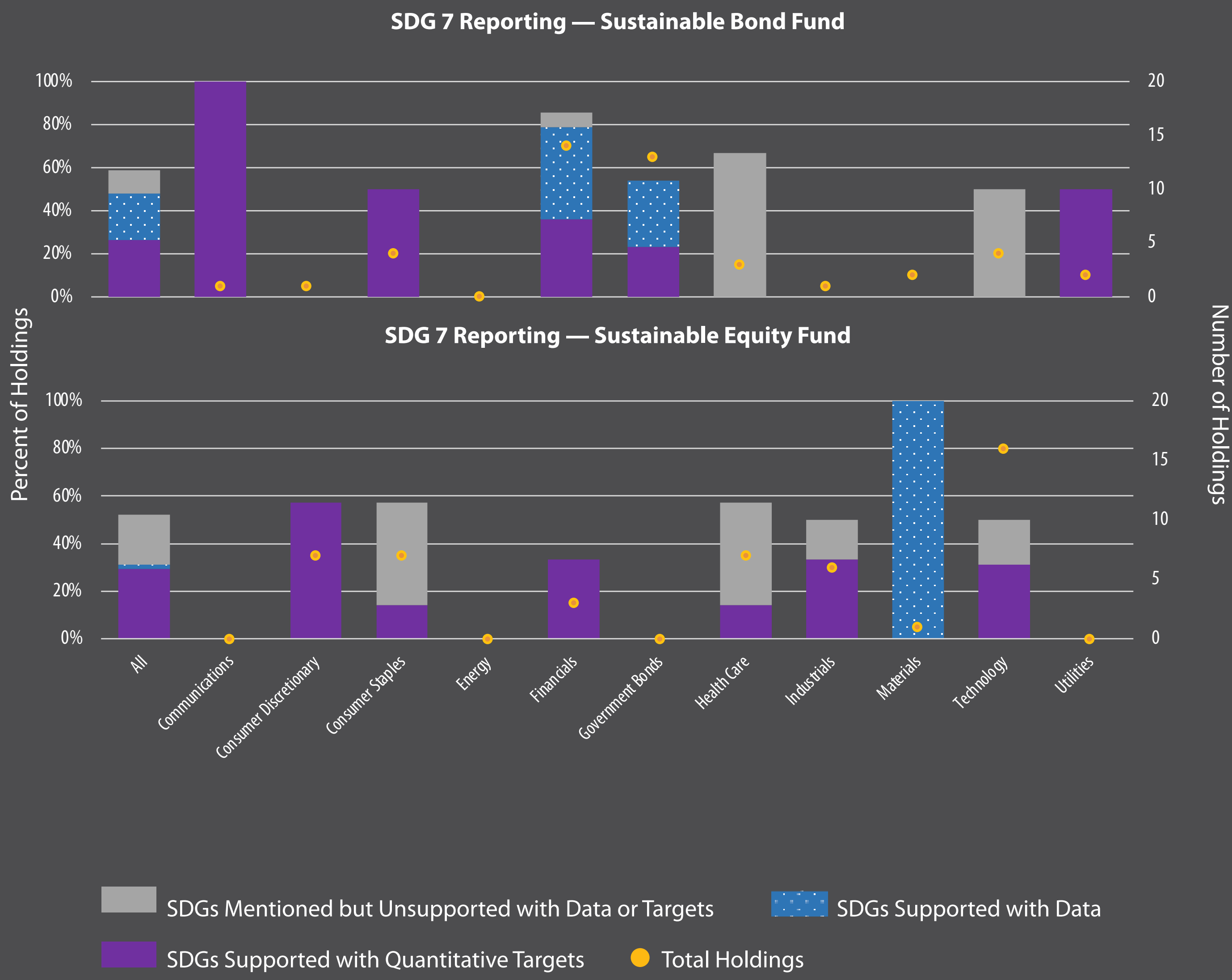
In 2017, Majid Al Futtaim announced its commitment to become net positive in carbon and water by 2040[57] — the first company in the Middle East to do so.[58] Later in May of 2019, the company issued the first corporate US-dollar-dominated green *sukuk*.[59]

Since these announcements, the company has made significant progress. This includes a 24% reduction in Scope 1 and 2 emissions compared to its 2019 baseline.[60] Majid Al Futtaim has increased its renewable energy capacity by 19% to reach 40.5 million kWp. It also expanded its portfolio of green-certified buildings, with 54 assets now holding LEED, BREEAM, or equivalent certifications.[61]

Working towards its goal to achieve net positive operations by 2040, Majid Al Futtaim brought 2,070 additional assets, residential units, and neighborhood communities up to LEED, BREEAM, or equivalent standards. As of 2023, Majid Al Futtaim now boasts a total of 3,181 certified assets.[62] Majid Al Futtaim's net positive carbon commitment is complemented by validated near-term science-based targets (SBTs) for each of its operating companies in 2022 through the Science Based Targets initiative.[63] Majid Al Futtaim is one of only seven companies in the UAE that had validated SBTs.[64] Majid Al Futtaim's current targets are aligned to a 2 C trajectory or lower.

In the company's 2023 Green Capital Market Report, Majid Al Futtaim reported cumulative energy efficiency gains across its portfolio. Majid Al Futtaim's green building projects showed an excellent trend, reaching -77,269 MWh in 2022 compared to -47,759 MWh in 2021 and -88,283 MWh in 2020. This performance is based on baselines generally set to 2019 or the first year with complete annual data for each asset.[65]

Sustainable Development Goals Reporting by Sector



The government bond sector includes sovereign, municipal, and US agency bonds.

Promote inclusive and sustainable economic growth, employment, and decent work for all.

SDG 8, Decent Work and Economic Growth, helps promote sustainable and inclusive economic growth, paving the road for poverty reduction and the improvement of global living standards. SDG 8 targets job creation, decent work conditions, and sustainable economic practices. These goals aim to ensure full, productive, and ethical employment, including the reduction of youth unemployment and elimination of forced labor. Additionally, SDG 8 promotes financial inclusion by addressing inequalities, ultimately leading to a more stable and equitable global economy.

Saturna looks at both internal and supply chain metrics to assess our holding's alignment with SDG 8. Our first KPI, "Company has initiatives to reduce the social risks in its supply chain," identifies companies that explicitly address and mitigate supply chain risks. These include such as child or forced labor, unsafe working conditions, and a lack of competitive pay. Our second KPI, "Company initiatives to train new and existing employees on career development available to employees at all levels," helps assess each company's initiatives to train and develop employees of all ages and skill levels.

Company has Initiatives to Reduce the Social Risks in its Supply Chain

	1 Year Change	2024	2023	2022	2021	2020
MSCI All Country World Index	5%	88%	82%	83%	78%	73%
Sustainable Bond Fund	1%	94%	93%	95%	100%	89%
Sustainable Equity Fund	0%	96%	96%	96%	90%	91%

Company Initiatives to Train New and Existing Employees on Career Development Available to Employees at All Levels

	1 Year Change	2024	2023	2022	2021	2020
MSCI All Country World Index	3%	97%	94%	94%	88%	85%
Sustainable Bond Fund	-9%	88%	97%	95%	95%	93%
Sustainable Equity Fund	0%	96%	96%	94%	92%	95%

Percent of holdings/constituents reporting (by number of holdings)

Case Study: Schneider Electric

SDG Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Key Themes: Safe Workplaces, Employee Development, Living Wages

Holdings: 3.29% in SEEFX

Schneider Electric is a digital automation company that integrates sustainability into their business practices by embedding accelerated net-zero ambitions, ethical supply chain practices, and elevated workplace safety standards into their core business strategy. Schneider Electric is committed to promoting decent work and economic growth, aligning its sustainability initiatives with the United Nations SDG 8.

Employee Health and Safety

Improve Workplace Safety by Decreasing the Medical Incident Rate:

- Baseline (2019): 0.79
- 2023 Progress: 0.51
- **2025 Target: 0.38**

Improve Employee Confidence in Reporting Unethical Conduct:

- Baseline (2021): 81%
- 2023 Progress: +1%
- **2025 Target: Increase by 10%**

Employee Training and Development

Provide Access to Meaningful Career Development Programs, Particularly for Employees in Later Stages of Their Careers

- Baseline (2022): 43%
- 2023 Progress: 67% of employees benefited from these programs
- **2025 Target: 90%**

Improve Annual Employee Training on Cybersecurity and Ethics:

- Baseline (2020): 90%
- 2023 Progress: 97.3%
- **2025 Target: 100%**

Strategic Supplier Oversight

Strategic Suppliers Providing Decent Work that Meets Schneider Electric's Metrics:

- Baseline (2022): 1%
- 2023 Progress: 21%
- **2025 Target: 100%**

Sustainable Development Goals
Reporting by Sector

The government bond sector includes sovereign, municipal, and US agency bonds.

10 REDUCED INEQUALITIES

Reduce inequality within and among countries.

SDG 10, Reducing Inequalities, is essential in 2024 as it addresses the growing disparities within and among countries. Its aim is to support equal opportunities and reduce income inequality across the world. SDG 10 promotes social, economic, and political inclusion for all. This goal is crucial for combating discrimination and eliminating barriers based on age, gender, disability, race, ethnicity, origin, religion, or economic status.

In a world that faces heightened polarization and economic divergence exacerbated by global crises, SDG 10 emphasizes the need for policies that promote equitable resource distribution and enhance the representation of marginalized groups. Altogether, this ensures that economic growth benefits everyone, thereby fostering more cohesive and resilient societies. These are clear steps toward closing the benefit and wage gaps that Black and female workers have suffered and will ultimately help achieve SDG 10.

Company has Strong Discrimination Policy

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All County World Index	7%	36%	29%	26%	20%	17%	21%
Sustainable Bond Fund	-4%	50%	54%	45%	41%	46%	46%
Sustainable Equity Fund	-3%	57%	60%	64%	57%	55%	45%

Company has a Strong Diversity Program

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All County World Index	1%	20%	19%	19%	18%	17%	22%
Sustainable Bond Fund	-21%	25%	46%	51%	59%	55%	57%
Sustainable Equity Fund	8%	38%	30%	40%	38%	35%	34%

Percent of holdings/constituents reporting (by number of holdings)

Portfolio-level KPIs continue the trend of strong anti-discrimination policies versus the MSCI All Country World Index.

The KPIs we present are focused on corporate policies concerning discrimination and diversity. To meet these KPIs, a company must list the types of discrimination they are committed to eliminate, and they must also reference the International Labour Organization conventions to ensure equal opportunity.

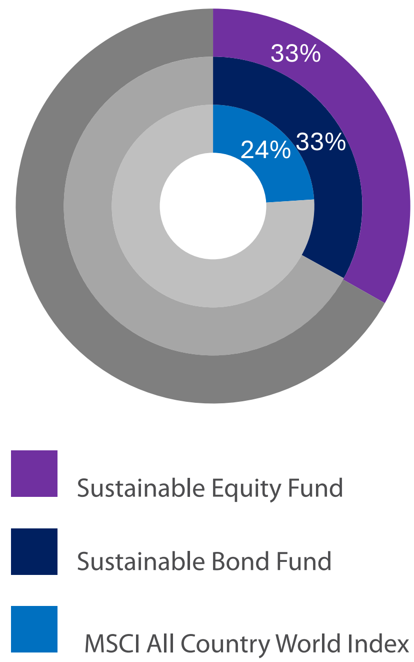
A strong diversity program must include mentorship programs, managerial or board level responsibility for diversity initiatives, as well as diversity monitoring or audits. However, they must also have initiatives to not only recruit from diverse talent, but also to support a diverse workforce.

The Sustainable Equity Fund continued strong trend relative to the MSCI All Country World Index. The Sustainable Bond Fund, while still outperforming our benchmark, did see some portfolio-level declines. This was largely driven by companies that have otherwise solid programs but lack training and guidance regarding diversity. We do look for future positive trends in diversity policies and track our holdings closely.

Saturna's Commitment to Reducing Inequalities

Diversity fuels innovation. Divesting from companies who lack commitment ultimately serves our clients.

At the end of June, Tractor Supply issued a statement stating they would be eliminating all diversity, equity, and inclusion roles at the company, as well as dropping diversity goals. Furthermore, they withdrew carbon emission goals and stopped submitting data to the Human Rights Campaign.[66] This was a shocking reversal driven by political pressure.



There is a strong business case for ethnic diversity, with a 39% likelihood of outperformance for companies in the top quartile of ethnic representation versus the bottom quartile. In McKinsey's 2023 diversity report, they note that correlation of better financial performance is statistically significant for both gender and ethnic diversity on the board of directors. Furthermore, companies in the bottom quartile for gender and ethnic diversity on their leadership teams were 66% less likely to outperform financially on average.[67,68]

Tractor Supply's decision was particularly concerning, as it showcased the real danger of a company's outward marketing message differing in a major way from the priorities of leadership. It also showcased management's focus on short-term political messaging, versus long-term focus on research-driven advantages that could impact the company's financial performance.

Tractor Supply was sold out of SEEFX on 7/10/2024.

10 REDUCED INEQUALITIES

Case Study: Aviva

SDG Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Key Themes: Diverse Leadership

Holdings: 2.22% in SEEFX

Aviva is a multinational insurance company headquartered in the UK with a strong, diverse contribution to SDG 10. Aviva's multifaceted approach to reducing inequalities combines internal equity and inclusion measures with community investment and strategic partnerships. This creates a widespread impact across local and international communities. Aviva set a goal to make 10 million people more resilient to climate, health, and financial shocks between 2020 and 2025.[69]

Partnerships

Citizens Advice and Money Advice Trust

- Citizens Advice and Money Advice Trust provide free financial advice to help individuals tackle debt, adapt to rising costs of living, manage their assets, and improve small business financial management. Aviva committed £9 million from 2022–2024 between these charities.[70]

Real Living Wage

- Real Living Wage is a voluntary program that establishes a minimum wage for businesses that participate. This minimum wage is based on the cost of living, better reflecting cost of living adjustments than the government's minimum wage, leading to thousands of pounds in additional wages per employee each year.[71]

Other partnerships include Change the Race Ratio, the Social Mobility Foundation, Women in Finance Charter, Upreach, GAIN, and more.[72]

Community Investment

Aviva Community Fund

- £17.8 million donated since 2015[73]
- Matches individual contributions up to £250[74]

Aviva Foundation

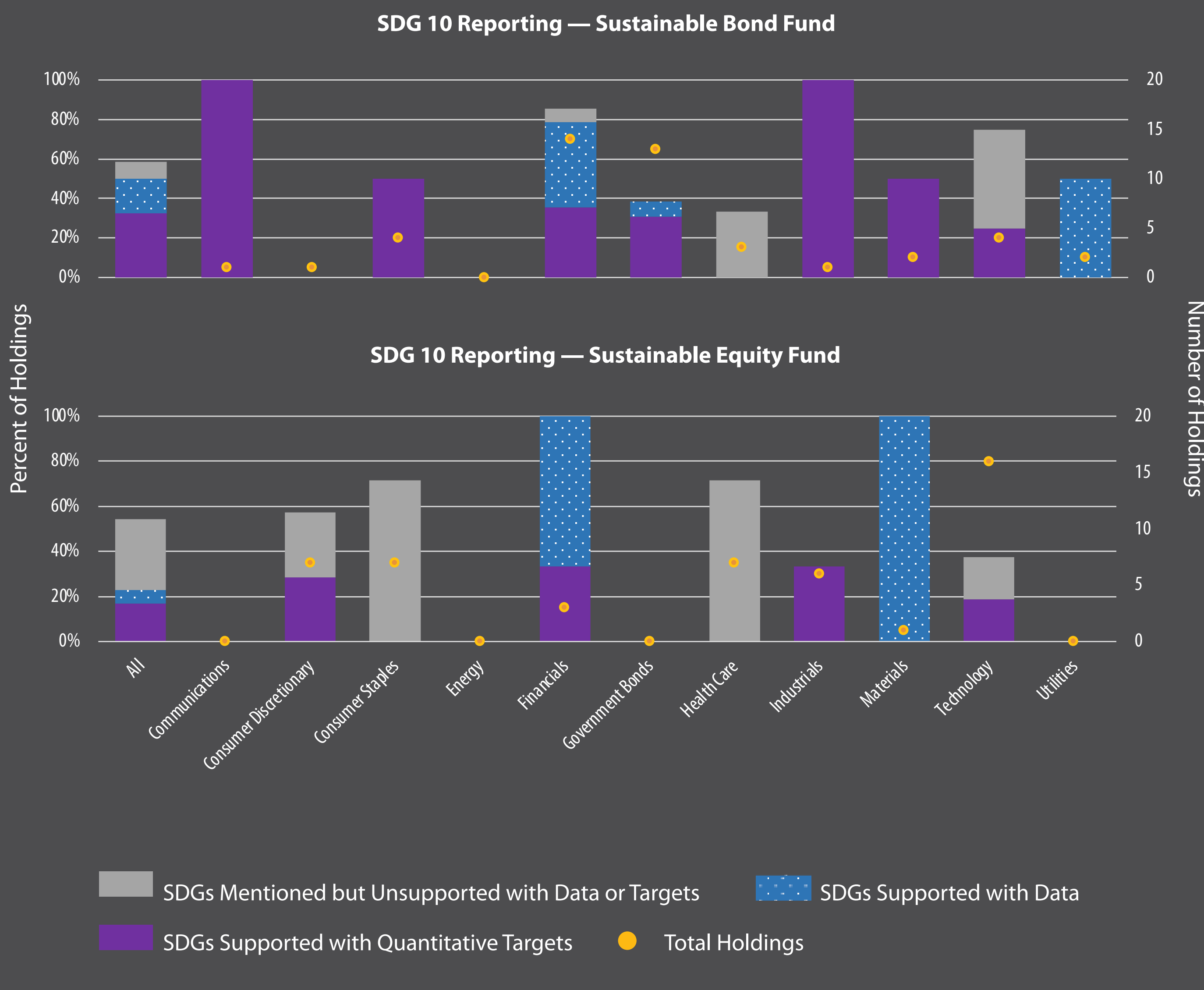
- Funds organizations that help prepare people for financial challenges and recover from difficult situations
- Has a broad impact, with around 2,000 people directly benefitting from programs supported by the Foundation in 2023, with more than 30,000 people benefiting indirectly[75]
- Provided over £1 million in funding to organizations in 2023[76]
- Targeted Relief Efforts
- Provided a £1,000 one-off payment to 48% of Ireland customers to help with higher living costs
- Direct Investment
- Directs 2% of operating profits annually to community investment

Diversity and Inclusion

Aviva's diversity program includes ethnicity and gender targets tied to executive leadership incentive compensation, fostering change from the top down.

By 2024, Aviva aims for women to hold 40% of senior management positions (2022: 37.3%), while targeting 12.5% ethnically diverse senior managers (2022: 9.4%).[77]

Sustainable Development Goals Reporting by Sector



The government bond sector includes sovereign, municipal, and US agency bonds.

11 SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient, and sustainable.

Case Study: New York City Housing Development Corporation–Sustainable Development Bonds[78]

SDG Target 11.1: By 2030, ensure access for all to adequate, safe, and affordable housing and basic services, and upgrade slums.

Key Themes: Low Carbon Buildings, Affordable Housing

Holdings: 3.64% of SEBFX in 2022 Series C and Series F bonds

With an overall vacancy rate of only 1.4%, New York City's housing crunch is among the worst it has been since vacancy records began in 1965.[79]

However, the vacancy rate for the lost rent levels is significantly lower at 0.39%, highlighting the desperate need for affordable units. In the past decade, only 400,000 units of housing have been built. Furthermore, this year's rent prices are seven times more than actual salaries.[80]

The NYC Housing Development Corporation is the nation's largest municipal housing finance agency, charged with helping to finance the creation or preservation of affordable housing for New Yorkers.[81]

The 2022 Series C and F bonds financed the new construction of 12 new affordable housing facilities in the Bronx, Manhattan, Brooklyn, and Queens. 94% of the units constructed will be affordable housing. The vast majority of these will be restricted to individuals and households earning less than 80% of the area median income (AMI) with additional tiers of deeper affordability. In several projects, such as the 157-unit Belmont Cove complex to be constructed in the Bronx, 24 of those units will be restricted to formerly homeless individuals.[82]

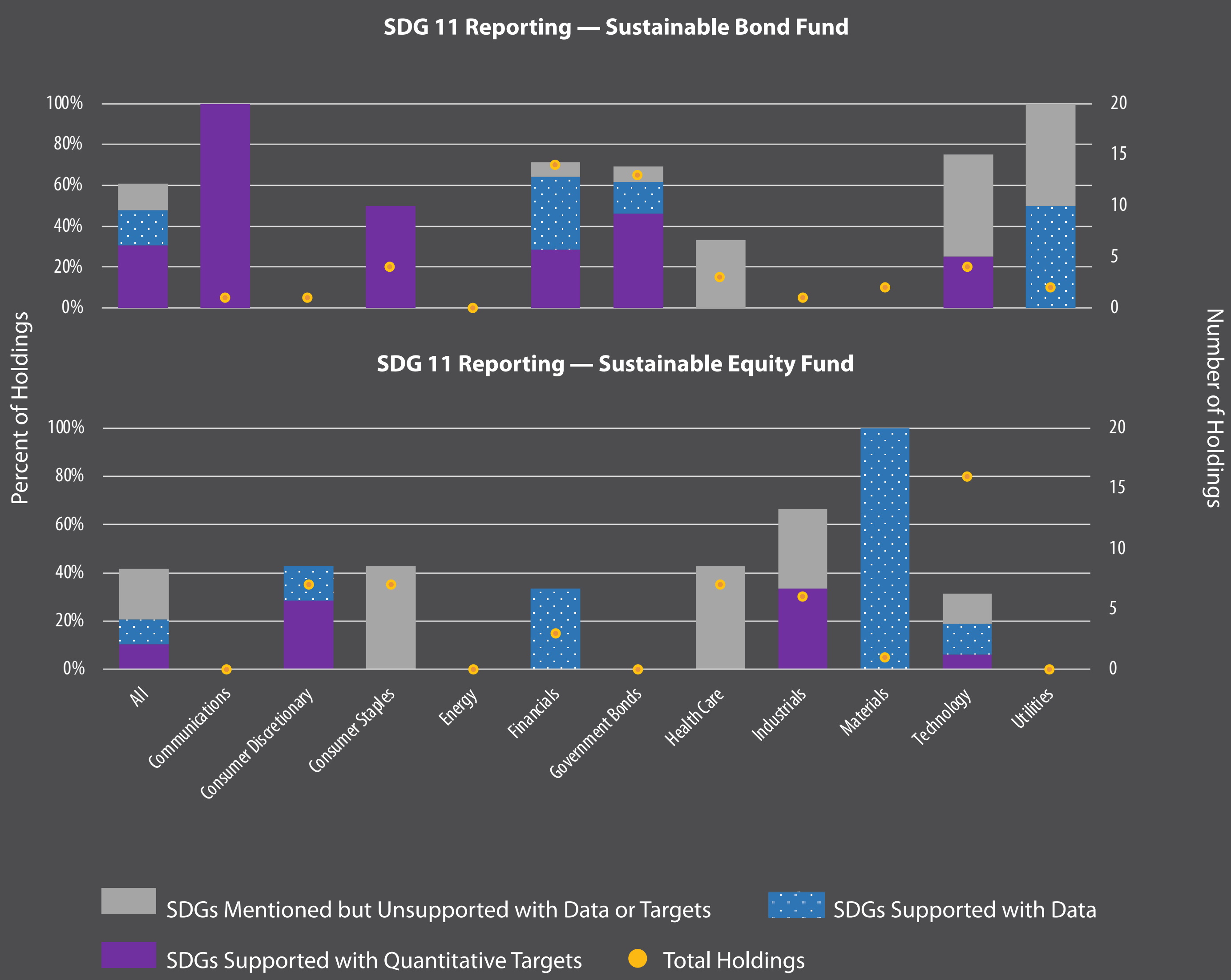
Atlantic Chestnut 2 — 436 Units

The project will deliver 436 units of 100% affordable housing, reserved for households earning between 30–90% of the AMI. Fifteen percent of the units will be set aside for formerly homeless New Yorkers. This project is located on the site of a formerly fire-damaged industrial property.[83]

Linden Grove — 153 Units

Linden Grove is an affordable housing community for income-qualified seniors. The bonds financed the new construction of a 13-story building containing 153 residential rental units in the Bushwick neighborhood of Brooklyn. All the units will be affordable to households earning at or below 60% AMI.[84,85]

Sustainable Development Goals Reporting by Sector



The government bond sector includes sovereign, municipal, and US agency bonds.

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

We are already seeing the human toll from climate change. Rising temperatures are causing an increasing number of deaths,[86] with climate disasters claiming the lives of more than 12,000 people globally last year.[87] Food scarcity,[88] wildfire smoke, water shortages, and flooding are impacting the quality of life for millions.[89]

The challenge for investors has always been how to navigate these risks and incorporate their analysis into the investment process. There is still no consensus on the amount potential impact to financial markets or how much risk is currently priced into the markets.[90]

We are facing events new to a globalized world. Academic journals largely ignored climate-related financial risk until about 2010.[91] However, a there is growing body of literature on asset pricing not reflecting the risk[92] and we could see global GDP losses up to 12% for every degree of warming. Under this scenario, a 3 C temperature increase could cause declines in output, capital, and consumption that exceed 50% by 2100 — a material risk for investors.[93]

Saturna has taken a science-based approach to reducing risks in the uncertainty ahead. We evaluate an investment's resilience to climate risks on multiple levels. We look at carbon emissions and their trends, as entities with high emissions may face more financial and operational burdens in the transition away from fossil fuels. However, we also layer on an analysis of the sector and the exposure to physical and transition risks as well as overall governance. We also look to an investment's ability to participate in opportunities related to the transition to a low-carbon economy, including bond issuers' potential positive impact.

Weighted Average Carbon Intensity

	1 Year Change	2024	2023	2022	2021	2020
MSCI All County World Index	-38.99	112.32	151.31	162.91	157.95	173.33
Sustainable Bond Fund	-11.31	45.87	57.18	53.59	74.57	42.03
Sustainable Equity Fund	0.20	19.47	19.27	22.81	38.49	49.47

Percent of holdings/constituents reporting (by number of holdings)

Case Study: Global Green Bond Projects

First Abu Dhabi Bank

The Bank's Sustainable Finance Program, including green bonds, has allocated $US 9.1B to green projects globally in renewable energy, climate adaptation, and clean transportation.

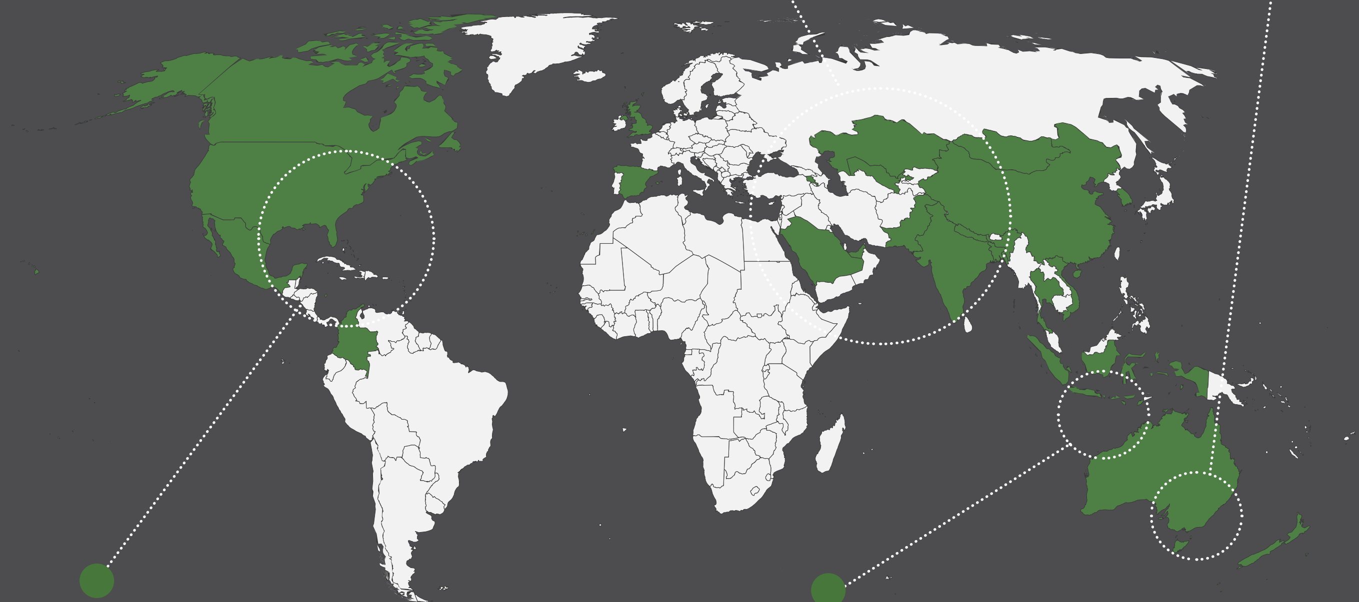
Total annual CO2 savings: 354,000 tonnes of CO2 avoided

Commonwealth Bank of Australia

Green bonds finance projects in green commercial buildings, renewable energy solar, clean transportation, and wind energy

Total annual CO2 savings: 973,025 tCO2-e* equivalent to taking approximately 211,527 cars off the road

** tCO2-e : tonnes of carbon dioxide equivalent*



Prologis, L.P. Green Bond Program

LEED certified building construction for industrial and logistics centers in Southern CA, Atlanta, Denver, Las Vegas and other cities.

Total CO2 savings: 19,893 MTCO2e/Year – equivalent to taking approximately 4,286 cars off the road.

Total electricity savings: 27,917 MWh/Year – equivalent to powering 2,350 average U.S. homes for a year.

Indonesia Sovereign Green Sukuk

Indonesia has issued $US 4.3B in Green Sukuk to finance climate resilience including solar projects, drinking water security, irrigation, and sustainable transport. About 65% has been spent on mitigation, and 35% on climate adaptation.

Total annual CO2 savings from sustainable transportation projects: 197,564 tonnes of CO2 avoided

Portfolio Key Performance Indicators

Discloses Scope 1 and either Scope 2 or Scope 3

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All County World Index	8%	53%	45%	44%	45%	64%	73%
Sustainable Bond Fund	0%	100%	100%	84%	83%	100%	88%
Sustainable Equity Fund	6%	82%	76%	72%	78%	90%	90%

Company has Strong GHG Reduction Program

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All County World Index	12%	55%	43%	45%	50%	49%	57%
Sustainable Bond Fund	6%	75%	69%	84%	100%	82%	76%
Sustainable Equity Fund	13%	87%	74%	75%	94%	74%	79%

Carbon Intensity is Below Industry Mean

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All County World Index	3%	36%	33%	31%	31%	26%	30%
Sustainable Bond Fund	6%	83%	77%	58%	75%	73%	56%
Sustainable Equity Fund	-12%	51%	63%	53%	59%	48%	46%

Carbon Intensity Decline More Than 10% in Past Three Years

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All County World Index	12%	44%	32%	32%	32%	27%	32%
Sustainable Bond Fund	-13%	25%	38%	32%	25%	73%	48%
Sustainable Equity Fund	14%	74%	61%	50%	50%	48%	40%

Percent of holdings/constituents reporting (by number of holdings)

Sustainable Development Goals
Reporting by Sector

The government bond sector includes sovereign, municipal, and US agency bonds.

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels.

Targets within SDG 16, Peace, Justice and Strong Institutions, include developing effective, accountable, and transparent institutions at all levels and to substantially reduce corruption and bribery in all forms. Good governance and effective policies are some of the most powerful tools corporations can use to combat corruption and provide transparency. Saturna Sustainable Funds seek to invest in companies with quality boards and often that includes those with strong anti-bribery and anti-corruption policies. Good governance is the foundation upon which good corporate decisions are made and where the full integration of environmental, social, and governance factors starts.

Holdings With More Than 75% Board Independence

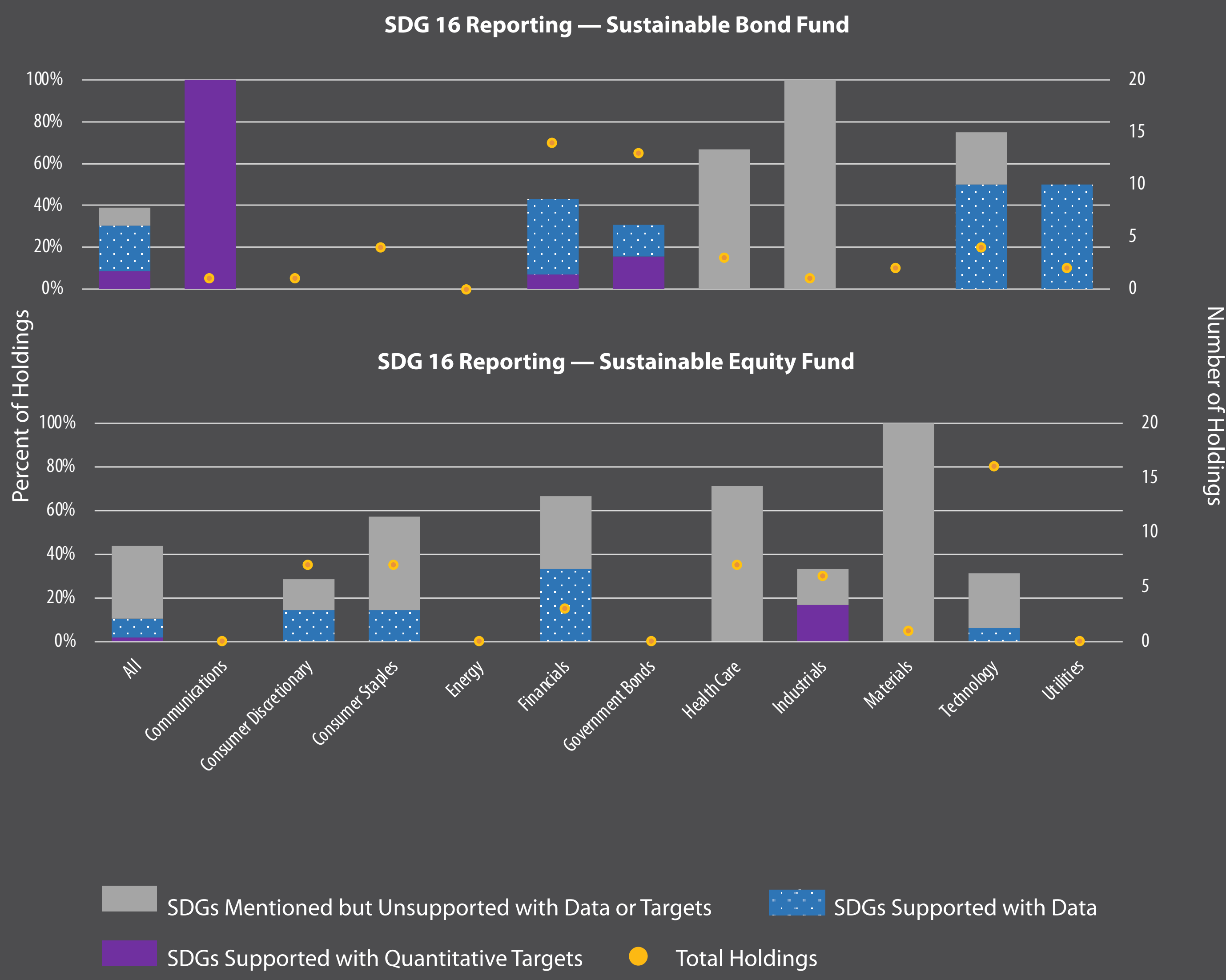
	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All County World Index	-1%	38%	39%	37%	38%	39%	44%
Sustainable Bond Fund	-7%	82%	89%	86%	78%	75%	69%
Sustainable Equity Fund	-2%	67%	69%	67%	67%	60%	55%

Weighted Average Carbon Intensity

	1 Year Change	2024	2023	2022	2021	2020	2019
MSCI All County World Index	5%	57%	52%	49%	46%	41%	64%
Sustainable Bond Fund	-7%	69%	77%	84%	86%	87%	93%
Sustainable Equity Fund	-1%	83%	84%	84%	80%	75%	85%

Percent of holdings/constituents reporting (by number of holdings)

Sustainable Development Goals Reporting by Sector



The government bond sector includes sovereign, municipal, and US agency bonds.

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Ownership of Securities Mentioned

As of June 30, 2024, the Funds held the following percentages of securities in their portfolios (% of net assets):

	Saturna Sustainable Bond	Saturna Sustainable Equity
Roche	0.56%	1.25%
Women's Livelihood Bond	1.66%	-
International Bank Reconstruction and Development	4.33%	-
Majid Al Futtaim Sukuk	2.25%	-
Schneider Electric ADR	-	3.29%
Tractor Supply	-	2.70%
Aviva	-	2.22%
New York City NY HSG Dev Corp	3.64%	-
First Abu Dhabi Bank	3.64%	-
Commonwealth Bank Australia	1.64%	-
Prologis	1.16%	-
Perusahaan Penerbit SBSN	1.05%	-

About the Authors

Elizabeth Alm CFA®
Senior Investment Analyst and Deputy Portfolio Manager

Elizabeth Alm, 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.

Patrick Drum MBA, CFA®, CFP®
Senior Investment Analyst and Portfolio Manager

Patrick T. Drum, Senior Investment Analyst and Portfolio Manager, joined Saturna Capital in October 2014.

He is a former adjunct professor of finance for the Sustainable MBA Program at the Bainbridge Graduate Institute (BGI) currently known as Presidio Graduate School. Mr. Drum 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 and a Certified Financial Planner®.

Prior to joining Saturna Capital, Mr. Drum led environmental, social, and governance (ESG) research and was director of fixed-income portfolio management since 2007 with a private account group at UBS Institutional Consulting Services specializing in investment management for global conservation and national wildlife park endowments as well as sustainable-social screened client portfolios. He is a former Chair of the United Nation's Principles for Investment (UNPRI) Fixed Income Outreach Subcommittee and a current member of the UNPRI's Bondholder Engagement Working Group (BEWG), an advisory committee working to elevate important ESG considerations and best practices among issuers and investors.

Mr. Drum's past experience also includes business valuation at Moss Adams and portfolio management at Washington Mutual Bank. Mr. Drum is a member of the Board of Trustees to the Museum of Glass in Tacoma and a member of Rotary.

Pierce McCrerey
Junior Fixed Income Analyst

Pierce McCrerey, Junior Fixed Income Analyst, joined Saturna in June 2021. He graduated from Montana State University in Bozeman with a BS in Business Finance and a minor in Entrepreneurship. Prior to Saturna, he worked in custom home construction and renovation. He is currently a CFA Level II Candidate. Outside of the office, Pierce enjoys skiing, mountain biking, and traveling around the world.

The Saturna Sustainable Funds limit the securities they purchase to those consistent with sustainable principles. This limits opportunities and may affect performance.

Investing involves risk, including possible loss of principal. Generally, an investment that offers a higher potential return will have a higher risk of loss. Stock prices fluctuate, sometimes quickly and significantly, for a broad range of reasons that may affect individual companies, industries, or sectors. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. A bond fund's price will typically follow the same pattern. 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." Investing in foreign securities involves risks not typically associated directly with investing in US securities. These risks include currency and market fluctuations, and political or social instability. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.

The Saturna Sustainable Bond Fund limits the securities it purchases to those consistent with sustainable principles. This limits opportunities and may affect performance. Fund share prices, yields, and total returns will change with market fluctuations as well as the fortunes of the countries, industries, and companies in which it invests. The risks inherent in the Sustainable Bond Fund depend primarily on the terms and quality of the obligations in its portfolio, as well as on bond market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. Bonds with longer maturities usually are more sensitive to interest rate changes than bonds with shorter maturities. 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. Issuers of high-yield securities are generally not as strong financially as those issuing higher quality securities. High-yield bonds may have low or no ratings, and may be considered "junk bonds." Foreign investing involves risks not normally associated with investing solely in US securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and the lack of uniform financial, social, and political standards. Foreign investing heightens the risk of confiscatory taxation, seizure or nationalization of assets, establishment of currency controls, or adverse political or social developments that affect investments. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world. Liquidity risk exists when particular investments are difficult to sell. Investments by the Funds in foreign securities and those that are thinly traded, such as lower quality issuers, tend to involve greater liquidity risk. The market for certain investments may become illiquid under adverse market or economic conditions.

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