

SATURNA INVESTMENT TRUST

1300 N. State Street
Bellingham, Washington 98225

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800/SATURNA



Idaho Tax-Exempt Fund

Ticker Symbol: NITEX

Statement of Additional Information

March 30, 2010

Idaho Tax-Exempt Fund (the "Fund") is a series of Saturna Investment Trust (the "Trust").

This Statement of Additional Information is not a Prospectus. It merely furnishes additional information concerning the Idaho Tax-Exempt Fund that is not included in the Prospectus. It should be read in conjunction with the Prospectus.

The Trust's Annual Report to shareowners for the Fund dated November 30, 2009, accompanying notes and Report of Independent Registered Public Accounting Firm appearing in the Annual Report, are incorporated by reference and made a part of this Statement of Additional Information.

You may obtain a Prospectus dated March 30, 2010 and shareowner Annual and Semi-Annual reports without charge by writing to the address shown above, calling toll-free to 888/732-6262, and at www.idahotaxexemptfund.com.

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History of the Fund

Saturna Investment Trust (the "Trust") is a business trust formed pursuant to RCW 23.90 of the laws of the State of Washington to operate as an open-end management company. When formed on February 20, 1987, the name was Northwest Investors Tax-Exempt Business Trust. The Trust's name was changed to Northwest Investors Trust on October 12, 1990. Most recently, in connection with the formation of the Sextant Funds, the Trust's name was changed to Saturna Investment Trust on September 28, 1995.

The Trust has six separate Funds, one of which is offered through a Prospectus and this Statement of Additional Information: Idaho Tax-Exempt Fund (commenced operation September 4, 1987). The other five Sextant Funds are offered through a separate Prospectus and Statement of Additional Information.

Fund Descriptions, Investments and Risks

Classification

Saturna Investment Trust is a "series trust" that presently offers the Idaho Tax-Exempt Fund, an "open-end diversified investment management company" to investors. The Fund invests in debt securities issued by the State of Idaho and its political subdivisions. Such an investment concentration can present special benefits and risks.

Investment Strategies

The Prospectus describes the principal investment strategies and risks of those strategies.

The adviser may direct investments in other tax-exempt investment companies which do not concentrate their investments in Idaho bonds, but nevertheless yield income which is exempt from both Federal income and alternative minimum taxation. Such income may be taxable at the state level. It is the policy of the Fund not to devote more than 5% of its total assets to any one investment company, nor to devote greater than 10% of its total assets to investments in investment companies generally. It is anticipated that shares of such investment companies may be obtained by an affiliated broker/dealer, Saturna Brokerage Services (the "Distributor"), which has agreed to act as agent for the Fund and not charge a commission or receive any compensation on purchases of securities made on behalf of the Fund. The purchase of securities of other investment companies may result in the Fund's shareowners paying investment advisory fees twice on the same assets.

Non-Rated Bonds. The adviser believes that many of the debt securities issued by the State of Idaho or its political subdivisions, agencies or instrumentalities are small issues in total dollars, and are typically issued by smaller communities or instrumentalities to obtain capital. Because of the small size

of such issues, the expense of obtaining a rating for the issued obligation (bond) is typically not undertaken. Without a rating, investors must rely solely on their own analysis and investigation to determine investment risk and worth of such bonds. Since the cost of such analysis and investigation is typically not considered warranted due to the size of such issues, despite a higher return typically available from such non-rated bonds, issues of non-rated bonds generally do not have a trading market consisting of as many dealers as comparable rated issuers. Occasionally, the financial institution lending the funds to a municipality receives the bond and holds it until maturity. As a result, although trading markets exist for non-rated bonds, generally the number of dealers participating in the market are fewer than that which exists for rated bonds. Although all bonds are traded on the basis of dealers' perception of credit-worthiness, a non-rated bond having greater recognition among dealers will have a market consisting of a greater number of dealers than will the market for a bond not having as great a recognition. The adviser anticipates that investment in non-rated bonds will occur only when the adviser believes the credit of the issuer of such non-rated bonds is such so as to warrant an investment without unreasonable risk to the preservation of capital and which is sufficiently recognized among the market dealers so as to provide ready marketability of the investment.

The adviser believes that there exist bonds that constitute good investments that will promote the investment objectives of the Fund. Purchases of bonds on behalf of the Fund may be made directly from the issuer. Some purchases are by sealed bid, with the entire issue being awarded to the lowest interest rate that is bid. Most issuers are willing to negotiate a rate directly with the managing underwriter and/or purchaser. In this instance, the adviser will deal in good faith to arrive at a competitive rate.

In contemplating the rate at which to bid a bond, the adviser may consider the opinions and evaluations of independent broker/dealers specializing in Idaho municipal bonds. Such brokers may also be requested to render their opinions as to the value of the Fund's investment securities. The adviser may consider such evaluations and valuation services provided by such independent brokers in determining where it effects transactions in investment securities.

Investments. The Fund invests at least 40% of total assets in municipal securities rated "A" or better by Moody's Investors Service, Inc. ("Moody's") or Standard and Poor's ("S&P"). The Fund invests more heavily in rated bonds for various purposes, including (a) diversification or greater liquidity, (b) when the difference in returns between rated and non-rated bonds is not material, or (c) when interest rates are expected to increase.

Under normal circumstances the Fund may invest up to 60% of total assets in non-rated bonds only when the adviser believes the credit of the issuer warrants an investment without unreasonable risk to the preservation of capital and the bonds are sufficiently recognized among the market dealers so as to provide the ready marketability of the investment. The

Fund employs the services of independent broker/dealers specializing in municipal bonds to assist the adviser in both (1) determining the purchase price of bonds and (2) validating bond prices used for net asset value computation purposes.

In evaluating bonds, the adviser analyzes the extent of investment risk by policies that include:

- (1) The extent of unemployment within the assessment district for the issuer of a bond and the extent to which this may affect repayment of the bond at maturity;
- (2) The extent to which the real property within the assessment district is owned by a small number of persons or entities and the relative economic strength of such persons or entities which may affect repayment of the bond at maturity;
- (3) The financial position of Idaho and the political subdivision, including, but not limited to, the extent of its existing indebtedness.

These limitations and policies are considered primarily at the time of purchase. The sale of a bond is not mandated in the event of a subsequent change in circumstances. Indeed, bonds are commonly held until maturity, when the bond will be redeemed for its full face value, assuming no defaults. Nonetheless, bonds may be sold prior to maturity for various purposes, such as a desire for greater liquidity or to preserve capital.

The Fund invests predominantly in municipal obligations issued by the State of Idaho or its political subdivisions, agencies or instrumentalities ("Municipality"). These municipal obligations generally include Municipal bonds, Municipal notes, Municipal commercial paper, and any other obligation from which the payment of interest, in the opinion of the bond issuer's counsel, is exempt from Federal and Idaho State income tax. General descriptions of these investments are:

Municipal bonds are debt obligations issued to obtain funds for various public purposes such as construction of public facilities (e.g., airports, highways, bridges, and schools). Maturities of municipal bonds at the time of issuance may range from one year to 30 years or more.

Municipal notes are short-term obligations of municipalities, generally with a maturity ranging from six months to three years. The principal types of notes include tax, bond, and revenue anticipation notes and project notes.

Municipal commercial paper refers to short-term obligations of municipalities, which may be issued at a discount. Such paper is likely to be issued to meet seasonal working capital needs of the Municipality or interim construction financing. Municipal commercial paper is, in most cases, backed by letters of credit, lending agreements, note repurchase agreements, or other credit facility agreements offered by banks and other institutions.

Municipal notes and commercial paper obligations are usually

issued in the following circumstances: (a) When borrowing is in anticipation of long-term financing, the paper is generally referred to as a bond anticipation note ("BAN"). Cities are authorized to issue revenue BANs. The maturity date cannot exceed five years from the date of issue. Payment can be extended for not more than three years from their maturity date. BANs are secured by income and revenues derived by the city from the project and from the sale of the revenue bonds in anticipation of which the notes are issued. (b) Borrowings to level temporary shortfalls in revenue occasioned by irregular receipts of taxes are generally referred to as tax anticipation notes ("TAN"). Taxing districts, including counties, any political subdivision of the state, any municipal corporation, school districts, any quasi-municipal corporation or any other public corporation authorized to levy taxes, are authorized to borrow money and issue a TAN. The TANs must mature no longer than one year from the date of issue and are issued in anticipation of collection of taxes in the current fiscal year. The taxing district is limited to an amount equal to 75% of the taxes levied in the current fiscal year and not yet collected. The full faith and credit of the taxing districts back TANs. The State of Idaho is also authorized to issue a TAN in anticipation of income or revenue from taxes, but is forbidden by its constitution to engage in deficit spending or long-term borrowing. The term of the obligation is the shorter of 12 months or to the end of the fiscal year. Likewise, the borrowed amount cannot exceed 75% of the income or revenue from taxes which the State tax commission or other tax collection agency certifies is reasonably anticipated to be collected during the current fiscal year.

Municipal bonds include debt obligations issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds may be used to refund outstanding obligations, to obtain funds for general operating expenses, or for lending public or private institutions funds for the construction of educational facilities, hospitals, or housing, or for other public purposes. The two principal classifications of municipal bonds are general obligation and limited obligation (or revenue) bonds. Limited project bonds are known as local improvement district ("LID") bonds.

General obligation bonds ("GO Bonds") are those obligations of an issuer to which the full faith and credit of the municipality is pledged. The proceeds from GO Bonds are used for a wide variety of public uses, including, but not limited to, public facilities such as the structure or improvement of schools, highways, and roads, water and sewer systems, and facilities for a variety of public purposes. A GO Bond is paid from ad valorem property taxes or from other tax sources. Many types of obligations may be general obligations of a municipality whether or not they are incurred through the issuance of bonds. GO Bonds may be incurred in the form of a registered warrant, conditional sales contract, or other instrument in which an unconditional and unlimited promise to pay from ad valorem taxes is made.

Revenue bonds may be issued to fund a wide variety of revenue-producing capital projects including, but not limited to,

electric, gas, water and sewer systems, highways, bridges, and tunnels, airport facilities, colleges and universities, hospitals, and health, convention, recreational, and housing facilities. Although the principal security of these bonds varies, generally, revenue bonds are payable from a debt service reserve fund, the cash for which is derived from the operation of the particular utility or enterprise. Revenue bonds are not general obligations. The revenues of the particular utility or system secure them. They can be issued by agencies of a state and can also be issued by political subdivisions including counties, cities, towns, water districts, sewer districts, irrigation districts, port districts, and housing authorities.

The Fund will invest in revenue bonds with a coverage factor between net revenue to the annual debt service of a minimum of 1 to 1.25. Only issues that have a debt service reserve fund balance equal to the average annual debt service will be purchased.

Local Improvement District ("LID") bonds are secured by assessments levied against the properties benefited by the improvements constructed with the proceeds of the bonds. This type of financing is available to counties, water and/or sewer districts, highway districts, irrigation districts, and cities. The property must be specially benefited by the improvements constructed out of the proceeds of the bonds, generally within a local improvement district.

Private Activity Bonds, including Industrial Development Bonds ("IDB"), are commonly issued by public authorities but generally are not secured by any taxing power. Rather, they are secured by the revenues derived from the lease or rental payments received from the industrial user, and the credit quality of such municipal bonds is usually directly related to the credit standing of the user of the facilities. Since 1986 there have been substantial limitations on new issues of municipal bonds to finance privately operated facilities. To the extent such municipal bonds would generate income that might be taxed under federal alternative minimum tax provisions, the Fund does not invest in Private Activity bonds. The Fund does not anticipate that greater than 5% of the Fund's total assets will be invested in Private Activity Bonds.

The Fund may purchase certain variable or floating rate obligations in which the interest rate is adjusted at predesignated periodic intervals (variable rate) or when there is a change in the market rate of interest on which the interest rate payable on the obligation is based (floating rate). Variable or floating rate obligations may include a demand feature that entitles the purchaser to demand prepayment of the principal amount prior to stated maturity. Also, the issuer may have a corresponding right to prepay the principal amount prior to maturity.

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 ("credit risk"), and on market conditions. Only consider investing in the Fund if you are willing to accept the risk that you may lose money.

Credit risk 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, making the value of that bond in the Fund's portfolio less. 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. Bonds in the Fund's portfolio may be insured against the possibility of defaults, but the ability of bond insurers could be impaired, in whole or in part. In such a case, the value of such insurance would be reduced in value or of no value.

The Fund is also affected by market risk, which includes the probability that prices for bonds held by the Fund will increase or decrease as market prices change. For example, a general rise in interest rates usually will decrease bond prices, including those bonds in the Fund's portfolio. Lower interest rates can be expected to increase bond prices.

Market risk related to municipal bonds also entails changes in investor perceptions about the state or other entities issuing bonds. Investing only in Idaho bonds means the Fund has greater exposure to events in that State. Factors such as political, economic and financial trends in the State of Idaho will affect market prices for the Fund's holdings of Idaho issuers, regardless of the actions of the broader market for municipal bonds. Investor perceptions of those events will cause bonds in the Fund's portfolio to vary up and down.

Market risk also includes the concept of "liquidity," the ability of security holders to purchase and sell securities. Liquidity can relate to securities markets as a whole, or to the market for only one or a few types of securities. Should a market become "illiquid" (lose liquidity), the ability to purchase and sell securities disappears. Holders of securities that are illiquid may have little or no ability to dispose or purchase securities as desired. Adverse market conditions can cause investors to place a premium on highest quality liquid securities (such as U.S. Treasury securities), which can result in a relative increase in interest rates for other types of bonds. Bonds that are less liquid, such as municipal bonds, may be affected by material increases in the general level of risk aversion and any resulting decrease in liquidity for non-U.S. government obligations.

Fund Policies

Investment objectives and certain policies of the Fund may not be changed without the prior approval of the holders of the majority of the outstanding shares of the Fund. Objectives and policies which are considered fundamental and subject to change only by prior approval of the shareowners include: (1) the primary and secondary investment objectives; (2)

the 80% of assets minimum investment in Idaho tax-exempt income securities; and (3) the policies listed under "Investment Restrictions."

Investment Restrictions

In addition to the restrictions stated in the Prospectus, the Fund shall not purchase securities on margin or sell securities short or purchase or write put or call options; purchase "restricted securities" (those which are subject to legal or contractual restrictions on resale or are otherwise not readily marketable); nor invest in oil, gas or other mineral exploration leases and programs. The Fund shall not make loans to others, except for the purchase of debt securities, or enter into repurchase agreements. The Fund shall not invest in securities so as to not comply with Subchapter M of the Internal Revenue Code, in that generally at the close of each quarter of the tax year, at least 50% of the value of each Fund's total assets is represented by (i) cash and cash items, government securities, and securities of other regulated investment companies, and (ii) other securities, except that with respect to any one issuer in an amount more than 5% of either Fund's total assets, and no more than 10% of the Fund's voting securities of any one issuer. In addition, the Fund shall not purchase real estate; real estate limited partnerships; commodities or commodity contracts; issue senior securities; provided, however, that a fund may borrow money for extraordinary or emergency purposes and then only if after such borrowing there is asset coverage of at least 300% for all such borrowings; nor act as a securities underwriter except that they may purchase securities directly from the issuer for investment purposes. Also, the Fund shall not purchase or retain securities of any issuer if the officers or trustees of the Fund or its adviser own more than one-half of one percent of the securities of such issuer; invest in any company for the purpose of management or exercising control. The Fund shall not purchase securities of any issuer in excess of 5% of the Fund's total assets or purchase more than 10% of the outstanding voting securities of any issuer; or concentrate its investments in a single industry beyond 25% of the total value of the Fund; or invest more than 10% of its assets in the securities of issuers which together have a record of less than three years continuous operation.

Temporary Defensive Position

During uncertain market or economic conditions, the Idaho Tax-Exempt Fund may adopt a temporary defensive position and invest more than 20% of assets in cash or equivalents, government securities, unaffiliated money-market mutual funds, and other debt securities having an "A" rating or better. While such defensive investments may not contribute to the primary objective of tax-free income, they do assist the secondary objective of capital preservation.

Portfolio Turnover

The Fund places no restrictions on portfolio turnover and the Fund will buy or sell investments according to the adviser's appraisal of the factors affecting the market and the economy. The adviser does not anticipate significant variation from the relatively low portfolio turnover rates experienced in the past.

Portfolio Information

The Fund publishes its complete portfolio holdings online after each month-end (www.idahotaxexemptfund.com). It publishes annual and semi-annual reports containing portfolio holdings. It files periodic reports with the SEC containing portfolio holdings, which may be published online. The Fund may provide dealers, financial services and reporters with month-end portfolio holdings. The Fund only discloses month-end portfolio holdings. No other disclosures are made. No person associated with the Fund receives compensation in connection with disclosures of portfolio information. Information about open trades, strategies, and investment programs is proprietary information of the adviser and kept confidential.

Management of the Fund

Board of Trustees

A Board of five Trustees supervises the Funds: Nicholas Kaiser, John E. Love, Gary A. Goldfogel, Herbert G. Grubel, and Ronald H. Fielding. The Trustees establish policies, as well as review and approve the Fund's investment advisory contracts and their continuance. The Trustees also elect the officers, determine the amount of any dividend or capital gain distribution and serve on any committees of the Trust. Four Trustees are Independent, having no relationship with the adviser or its affiliates, and solely consider the interests of shareowners.

The Board has authority to establish an Executive Committee with the power to act on behalf of the Board between meetings and to exercise all powers of the Trustees in the management of the Trust. No Executive Committee has been established at this time. An Audit Committee operating under a specific charter and consisting of the disinterested directors meets to select the independent registered public accounting firm and review all audit reports. The Audit Committee held one meeting during the fiscal year. The Board has a nominating committee, which will consider shareowners for nominations who submit their written qualifications to the Secretary.

Compensation

The Trust currently pays disinterested trustees \$1000 per meeting attended, plus \$2000 per year retainer, plus reimbursement of travel expenses (pro-rata to each Fund of the Trust). Trustees are also compensated for committee meetings and chairmanships. Mr. Kaiser receives no compensation from the Trust, nor are the other officers of the Trust paid for their duties with the Trust; except that Mr. Winship has been retained by the Trust as Chief Compliance Officer, for which he is compensated. Table 2 provides the total compensation paid trustees for the fiscal year ended November 30, 2009.

Code of Ethics

The Trust, its investment adviser Saturna Capital Corporation, and its principal underwriter Saturna Brokerage Services, have adopted a common Code of Ethics under Rule 17j-1 of the Investment Company Act and Rule 204a-1 of the Investment Advisers Act. The Code permits personnel subject to the Code (as defined in the Code) to invest in securities, including common stocks and mutual funds. To prevent conflicts of interest, the Code includes restrictions on the investing in common stocks that may be purchased by the Funds. A copy of the Code is available without charge by contacting the Trust or Saturna Capital Corporation.

Table 1: Management Information

Name, Address, and Age	Position(s) Held with Trust	Principal Occupation(s) during past 5 years	Dollar Range in Funds of Saturna Investment Trust	Number of Portfolios in Saturna fund complex overseen by Trustee	Other Directorships held by Trustee
Independent Trustees					
John E. Love 1002 Spokane Street Garfield, WA 99130 Age: 77	Independent Trustee since 1987; Independent Chairman	Owner, J.E. Love Co., (agricultural equipment manufacturer)	Growth: \$10,001-50,000 International: over 100,000 Core: \$10,001-50,000 Short-Term Bond: \$50,001-100,000 Bond Income: \$50,001-100,000	Six	None
Gary A. Goldfogel, MD 1500 N. State Street Bellingham, WA 98226 Age: 51	Independent Trustee since 1995	Medical Examiner (pathologist). Owner, Avocet Environmental Testing (laboratory)	Growth: over \$100,000 International: over \$100,000 Core: over \$100,000 Bond Income: \$50,001-100,000	Six	None
Herbert G. Grubel, PhD 125 West Second St. Apt. 1202 North Vancouver, BC Canada V7M 1C5 Age: 76	Independent Trustee since 2005	Senior Fellow, Fraser Institute; Professor (Emeritus) of Economics, Simon Fraser University; Author	Growth: \$10,001-50,000	Nine	Amana Mutual Funds Trust
Ronald H. Fielding 42 Surfson Rd. Kiawah Island, SC 29455 Age: 61	Independent Trustee since 2009	Retired (2009); Senior Vice President & Portfolio Manager, OppenheimerFunds Rochester Division	None	Six	None
Interested Trustee					
Nicholas F. Kaiser, MBA* 1300 N. State Street Bellingham, WA 98225 Age: 63	President and Trustee since 1990	Chairman (retired president 2009), Saturna Capital Corporation (the Trust's investment adviser)	Growth: over \$100,000 International: over \$100,000 Core: over \$100,000 Short-Term Bond: over \$100,000 Bond Income: over \$100,000 Idaho Tax-Exempt: over \$100,000	Nine	Amana Mutual Funds Trust
Officers Who Are Not Trustees					
Phelps S. McIlvaine* 1300 N. State Street Bellingham, WA 98225 Age: 56	Vice President since 1994	Vice President, Saturna Capital Corporation (the Trust's investment adviser) Treasurer, Saturna Brokerage Services (the Trust's distributor)	Growth: \$50,001-100,000 International: \$50,001-100,000 Short-Term Bond: \$10,001-50,000	N/A	N/A
Ethel B. Bartolome* 1300 N. State Street Bellingham, WA 98225 Age: 37	Secretary since 2001	Corporate Administrator, Saturna Capital Corporation (the Trust's investment adviser)	Growth: \$1-10,000 International: \$1-10,000 Core: \$1-10,000	N/A	N/A
Christopher R. Fankhauser* 1300 N. State Street Bellingham, WA 98225 Age: 38	Treasurer since 2002	Chief Operations Officer, Saturna Capital Corporation (the Trust's investment adviser)	Growth: \$10,001-50,000 International: \$10,001-50,000 Core: \$1-10,000 Bond Income: \$1-10,000 Short-Term Bond: \$1-10,000	N/A	N/A
James D. Winship* 1300 North State Street Bellingham, WA 98226 Age: 62	Chief Compliance Officer since 2004	Attorney; Chief Compliance Officer, Saturna Capital and Funds; General Counsel, Saturna Capital	Growth: \$10,001-50,000 International: \$50,001-100,000 Core: \$1-10,000	N/A	N/A

*Messrs. Kaiser, McIlvaine, Fankhauser, Winship, and Mrs. Bartolome are "interested persons" of the Trust as officers and/or employees of the adviser, Saturna Capital Corporation. Messrs. Kaiser, Fankhauser, and Winship and Mrs. Bartolome hold the same positions with Amana Mutual Funds Trust, which has two Fund portfolios, and is also managed by Saturna Capital Corporation.

Table 2: Trustee Compensation for Fiscal Year ended Nov. 30, 2009

Name of Person; Position	Aggregate Compensation from Trust	Pension or Retirement Benefits Accrued as Part of Trust Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation From Trust and Fund Complex Paid to Trustees
John E. Love; Trustee, Chairman	\$4,300	\$0	\$0	\$4,300
John S. Moore; Trustee	\$4,300	\$0	\$0	\$4,300
Gary A. Goldfogel; Trustee	\$3,800	\$0	\$0	\$3,800
Herbert G. Grubel; Trustee	\$3,800	\$0	\$0	\$3,800
Ronald H. Fielding; Trustee	\$0	\$0	\$0	\$0
Nicholas F. Kaiser; Trustee	\$0	\$0	\$0	\$0

Principal Holders of Securities

As of March 1, 2010 the following are the only persons known to the Trust to be the beneficial owner of more than five percent of the Idaho Tax-Exempt Fund:

Table 3: Principal Holders of Securities as of Mar. 1, 2010

Name and Address	Shares	Percentage
Charles Schwab & Co., Inc. FBO Our Customers 101 Montgomery St. San Francisco, CA 94104	422,174	15.86%
Ameritrade Inc. FBO Our Customers P.O. Box 2226 Omaha, NE 68103-2226	391,665	14.72%
Max G. Gibson P.O. Box 858 Blackfoot, ID 83221	155,370	5.83%

As of Dec. 31, 2009, the officers and Trustees (plus affiliated family members and entities), as a group, owned 66,192 shares of Idaho Tax-Exempt Fund (2.5%).

Investment Advisory and Other Services

Investment Adviser and Administrator

Saturna Capital Corporation, 1300 N. State Street, Bellingham, Washington 98225, is the Investment Adviser and Administrator (the "adviser") for the Fund. Saturna Capital is also the Fund's shareowner servicing agent. Mr. Nicholas Kaiser, chairman of the board of Saturna Capital, through his ownership of 88% of its voting stock, is the controlling person of the adviser. Mr. Phelps McIlvaine is the principal portfolio manager of the Idaho Tax-Exempt Fund, and a shareowner and member of the board of the adviser.

A discussion of the trustees' approval of the continuance of the investment advisory and administration agreements is available in the Trust's November 30, 2009 annual report.

Advisory Fee

The Fund is obligated to pay Saturna Capital monthly an advisory fee at the annual rate of 0.50% of the average daily net assets up to \$250 million, 0.40% of assets between \$250 million and \$1 billion, and .30% of assets in excess of \$1 billion.

For each of the fiscal years ended November 30, 2007, 2008 and 2009, respectively, the advisory fees (after expense limitations) the Fund paid Saturna Capital were \$46,122, \$56,900 and \$66,927 respectively. A discussion regarding the basis for the board of directors approving the investment advisory contract of the Fund is available in the Fund's annual or semi-annual report to shareowners,

as applicable, and providing the period covered by the relevant annual or semi-annual report.

Portfolio Managers

All Saturna Capital employees, including Phelps McIlvaine and other portfolio managers, are paid an annual salary, as set by the board of Saturna Capital. The board also pays bonuses, that are partly dependent on the profits of Saturna Capital and may also reflect the results of specific managed accounts or specific businesses of Saturna Capital. As owners of shares and/or options of Saturna Capital Corporation, Mr. McIlvaine may benefit from any increase in its value per share that might result from its operations or profits. All Saturna Capital employees are eligible for a retirement plan, health and other benefits, and a stock option plan. Stock options are annually awarded on the basis of years of service, and not individual performance. Mutual fund portfolio managers are paid a monthly bonus (which may be shared with other employees) when a fund achieves an overall rating of 4 or 5 stars from Morningstar. The bonus is 1% of the adviser's net monthly fee (which is based on both assets and performance) for a 4-star rating, and 2% of the monthly fee for a 5-star rating.

In addition to managing the Fund, Mr. McIlvaine also manages two other mutual funds, Sextant Bond Income Fund and Sextant Short-Term Bond Fund, and 2 other accounts. Of these other accounts, none has a fee that is based on performance of the account.

Saturna's portfolio managers manage multiple accounts, including mutual funds and separate accounts for individuals, investment partnerships, pension funds and charities. Portfolio managers make investment decisions for each account based on the investment objectives, policies, practices and other relevant investment considerations that the managers believe are applicable to that account. The management of multiple accounts may give rise to potential conflicts of interest whether the accounts have similar or different objectives, benchmarks, time horizons and fees because the portfolio manager must allocate his time and investment ideas across multiple accounts. Consequently a manager may purchase (or sell) a security for one account and not for another. The adviser has adopted policies designed to fairly allocate securities purchased or sold on an aggregated basis. Transactions executed for one account may adversely affect the value of securities held by other

Table 4: Portfolio Manager

Portfolio Manager:	Phelps McIlvaine
Trust portfolios served as primary manager (assets):	Sextant Bond Income Fund (\$3,895,089) ¹ Sextant Short-Term Bond Fund (\$4,085,782) ¹ Idaho Tax-Exempt Fund (\$14,575,949)
Other investment company portfolios served as primary manager (assets):	None
Other pooled investment vehicles served as primary manager (assets) ¹ :	None
Other accounts (assets):	Two (\$3,672,172)

¹Assets as of Dec. 31, 2009 managed with a performance fee

accounts. Securities selected for some accounts will outperform the securities selected for others. Through an arrangement with Saturna Brokerage Services, accounts trade securities at zero commission, eliminating a potential conflict. Personal accounts may give rise to potential conflicts of interest although portfolio managers rarely trade for their own accounts; trading in personal accounts is restricted by Saturna's Code of Ethics. A portfolio manager's compensation plan may give rise to potential conflicts of interest. To reduce this risk, mutual fund portfolio managers' account performance bonus depends upon the fund's overall Morningstar rating, which derives from investment results over the last three, five and ten years. A manager's compensation tends to increase with assets under management, which in turn may increase the value of Saturna Capital Corporation.

Mr. McIlvaine owns no equity securities of Idaho Tax-Exempt Fund.

Shareowner Services

Under the advisory agreement, Saturna Capital also provides services as the transfer agent and dividend-paying agent for the Fund. As transfer agent, Saturna furnishes to each shareowner a statement after each transaction, an historical statement at the end of each year showing all transactions during the year, and any Form 1099 tax forms. Saturna also, on behalf of the Fund, responds to shareowners' questions or correspondence. Furthermore, the transfer agent regularly furnishes the Fund with current shareowner lists and information necessary to keep the shares in balance with the Fund's records. The transfer agent performs the mailing of financial statements, notices and prospectuses to shareowners.

For each of the fiscal years ended November 30, 2007, 2008 and 2009, respectively, the shareowner servicing fees (after expense limitations) the Fund paid Saturna Capital were \$3,498; \$3,348 and \$3,449 respectively.

Custodian

PFPC Trust, 301 Bellevue Parkway, Wilmington, Delaware, 19809 is the custodian of the Funds. The custodian holds all securities and cash, settles all Fund portfolio securities transactions, receives (on behalf of the Funds) the money from sale of shares, and on order of the Funds, pays the authorized expenses of the Funds. When investors redeem Fund shares, the proceeds are paid to the shareowner from an account at the custodian bank.

Independent Registered Public Accounting Firm

Tait, Weller & Baker LLP, 1818 Market Street Suite, 2400 Philadelphia, PA 19103 is the independent registered public accounting firm for the Fund. The accountants conduct an annual audit of the Fund as of November 30 each year, prepare the tax returns of the Fund and assist the adviser in various accounting matters throughout the year.

Principal Underwriter

The adviser's wholly-owned subsidiary, Saturna Brokerage Services, Inc., ("Distributor") 1300 N. State Street, Bellingham, WA 98225 is a discount brokerage firm and member of the Financial Industry Regulatory Authority (FINRA).

Mr. Monem Salam, a vice president of Saturna Capital, is President of Saturna Brokerage Services, Inc. All employees of the Distributor are also employees of the adviser.

Under the distribution agreement, the Distributor is not required to sell a certain number of shares. The offering of shares by the Distributor is continuous.

Brokerage Allocation

For fiscal years 2007, 2008, and 2009, Idaho Tax-Exempt Fund paid no brokerage commissions.

Capital Stock

Each Fund of Saturna Investment Trust is divided into shares of beneficial interest. The shares of each separate Fund of the Trust have equal voting rights. On issues relating solely to Idaho Tax-Exempt Fund, only the shareowners of Idaho Tax-Exempt Fund are entitled to vote. All shares are fully paid, non-assessable, transferable and with rights of redemption, and are not subject to preemptive rights. The Trust is not required to hold annual shareowner meetings. However, special meetings may be called for such purposes as electing or removing Trustees, changing fundamental policies, or voting on approval of an advisory contract. All dividends and distributions for the Fund shall be distributed to shareowners in proportion to the number of shares owned.

Purchase, Redemption and Pricing of Shares

See Purchase and Sale of Fund Shares and Pricing of Fund Shares in the Prospectus for an explanation about the ways to purchase or redeem shares. Both purchases and redemptions are made at net asset value per share. A 2% fee may apply to redemptions of shares held less than 90 days.

Price

Price (net asset value) per share is determined by dividing the value of all securities and other assets, less liabilities, by the number of shares outstanding. The daily price is determined for the Fund as of the close of trading on the New York Stock Exchange (generally 4 p.m. New York time) on each day the Exchange is open for trading. The Exchange is generally closed on New Year's Day, Martin Luther King Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. Also see page 7 in the Prospectus for additional information about the computation of net asset

value.

The Fund's securities are valued using bid-side valuations provided by an independent service, using a matrix. The matrix considers such factors as yields or prices of bonds of comparable quality, type of issue, coupon maturity, rating, trading activity, and market conditions. In the absence of a price from the service, securities are valued at their fair values determined in good faith under procedures adopted by the Board. Fair value pricing may result in a value that is different from a security's most recent closing price and prices used by other mutual funds to calculate their net asset values.

See the balance sheet in the Annual Report or Semi-Annual Report for a specimen sheet showing how the Fund calculates net asset value, which is the price used for both purchase and redemption of shares.

Exchanges

In addition to normal purchases or redemptions, the shares of the Fund may be exchanged for shares of other funds managed by Saturna Capital. Exchanges will be made at no charge upon written request or by telephone if the shareowner has previously authorized telephone privileges. A gain or loss for federal tax purposes will be realized upon redemption of any shares for the purposes of an exchange as described above.

Dividends

Returned dividend payments will be automatically redeposited into your account; future dividends in such accounts will continue to be redeposited until the shareowner is located or the account is liquidated.

Early Redemption Fee Waiver

The 2% early redemption fee on Fund shares held 90 days or less is normally waived for non-participant directed, involuntary and or non-discretionary transactions. Early redemption fees are due and payable to the Fund regardless of dollar amount.

Orders Placed Directly With The Funds

Common reasons for this waiver for transactions processed directly include:

- Corrections
- Reinvested Dividends
- Death distributions
- Disability distributions
- Retirement plan required minimum distributions
- Involuntary distributions required by employer decisions to change a plan
- Systematic withdrawal plans
- Automated asset rebalancing programs
- WRAP program distributions
- Participant contribution distributions

Shares redeemed as part of a defined contribution retirement plan participant-directed distribution including, but not limited to, the following examples:

- Death distributions
- Qualified Domestic Relations Orders (QDROs)
- Shares redeemed as part of a retirement plan termination or restructuring
- Shares transferred from one retirement plan to another plan in the same fund
- Shares redeemed by shareowner to cover various plan fees
- Excess contributions corrections
- Forfeiture, or terminated employee distributions
- Rollover Contributions
- Other Involuntary Distributions

The following transactions are not exempt from the early redemption fee:

- In Service Distributions
- Hardship Distributions
- Loan Distributions
- Redemption Fees applied to Fund of Funds Transactions

Fund/Serv Order Processing

Waivers to early redemption fees prior to the end of the 90-day holding period apply to orders transmitted to the transfer agent through DTCC's Fund/SERV order processing system. Those circumstances under which a waiver may, or may not be granted, are described using the Fund/SERV transaction and reason codes listed below.

Fund/SERV Reason Codes	Fund Waiver Policy
(1) Corrections Waiver	Yes
(2) Death Waiver	Yes
(3) Disability Waiver	Yes
(4) Mandatory/ Qualified Distribution Waiver	Yes
(5) Systematic Withdrawal Plan Waiver	Yes
(6) Defined Contribution Waiver	Yes
(7) Hardship Waiver	No
(8) Auto Rebalance Waiver	Yes
(9) Defined Contribution Plans	
a. Termination Waiver	Yes
b. Involuntary Distribution Waiver	Yes
c. Loan Distribution Waiver	No
d. Excess Contribution Waiver	Yes
e. WRAP Program Distribution	Yes
f. Fund of Funds	No
g. Divorce	Yes
h. Plan Fees	Yes
(10) Reinvested Shares Waiver	Yes
(11) Exchange Buy Waiver	No
(12) Exchange Buy Aging Date Waiver	No
(13) Aging Start Date Waiver	No
(14) Eligible Transaction Waiver	No

Intermediary Processing

Financial intermediaries holding shares on behalf of Fund shareowners via omnibus accounts may or may not offer early redemption fee waivers in accordance with this policy. Such indirect Fund shareowners are advised to contact their financial intermediary before early liquidation of shares to ascertain how the Fund's early redemption fee policy will be applied.

Taxation of the Fund

Saturna Investment Trust is organized as a "series" investment company. As one of the funds in the Trust, Idaho Tax-Exempt Fund is a separate economic entity with separate assets and liabilities and separate income streams. The shareowners of the Fund may look only to the Fund for income, capital gain or loss, redemption, liquidation, or termination. The Fund has separate arrangements with the adviser. Assets of the Fund are segregated. The creditors and shareowners of the Fund are limited to the assets of the Fund for recovery of charges, expenses and liabilities. The Fund conducts separate voting on issues relating solely to the Fund, except as required by the Investment Company Act. The tax status and tax consequences to shareowners of the Fund differ, depending upon the investment objectives, operations, income, gain or loss, and distributions from the Fund.

The Fund intends to distribute to shareowners substantially all of its net investment income and net realized capital gains, if any, and to comply, as it has since inception, with the provisions of the Internal Revenue Code applicable to regulated investment companies (Subchapter M), which relieve mutual funds of federal income taxes on the amounts so distributed.

Interest received upon the obligations of the State of Idaho or political subdivisions thereof are exempt from income tax in the State of Idaho. An Idaho Income Tax ruling provides a pass-through of the tax-exempt character of interest received by a regulated investment company, such as the Idaho Tax-Exempt Fund, upon distribution to shareowners.

If shareowners do not furnish the transfer agent with a valid Social Security or Tax Identification Number and in certain other circumstances, the transfer agent is required to withhold 28% of taxable income dividends. If the IRS determines that the Fund should be fined or penalized for inaccurate or missing or otherwise inadequate reporting of a Tax Identification Number, the amount of the IRS fee or penalty will be directly assessed to the shareowner account involved.

Financial Statements

The most recent audited annual report accompanies this Statement of Additional Information.

Annual Financial Statements

There is incorporated into this Registration Statement the following financial information in the Annual Report to shareowners for the fiscal year ended November 30, 2009, Filed as Exhibits hereto:

Report of Tait, Weller & Baker LLP, Independent Registered Public Accounting Firm.

Statement of Assets and Liabilities – as of November 30, 2009.

Statement of Operations – Year ended November 30, 2009.

Statements of Changes in Net Assets – years ended November 30, 2009 and 2008.

Investments – as of November 30, 2009.

Notes to Financial Statements.