



Saturna Capital Corporation

1300 N. State Street
Bellingham, WA 98225
800/SATURNA
www.saturna.com

May 1, 2012

This brochure provides information about the qualifications and business practices of Saturna Capital Corporation. If you have any questions about the contents of this brochure, please contact us at 1-800/SATURNA.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Saturna Capital Corporation also is available on the SEC's website at www.adviserinfo.sec.gov.

Saturna Capital Corporation ("Saturna") is a registered investment adviser. This means that we are registered as an investment adviser under the Investment Advisers Act of 1940, as amended. However, registration does not imply a certain level of skill or training.

Material Changes

The Methods of Analysis, Investment Strategies, and Risk of Loss sections have been amended to include the Global High Income investment strategy. This form was last updated March 30, 2012.

Table of Contents

Material Changes.....	2
Advisory Business.....	3
Fees and Compensation	3
Performance Based Fees and Side-By-Side Management	4
Types of Clients	5
Methods of Analysis, Investment Strategies, and Risk of Loss.....	5
Disciplinary Information	12
Other Financial Industry Activities and Affiliations.....	12
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Brokerage Practices	14
Review of Accounts	14
Client Referrals and Other Compensation	14
Custody	15
Investment Discretion	15
Voting Client Securities	15
Financial Information.....	17

Advisory Business

Established in 1989, Saturna is an SEC-registered investment adviser. Nicholas Kaiser is the principal owner.

Saturna advises a variety of accounts divided between (1) Investment Management Accounts for individuals, families, trusts, estates, corporations, and retirement plans and (2) Pooled Investment Funds (mutual funds and private partnerships). Each Investment Management Account and Pooled Investment Fund is assigned a primary account manager, responsible for the client's portfolio. Client reviews include assets, income, tax situation, family needs, estate planning, and risk preferences.

When advising individuals or families, we regularly advise on many aspects of the client's financial arrangements because the assets often include retirement plans, trusts, real estate, and business interests, all of which are involved in conducting an appropriate investment program.

We tailor our advisory service to the specific needs of each client by first conducting a thorough analysis of the client's financial situation, goals, and risk tolerance. The result of our analysis is a written statement of investment objectives that becomes part of the client's advisory contract. All accounts are reviewed on a continuing basis. Review meetings are held as requested by clients.

We serve a variety of special client needs, such as those of Islamic investors. Our first and largest client is the Amana Mutual Funds Trust, which follows Islamic principles that impose restrictions on the securities in which the Trust may invest. As long-term value investors, we favor equities of companies with low financial leverage and growth at a reasonable price. Specific investment guidelines are developed between a portfolio manager and a client as required by the client's stated needs.

The portfolio management services Saturna offers to Investment Management Accounts ("wrap fee accounts") do not differ from those offered to other accounts, such as Pooled Investment Funds. Saturna receives the entirety of the wrap fee for the services it provides to these accounts. For more details, see Saturna's wrap fee brochure.

As of 12/31/2011, Saturna managed \$3,706,572,194 of client assets on a discretionary basis. Saturna does not provide investment management services to any accounts on a non-discretionary basis.

Fees and Compensation

All Investment Management Account clients complete the Saturna Capital Investment Management Agreement, which details the terms of our relationship.

The annual advisory fee for private Investment Management Accounts is \$2,500 plus 0.5% of the first \$5 million and 0.4% on amounts over \$5 million, with a minimum quarterly fee of \$1,250 (minimum \$5,000 annually). Accounts with less than \$1 million are limited to holding only equities and mutual funds. We believe this fee structure is most competitive, and is not negotiable. Extra fees or other arrangements may be mutually agreed depending upon the complexity of the services rendered. The following table illustrates the effective rate for accounts of varying value.

Account Value	Effective Annual Rate
\$500,000	1.00%
\$1,000,000	0.75%
\$2,500,000	0.60%
\$10,000,000	0.475%

Clients have the option to use any broker of their choosing. There are no brokerage commissions when securities are traded through Saturna Brokerage Services, Inc. ("SBS"). When clients select SBS as their broker, the single asset-based advisory fee includes investment management, trading, and custody ("wrap fee"). For more information regarding SBS, refer to "Other Financial Industries and Affiliations", pages 11-12.

The investment management fee is reduced for (1) multiple accounts, and (2) exclusion of those assets on which Saturna is paid a fee; for example, by a fund, distributor, or broker. The Advisory Agreement authorizes Saturna to deduct advisory fees directly from your account.

Fees are computed and deducted from accounts in arrears after the end of each quarter, based on account value at the end of the quarter. There is no fee for the initial (partial) quarter. Either party may cancel contracts at any time without penalty. Saturna Capital may change fees only after 60 days written notice.

To avoid any "double-dipping" and to minimize potential conflicts of interest, Saturna excludes client assets invested in mutual funds that Saturna manages or for which Saturna receives a distribution fee or other payment from the amount on which advisory fees are computed. This can substantially reduce the net fee an advisory client pays.

Saturna does not provide compensation for Investment Management Account referrals nor does it receive cash or other economic benefit from a non-client in connection with giving advice to clients.

Performance Based Fees and Side-By-Side Management

Saturna manages a variety of pooled investment funds, including privately managed portfolios and ten affiliated mutual funds. Some accounts pay a performance-based fee; that is, a fee based on a share of capital gains or capital appreciation of account assets.

Saturna's management of accounts with performance fees while simultaneously managing accounts (perhaps with similar objectives) without performance fees presents potential conflicts of interest in that a performance fee might provide incentive to Saturna to favor that account to the disadvantage of other non-performance fee accounts. However, Saturna's policies such as bunching client trades and certain practical considerations mitigate the possible conflict. In Saturna's opinion no such conflict exists in actual practice.

Types of Clients

Saturna advises a variety of accounts divided between (1) Investment Management Accounts for individuals, families, trusts, estates, corporations, retirement plans, and (2) Pooled Investment Funds (mutual funds and private partnerships).

While Saturna does not impose formal account minimums, Investment Management Accounts are accepted at the discretion of management.

Methods of Analysis, Investment Strategies, and Risk of Loss

As an investment counsel firm, we tailor investment programs to our clients' personal objectives, taking into account such factors as family, age, income, risk tolerance, and taxes. We are primarily long-term investors, seeking to preserve and grow clients' capital over time. We believe that for the long-term investor equity securities are the investment of choice, but we recognize that bonds or cash equivalents may be better suited in certain circumstances. Therefore, we also offer advice on most securities commonly held in U.S. investment accounts: domestic and foreign common and preferred stocks; government, corporate and municipal bonds; mutual funds; convertible securities; warrants; exchange-traded option contracts; and partnership interests.

Our normal investment horizon is one to four years. The annual portfolio turnover in the accounts we manage rarely exceeds 20%. We occasionally use stock and index options, but normally do not engage in short-term trading, short sales, or margin transactions. We believe that clients can obtain sufficient diversification with fifteen to thirty stocks, and, as a rule, accounts are not loaded with a large number of holdings.

In selecting investments, we are value-oriented; we are reluctant to pay a premium for a stock and endeavor to buy stocks when they are out of favor with the market. We try not to chase "fad" stocks or fashionable investment trends. We seek companies that represent high quality operations, with large free cash flows, sustainable growth rates, increasing dividends, and low price volatility. We favor companies in which management has a considerable stake, and often sell those issues and industries in which the insiders are redeeming or divesting.

We advocate ethical investing, believing that companies with effective corporate responsibility policies are

better positioned to avoid crises that could lead to reputation damage, higher costs, lost production, and fraudulent operations. We favor companies with stable earnings and strong balance sheets free of excessive debt.

Because we are moderately risk-averse, our performance may trail the averages in rising markets, as we seek to minimize losses during falling markets. When possible, we try to capitalize on the advantages of our location and heritage. We place substantial emphasis on non-U.S. equity investments. All foreign investments are subject to risks of: (1) foreign political and economic instability; (2) adverse movements in foreign exchange rates; (3) currency devaluation; (4) the imposition or tightening of exchange controls or other limitations on repatriation of foreign capital; (5) changes in foreign governmental attitudes towards private investment, including potential nationalization, increased taxation, or confiscation of assets; and (6) differing reporting, accounting, and auditing standards of foreign countries.

We believe the largest stocks are so widely researched and traded that they rarely present opportunities for uncovering hidden value. We believe that values more often may be found among the smaller second and third tier companies. Analytical responsibility is divided among our investment staff by sectors, industries and countries. Portfolio managers select issues from our “recommended list” which we limit to approximately 250 equities.

In fixed-income accounts, we try to reduce risk by focusing on quality and income. When a client’s objective is income, we generally use higher quality short- to medium-term bonds, either taxable or tax-exempt, and high-yield equities.

Saturna gathers investment information from many sources, with the internet and Bloomberg being the most used. We maintain our own research files on hundreds of actively followed companies and mutual funds. We maintain our own database for stock screening and evaluations. Our analysts regularly read numerous financial and market publications, and also review securities and markets with independent analytical services. Our analysts travel domestically and internationally to participate in investment conferences and meet with company managements.

Please be aware that investing involves risk, including the risk of loss. As a client of Saturna, you must be prepared to accept this risk. Only consider investing in a strategy if you are willing to accept the risk that you may lose money. Principal value, yields, and total returns will change with the fluctuations in the securities markets as well as the fortunes of the industries and companies in which a strategy invests.

International Equity Strategy

The International Equity Strategy diversifies its investments among many countries, favoring those with mature markets (such as Europe and Canada). This strategy diversifies its investments across industries, companies, and countries. This strategy looks for companies with growing revenues and earnings, favoring companies trading for less than Saturna’s assessment of intrinsic value, which typically means companies with low price/earning

multiples, low price to cash flow, and higher dividend yields. There is no restriction on the size of companies in which the strategy invests, but it favors larger and more established firms.

Principal Risks of International Equity Strategy

The International Equity Strategy involves risks not typically associated with investing in U.S. securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and lack of uniform financial, social, and political standards. Foreign investing heightens the risk of confiscatory taxation, seizure or nationalization of assets, establishment of currency controls, and adverse political and social developments that affect investments. Investing in smaller companies may involve higher investment risks in that they often have limited product lines, markets and resources, or their securities may trade less frequently and have greater price fluctuation than those of larger companies.

Multi Cap Growth Equity Strategy

The Multi-Cap Growth Equity Strategy seeks capital growth by investing in common stocks of U.S. companies. This strategy diversifies its investments across industries and companies, and generally follows a value investment style. This Strategy looks for companies with growing revenues and earnings, favoring companies trading for less than Saturna's assessment of intrinsic value, which typically means companies with low price/earning multiples, low price to cash flow, and higher dividend yields. This strategy may invest in securities of smaller or newer companies as well as those of well-seasoned companies of any size.

Principal Risks of Multi Cap Growth Equity Strategy

The Multi-Cap Growth Equity Strategy may invest in smaller companies, which involve higher investment risks in that they often have limited product lines, markets and resources, or their securities may trade less frequently and have greater price fluctuation than those of larger companies. Growth stocks, which can be priced on future expectations rather than current results, may decline substantially when expectations are not met or general market conditions weaken.

Multi Cap Equity Income Strategy

The Multi-Cap Equity Income Strategy invests mainly in common stocks, including foreign stocks. Investment decisions are made in accordance with Islamic principles. This strategy diversifies its investments across industries and companies, and generally follows a value investment style. Common stock purchases are restricted to dividend-paying companies, which are expected to have more stable stock prices and tend to be larger companies.

Principal Risks of Multi Cap Equity Income Strategy

The Multi-Cap Equity Income Strategy's restricted ability to invest in certain market sectors, such as financial companies and conventional fixed-income securities, limits opportunities and may increase the risk of loss during economic downturns. Because Islamic principles preclude the use of interest-paying instruments, the strategy does not maximize current income because reserves remain in cash.

Balanced Portfolio Strategy

The Balanced Portfolio Strategy invests in a mix of equity and debt securities. It normally invests 40% of its assets in equity securities of U.S. companies, 20% in foreign equity securities, 25% in investment-grade debt securities with maturities of three years or longer, and 15% in short-term debt securities including money market instruments and cash. This strategy follows a value investment style, favoring income-producing securities of larger, more seasoned companies.

Principal Risks of Balanced Portfolio Strategy

The Balanced Portfolio Strategy involves the risks of both equity and debt investing, although it seeks to mitigate these risks through a widely diversified portfolio that includes domestic stocks, foreign stocks, short- and long-term bonds, and money market instruments. Security prices are subject to market risk, and common stocks in particular may be subject to price declines that are steep, sudden, and/or prolonged. International investing involves risks not normally associated with U.S. securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and lack of uniform financial, social, and political standards. Foreign investing heightens the risk of confiscatory taxation, seizure or nationalization of assets, currency controls, or adverse political or social developments that affect investments.

Idaho Municipal Bond Strategy

The Idaho Municipal Bond Strategy invests primarily in debt securities issued by the State of Idaho and its political subdivisions. These municipal bonds, notes and commercial paper may be in various forms, including general obligation bonds, revenue bonds, mortgage bonds, certificates of participation, local improvement district bonds, and refunding bonds.

At least 40% of bonds that the strategy buys must be rated “A” or equivalent at the time of purchase by a national bond rating agency. This strategy may also invest in non-rated bonds if they are of equivalent quality in the opinion of the portfolio manager. Factors used in bond evaluations include such information as the bond district’s financial position, population size, employment trends, economic activity and diversification. The strategy’s dollar-weighted average effective maturity is expected to range between 6 and 15 years. Under normal circumstances, at least 80% of assets are invested in debt securities generating income exempt from both federal and Idaho income tax.

Principal Risks of Idaho Municipal Bond Strategy

The risks of the Idaho Municipal Bond Strategy depend primarily on the terms and quality of the obligations selected, as well as on market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. Bonds with longer maturities, such as those held by the strategy, usually are more sensitive to interest rate changes than bonds with shorter maturities.

The Idaho Municipal Bond strategy entails credit risk, which is the possibility that a bond will not be able to pay interest or principal when due. If the credit quality of a bond is perceived to decline, investors will demand a higher yield, which means a lower price on that bond to compensate for the higher level of risk. If a security held by the strategy defaults on payment of interest or principal, the strategy’s income, ability to preserve capital, and

liquidity would all be adversely affected.

Debt securities issued by the State of Idaho are susceptible to factors adversely affecting Idaho, such as political, economic and financial trends unique to this relatively small state. Industries important to Idaho's economy include services, government, construction, food and agricultural production, and electronics. Investing primarily in Idaho bonds means that the strategy's investments are more concentrated than other strategies, and relatively few bond price changes may lead to underperformance compared to investments selected in greater number and/or from a wider universe.

The Idaho Municipal Bond strategy is vulnerable to income tax rate changes, at the Idaho or federal level, since part of municipal securities' value is derived from the recipient's ability to exclude interest payments from taxation.

Short-Term Fixed-Income Strategy

The Short-Term Fixed-Income Strategy invests at least 80% of its assets in short-term bonds. Under normal circumstances this strategy's dollar-weighted average maturity does not exceed three years. This strategy invests at least 65% of assets in bonds rated within the three highest grades (AAA, AA or A); and may not invest in a bond rated at time of purchase below the fourth highest grade (BBB).

Principal Risks of Short-Term Fixed-Income Strategy

The risks inherent in the Short-Term Fixed-Income Strategy 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, such as those held by the Short-Term Fixed-Income Strategy. This strategy 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.

Long-Term Fixed Income Strategy

The Long-Term Fixed Income Strategy invests at least 80% of its assets in bonds. Under normal circumstances the strategy maintains a dollar-weighted average maturity of ten years or more. The Strategy invests at least 65% of assets in bonds rated within the three highest grades (AAA, AA or A); and may not invest in a bond rated at time of purchase below the fourth highest grade (BBB).

Principal Risks of Long-Term Fixed Income Strategy

The risks inherent in the Long-Term Fixed Income Strategy 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, such as those held by the Long-Term Fixed Income Strategy, usually are more sensitive to interest rate changes than bonds with shorter maturities. The strategy 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.

Islamic Growth Equity Strategy

The Islamic Growth Equity Strategy invests only in common stocks, including foreign stocks. Investment decisions are made in accordance with Islamic principles. The Strategy diversifies its investments across industries and companies, and generally follows a value investment style. The Strategy favors companies expected to grow earnings and stock prices faster than the economy, and tend to be smaller and less seasoned companies.

Principal Risks of Islamic Growth Equity Strategy

The smaller and less seasoned companies that may be in the Islamic Growth Equity Strategy have a greater risk of price volatility. Growth stocks, which can be priced on future expectations rather than current results, may decline substantially when expectations are not met or general market conditions weaken.

The Islamic Growth Equity Strategy's restricted ability to invest in certain market sectors, such as financial companies and fixed-income securities, limits opportunities and may increase the risk of loss during economic downturns. Because Islamic principles preclude the use of interest-paying instruments, the strategy does not maximize current income because reserves remain in cash.

Islamic Private Client Equity Strategy

The Islamic Private Client Equity Strategy invests in a diversified portfolio of equity issues. Investment decisions are made in accordance with Islamic principles. The strategy diversifies its investments across industries and companies, and generally follows a value investment style.

Principal Risks of Islamic Private Client Equity Strategy

The Islamic Private Client Equity Strategy's restricted ability to invest in certain market sectors, such as financial companies and fixed-income securities, limits opportunities and may increase the risk of loss during economic downturns. Because Islamic principles preclude the use of interest-paying instruments, the strategy does not maximize current income because reserves remain in cash.

Emerging Markets Equity Strategy

The Emerging Markets Equity Strategy only buys stocks of companies with significant exposure (50% or more of assets or revenues) to countries with developing economies and/or markets. Investment decisions are made in accordance with Islamic principles. The Strategy diversifies its investments across the countries of the developing world, industries, and companies, and generally follows a value investment style.

In determining whether a country is part of the developing world, the adviser will consider such factors as the country's per capita gross domestic product, the percentage of the country's economy that is industrialized, market capitalization as a percentage of gross domestic product, the overall regulatory environment, and limits on foreign ownership and restrictions on repatriation of initial capital or income.

By allowing investments in companies headquartered in more advanced economies yet having the majority of assets or revenues in the developing world, the Emerging Markets Equity Strategy seeks to reduce its foreign investing risk.

Principal Risks of Emerging Markets Equity Strategy

The Emerging Markets Equity Strategy's restricted ability to invest in certain market sectors, such as financial companies and conventional fixed-income securities, limits opportunities and may increase the risk of loss during economic downturns. Because Islamic principles preclude the use of interest-paying instruments, the strategy does not maximize current income because reserves remain in cash.

The Emerging Markets Equity Strategy involves risks not typically associated with investing in U.S. securities. These include fluctuations in currency exchange rates, currency devaluation, less public information about securities, less governmental market supervision, and lack of uniform financial, accounting, social and political standards.

Global High Income Strategy

The Global High Income Strategy invests in a globally diversified portfolio of income-producing debt and equity securities. It applies a consistent, value-oriented approach to security selection, basing investment decisions on current income and expected total return, adjusted for risk. It adjusts allocations to individual securities to manage the portfolio's fundamental risks, such as industry, country, currency, inflation, interest rate, liquidity, and credit cycle risks. In addition, the strategy will attempt to capitalize on periodic stress in leveraged credit markets, which may result in more volatile current income in exchange for more attractive long-term, risk-adjusted total return consistent with its investment objective. The strategy normally includes securities from at least three countries outside the U.S.

Principal Risks of Global High Income Strategy

Investment in the Strategy entails the risks of both equity and debt securities, although it seeks to mitigate these risks through a widely diversified portfolio that includes foreign and domestic stocks and bonds. Security prices are subject to market risk, and common stocks in particular may be subject to price declines that are steep, sudden, and/or prolonged.

Foreign investing involves risks not normally associated with U.S. securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and lack of uniform financial, social, and political standards. Foreign investing heightens the risk of confiscatory taxation, seizure or nationalization of assets, currency controls, and adverse political and social developments that affect investments.

The risks of investing in foreign securities are typically greater in less developed or emerging countries. Bonds have interest rate risk, generally falling in price when rates increase. The longer a bond's maturity, the more sensitive the bond is to interest rate changes. Bonds also entail credit risk, which is the possibility that a bond will

not pay interest or principal when due. If a bond's credit quality is perceived to decline, investors will demand a higher yield, which means a lower price.

Issuers of high yield securities are generally not as strong financially as those issuing higher quality securities. These issuers are more likely to encounter financial difficulties and are more vulnerable to changes in the relevant economy that could affect their ability to make interest, principal, and dividend payments as expected. Investments in high yield securities can be speculative in nature. High yield bonds may have low or no ratings, and may be considered "junk bonds." The prices of high yield securities generally fluctuate more than those of higher quality. High yield securities are generally more illiquid (harder to sell) and harder to value.

Disciplinary Information

The SEC mandates the disclosure of certain legal and disciplinary events that are material to your evaluation of Saturna as an investment adviser.

Saturna has no such events to report.

Other Financial Industry Activities and Affiliations

Some of Saturna's management persons are registered representatives of SBS, a wholly owned subsidiary and distributed of the Amana Mutual Funds Trust and Saturna Investment Trust.

Saturna Brokerage Services, Inc.

SBS, established in 1986, is a wholly owned subsidiary of Saturna. SBS employees are also employees of Saturna Capital. All employees are bonded and are salaried, receiving no commissions or other incentives based on brokerage account activity.

SBS serves knowledgeable individual investors as well as professionally managed trading accounts. SBS acts as a brokerage agent and fully discloses all compensation. Neither SBS nor Saturna deals for its own account, that is, buying securities at one price in order to resell them to our customers at a higher price.

SBS distributes Saturna's affiliated mutual funds and in most cases collects a distribution fee, or 12b-1 fee, from those funds for such service.

SBS does not charge commissions on trades effectuated on behalf of Saturna's investment management accounts.

Pershing LLC is SBS's clearing broker and provides free security custody services. Securities held at Pershing are protected by SIPC, plus an excess SIPC policy paid for by Pershing.

SBS is a member of the Financial Industry Regulatory Authority (FINRA) (CRD #18437; SEC File Number 8-36588), the Securities Investor Protection Corporation (SIPC), and the Securities Industry and Financial Markets Association (SIFMA).

Saturna Sendirian Berhad

Saturna Sdn. Bhd. ("SSB"), located in Kuala Lumpur, Malaysia, is a wholly owned subsidiary of Saturna and is Saturna's direct source for investment research and analysis on emerging markets throughout Asia. Strategically located in the heart of one of the world centers of Islamic finance, SSB seeks to meet the growing international demand for Islamic investment management expertise.

Licensed by the Securities Commission of Malaysia, SSB provides equity management services to individuals, corporations, and institutions, specializing in Islamic investing.

As a result of the separation of markets and client base, we do not believe Saturna's ownership of SSB creates any conflicts of interest.

Additional details are available at www.saturna.com.my.

Saturna does not recommend or select other investment advisers for our clients.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

All Saturna employees are subject to a strict Code of Ethics, adopted pursuant to SEC Rule 204A-1. Saturna's Code of Ethics seeks to ensure that we place our clients' interest above our own. It is written to ensure that we avoid even the appearance of impropriety, and to ensure that no employee takes advantage of our positions or our access to information. The Code of Ethics also prohibits Saturna employees from giving or accepting any gifts or excessive entertainment to or from a client, prospective client, or any person or entity that seeks to do business with Saturna beyond certain maximum amounts.

A copy of the Code of Ethics is available to any client or prospective client free upon request, and on the Saturna website (www.saturna.com). All transactions by employees are reported under the Code of Ethics and monitored by its Chief Compliance Officer. Violations of the Code of Ethics may result in censure, fines and/or dismissal of any employee.

Saturna may recommend to clients investment in affiliated mutual funds, for which Saturna and SBS collect management and distribution fees. To avoid any "double-dipping" and to minimize potential conflicts of interest, Saturna excludes client assets invested those mutual funds such as those that Saturna manages or for

which Saturna receives a distribution fee or other payment from the amount on which Saturna's advisory fees are computed.

Employees of Saturna may hold securities, or types of securities, that are also recommended to clients. Saturna's Code of Ethics seeks to minimize this conflict of interest by placing certain restrictions on employee trading. Subject to some exceptions, Saturna employees are prohibited from trading in securities that are being considered, or within 5 days preceding the proposed employee transaction have been considered, for purchase or sale by any advisory client. Employees may participate as part of a "bunch" order with clients simultaneously purchasing or selling a security at the same price as a client.

Brokerage Practices

The primary consideration in the selection of executing broker-dealers is to obtain the best price and execution which in the judgment of Saturna is attainable at the time and which would bring the best net overall economic result to a client. Factors taken into account in the selection of brokers include the price of the security, commissions paid on the transaction, the efficiency and cooperation with which the transaction is effected, the expediency of making settlement and the financial strength and stability of the broker. Saturna may negotiate commissions at a rate in excess of the amount another broker would have charged if it determines in good faith that the overall net economic result is favorable to the client, and is not required to execute trades in "over-the-counter" securities with primary market-makers if similar terms are available elsewhere. Saturna evaluates whether brokerage commissions are reasonable based upon available information about the general level of commissions paid by similar clients for comparable services.

When consistent with best execution, brokerage is primarily directed to SBS. Although Saturna does not select or recommend other brokerage firms for Investment Management Accounts, we will work with any brokerage firm and/or custodian agent the client selects.

To avoid any single account receiving a trading advantage, securities executions are done as a "bunched" order, then allocated pro-rata to accounts as may be appropriate to their objectives and client instructions.

Review of Accounts

Portfolio managers review all accounts on a continuing basis. The portfolio managers that review accounts are: Nicholas Kaiser, Chairman; Phelps McIlvaine; Peter Nielsen, Senior Analyst and Portfolio Manager; John Scott, Analyst and Portfolio Manager; Bryce Fegley, Analyst and Portfolio Manager.

Our internal accounting and trading system monitors portfolio compliance at the time of order and generates exception alerts based on specific criteria. Securities are selected from Saturna's recommended list by portfolio

managers and monitored daily by trading, research and operations staff. Review meetings are held as requested by clients.

Saturna's CFO conducts periodic testing on a sample basis of fee calculations for client accounts to determine their accuracy; the CFO also tests the overall reasonableness of the amount of fees deducted from all client accounts for a period of time based on Saturna's aggregate assets under management.

Clients are sent written trade confirmations on trade date. Clients receive written statements of their accounts after the end of each month from Saturna and from their independent custodian. Clients receive quarterly invoices on their accounts, showing the value of their accounts, after the end of each quarter. Clients may review their accounts online at any time. Clients may elect to receive certain written reports either electronically or hard copies sent by mail.

Client Referrals and Other Compensation

Saturna prohibits its employees from accepting any form of compensation, including for client referrals, from any entity that is not a client in conjunction with the advisory services it provides.

Custody

Saturna has custody of its Investment Management and certain of its Pooled Investment Fund assets. Clients receive statements of their accounts from both Saturna and the qualified custodian, Pershing LLC, usually at the end of each month, but no less than quarterly. Clients receive statements both from Saturna Capital and the custodian; they should review and compare both statements for accuracy.

Investment Discretion

Saturna accepts discretionary authority for Investment Management Accounts. Clients may elect to place certain restrictions (i.e. Islamic) on the securities we purchase for their accounts.

We require a completed and signed Saturna Capital Investment Management Agreement before acceptance of accounts.

Voting Client Securities

Saturna's investment professionals, as part of their ongoing review and analysis of all mutual fund client portfolio holdings, are responsible for monitoring significant corporate developments, including proxy proposals submitted to shareholders. Voting proxies is a responsibility of an account's portfolio manager

or assigned member of Saturna's portfolio management team, and is subject to a set of guidelines. When any proposals fall outside these guidelines, including those proposals that are considered on a case-by-case basis, the basis for voting decisions shall be documented.

These guidelines are reviewed and approved annually by the mutual fund Trustees. The account manager will refer all issues where there could be a conflict of interest (e.g., a familial or business relationship with company management) or uncertainty of direction to the Trustees for resolution. Disclosure of the proxy voting record is a responsibility of the Trust's secretary. Information is filed on Form N-PX regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 and is available (1) without charge, upon request, by calling Saturna Capital at 800-SATURNA; (2) on the Saturna's website; and (3) on the SEC's website at www.sec.gov.

By the following general categories, absent special circumstances, proxies will be voted:

Governance

For proposals calling for a majority of the directors to be independent of management.

For proposals seeking to increase the independence of board nominating, audit, and compensation committees.

In accordance with the recommendation of the company's board of directors on all shareholder proposals, except it will vote for shareholder proposals that are consistent with these proxy voting guidelines.

For the election of the company's nominees for director, except it will withhold votes for nominees it considers insufficiently committed or competent.

Against proposals to elect directors on a staggered schedule.

Business Transactions

On a case-by-case basis on board-approved proposals to effect acquisitions, mergers, re-incorporations, reorganizations, and other transactions.

Against proposals to adopt anti-takeover measures.

On a case-by-case basis on proposals to amend a company's charter or bylaws.

Against authorization to transact other unidentified, substantive business at the meeting.

Capitalization

On a case-by-case basis on board-approved proposals involving changes to a company's capitalization, except it will normally vote:

For proposals relating to the authorization of additional common stock.

For proposals to effect stock splits.

For proposals authorizing share repurchase programs.

Executive Compensation

On a case-by-case basis on board-approved proposals relating to executive compensation.

For compensation programs that relate executive compensation to a company's long-term performance.

For stock option plans unless they could result in massive dilution or have other provisions clearly not in the interest of existing shareholders.

Saturna cannot accept authority to vote client securities in individual Investment Management Accounts. Individual Investment Management Account clients are sent proxies directly from their selected broker or custodian. As the client is responsible for voting their proxies, clients cannot direct Saturna to vote in a particular solicitation. Clients may contact their portfolio manager at Saturna's toll free number, 800/SATURNA, to discuss particular issues at their discretion.

Financial Information

Saturna bills clients in accordance with its process described in Fees and Compensation above

Saturna Capital is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

Saturna's June 30, 2011 annual reports, with audited financial statements, is available free upon request.