

Form ADV Part 2A – Appendix 1, Wrap Fee Program Brochure



Saturna Capital Corporation

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

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This wrap fee program brochure provides information about the qualifications and business practices of Saturna Capital. 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 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

On July 28, 2010, the Securities Exchange Commission (“SEC”) adopted significant amendments to rules 203-1, 204-1, 204-2, and 204-3 under the Investment Advisers Act of 1940 (the “Advisers Act”); including amendments to Form ADV Part 2, the disclosure document Saturna provides to clients. This brochure is our new disclosure document, and we have prepared it according to the SEC’s new requirements and rules. Because of the new form, the formatting and structure of this brochure differs from the prior Form ADV Part 2, previously referred to as the Investment Counsel brochure, which you may have received. The new form also requires us to provide some new information that our previous Form ADV Part 2 did not require.

In the future, if the information in this brochure materially changes from the prior update, we will highlight and summarize those changes here, in this section. In addition, we will provide ongoing disclosure of material changes to the information in this brochure as required by SEC rules.

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Services, Fees, and Compensation

Saturna Capital 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). Each Investment Management Account 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 families, we regularly advise on many aspects of the family'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 specialize in the needs of Islamic investors; our first and largest client is the Amana Mutual Funds Trust. Islamic investing imposes restrictions on both securities and types of securities in which clients may invest. We focus on equities of companies with low financial leverage and avoid industries like banking, alcohol, and gambling.

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 desired by clients. We believe that the appropriate method of measuring performance is to measure the return relative to the level of risk assumed in producing that return. Simply measuring a raw return can produce a false or incomplete picture. A record of high returns in some markets with steep declines in others may be more indicative of a willingness to take risk than of superior investment skills. Therefore, we believe the appropriate method is to determine any additional return over that which might have been expected for a given amount of risk assumed.

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. When clients select Saturna Brokerage as their broker, the single asset-based advisory fee includes investment management, trading, and custody ("wrap fee").

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

Fees are computed after the end of each quarter, based on the account's value at the end of the quarter. Fees are paid in arrears. 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.

Portfolio managers do not receive compensation related to the management of wrap fee accounts.

To avoid any "double-dipping" and to minimize potential conflicts of interest, Saturna Capital excludes client assets invested in mutual funds such as those that Saturna Capital manages or for which Saturna Capital receives a distribution fee or other payment. Any such amount is excluded from the amount on which its advisory fees are computed. This can substantially reduce the net fee an advisory client pays because these other fees may be considerably less than the fee you are charged if this waiver was not in place. A wrap fee program such as that offered by Saturna may cost clients more or less than purchasing such services separately, depending on factors such as broker selection, custody services, and trading volume in the client's account.

Clients may pay additional fees for services not covered under the Advisory Agreement, such as outgoing wire transfers. Investments in mutual funds are subject to ongoing expenses. Please see an individual fund's prospectus for more information.

Saturna Capital 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. Investment Management Accounts may involve certain conflicts of interest, described further on page 18.

Account Requirement and Types of Clients

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

Saturna Capital 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).

Portfolio Manager Selection and Evaluation

Each managed account is assigned a primary portfolio manager, who is responsible for continuous supervision of his accounts. In the absence of a portfolio manager, another manager supervises those accounts and can take any actions deemed appropriate. The portfolio managers (primary reviewers) and number of accounts assigned are Nicholas Kaiser (27), Phelps McIlvaine (6), Peter Nielsen (1), and Monem Salam (31). Portfolio Managers for wrap fee accounts are typically selected from the pool of Saturna's mutual fund portfolio managers. For example, a client seeking current income and preservation of capital would be matched with a bond fund portfolio manager.

The removal or replacement of portfolio managers is at the client's discretion. Due to Saturna's limited pool of available portfolio managers, generally if a client seeks replacement of their account's manager they would need to sever their relationship with Saturna.

Saturna does not calculate, nor does it provide, performance data beyond gain/loss information to its wrap fee clients.

Related persons of the firm (specifically Nicholas Kaiser, Monem Salam, and Phelps McIlvaine) are portfolio managers for Saturna's wrap fee program. Saturna Capital portfolio managers' ability to trade securities for their own accounts is restricted and monitored in accordance with our Code of Ethics. As a result, in Saturna's opinion no real conflict of interest exists by having related persons act as portfolio manager for wrap fee accounts.

For more information, see **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** on Page 18 of this Brochure.

Advisory Business

Established in 1989, Saturna Capital ("Saturna") is an SEC-registered investment advisor. Nicholas Kaiser is the principal owner.

Saturna Capital 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). Each Investment Management Account 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 desired by clients. We believe that the appropriate method of measuring performance is to measure the return relative to the level of risk assumed in producing that return. Simply measuring a raw return can produce a false or incomplete picture. A record of high returns in some markets with steep declines in others may be more indicative of a willingness to take risk than of superior investment skills. Therefore, we believe the appropriate method is to determine any additional return over that which might have been expected for a given amount of risk assumed. This approach applies to both Investment Management Accounts ("wrap fee accounts") and other types of accounts we manage. See "Services, Fees, and Compensation" on page 3 for a detailed discussion of the compensation Saturna receives for wrap fee accounts.

We specialize in the needs of Islamic investors; our first and largest client is the Amana Mutual Funds Trust. Islamic investing imposes restrictions on both securities and types of securities in which clients may invest. We focus on equities of companies with low financial leverage and avoid industries like banking, alcohol, and gambling. Other specific restrictions may be discussed between portfolio managers and clients as required by clients.

To illustrate investment results, Saturna Capital's mutual fund results are updated daily at www.saturna.com. When making comparisons to other investments, remember that mutual fund performance results are always what the investor receives, after deduction of management fees and all expenses. Results optionally also reflect certain income tax assumptions.

As of June 30, 2011, Saturna Capital had sixty-six discretionary and zero non-discretionary client accounts, including nine mutual funds. Total fee-paying discretionary assets were \$3,887,960,837 – 98% of which are in U.S. mutual funds.

Performance Based Fees and Side-By-Side Management

Saturna Capital manages a variety of pooled investment funds, including privately managed portfolios and nine 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 Capital's management of accounts with performance fees while at the same time managing accounts (perhaps with similar objectives) without performance fees constitutes a conflict of interest in that a performance fee might provide incentive to Saturna Capital to favor that account to the disadvantage of other non-performance fee accounts. However, Saturna Capital's policies such as bunching client trades and certain practical considerations mitigate the possible conflict. In Saturna Capital's opinion no such conflict exists in actual practice.

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 portfolios 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, portfolios are not loaded with a large number of names.

In making 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 liquidating.

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, 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 Capital 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 an Investment Management client of Saturna Capital, you must be prepared to accept this risk.

Islamic Equity Income Strategy

The Islamic 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 Islamic Equity Income Strategy

The principal value of investments in the Islamic Equity Income strategy rises and falls as the value of the securities in which the strategy invests goes up and down. Only consider investing in the 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 the strategy invests.

The Islamic 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.

Islamic Equity Growth Strategy

The Islamic Equity Growth 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 Equity Growth Strategy

The principal value of investments in the Islamic Equity Growth strategy rises and falls as the value of the stocks in which the strategy invests goes up and down. Only consider investing in the 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 the strategy invests.

The smaller and less seasoned companies that may be in the Islamic Equity Growth 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 Equity Growth 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 Developing World Strategy

The Islamic Developing World 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 Developing World strategy seeks to reduce its foreign investing risk.

Principal Risks of Islamic Developing World Strategy

The principal value of investments in the Islamic Developing World strategy rises and falls as the value of the stocks in which the strategy invests goes up and down. Only consider investing in this 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 and currency markets as well as the fortunes of the industries and companies in which the strategy invests.

The Islamic Developing World 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 Islamic Developing World 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.

Domestic Equity Growth Strategy

The Domestic Equity Growth 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 the adviser'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 Domestic Equity Growth Strategy

The principal value of investments in the Domestic Equity Growth strategy rises and falls as the value of the stocks in which the strategy invests goes up and down. Only consider investing in the strategy if you are willing to accept the risk that you may lose money. Principal value, yields, and total returns will change with fluctuations in the securities markets as well as the fortunes of the industries and companies in which the strategy invests.

The Domestic Equity Growth 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.

International Equity Growth Strategy

The International Equity Growth strategy diversifies its investments among many countries, favoring those with mature markets (such as Europe and Canada). This strategy invests at least 65% of its assets in companies with their headquarters and major assets and earnings outside the U.S. 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 the adviser'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 Growth Strategy

The principal value of investments in the International Equity Growth strategy rises and falls as the value of the stocks in which the strategy invests goes up and down. Only consider investing in this strategy if you are willing to accept the risk that you may lose money. Principal value, yields, and total returns will change with market fluctuations as well as the fortunes of the countries, industries and companies in which the strategy invests.

The International Equity Growth 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, or adverse political or 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.

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 principal value of investments in the Balanced Portfolio strategy rises and falls as the value of the securities in which the strategy invests goes up and down. Only consider investing in this strategy if you are willing to accept the risk that you may lose money. Principal value, yields, and total returns will change with market fluctuations as well as the fortunes of the countries, industries and companies in which the strategy invests.

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.

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.

Short-Term Bond Strategy

The Short-Term Bond 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 Bond Strategy

The principal value of investments in the Short-Term Bond strategy rises and falls as the value of the bonds in which the strategy invests goes up and down. Only consider investing in this strategy if you are willing to accept the risk that you may lose money. Fund share prices, yields, and total returns will change with market fluctuations as well as the fortunes of the industries and companies in which the strategy invests.

The risks inherent in the Short-Term Bond 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 Bond 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.

Bond Income Strategy

The Bond 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 Bond Income Strategy

The principal value of investments in the Bond Income strategy rises and falls as the value of the bonds in which the strategy invests goes up and down. Only consider investing in this strategy if you are willing to accept the risk that you may lose money. Principal value, yields, and total returns will change with market fluctuations as well as the fortunes of the industries and companies in which the strategy invests.

The risks inherent in the Bond 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 Bond 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.

Idaho Municipal Bond Strategy

The Idaho Municipal Bond strategy invests 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 principal value of investments in the Idaho Municipal Bond strategy rises and falls as the value of the bonds in which the strategy invests goes up and down. Only consider investing in this strategy if you are willing to accept the risk that you may lose money. Principal value, yields, and total returns will change with fluctuations in the securities markets as well as the fortunes of the industries and municipalities in which the strategy invests.

The risks of the Idaho Municipal Bond strategy depend primarily on the terms and quality of the obligations in the strategy’s portfolio, as well as on market conditions. When interest rates rise, bond prices fall. When interest rates fall, bond prices go up. Bonds with longer maturities, such as those held by the 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.

The Idaho Municipal Bond strategy’s investments are susceptible to factors adversely affecting Idaho, such as political, economic and financial trends unique to this relatively small state. Investing only in Idaho bonds means that the 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, either at the Idaho or federal level, since part of municipal securities’ value is derived from the recipient’s ability to exclude interest payments from taxation.

Equity Income Strategy

The Equity Income strategy primarily invests in common stocks. While generally focused on domestic equities, this strategy is permitted to invest in foreign equities as well. This strategy believes in being diversified across industries and companies and generally follows a value investment style. Common stock purchases are generally restricted to dividend paying companies, which are expected to have more stable stock prices and tend to be larger companies.

Principal Risks of Equity Income Strategy

The principal value of investments in the Equity Income strategy rises and falls as the value of the securities in which the strategy invests goes up and down. Only consider investing in this strategy if you are willing to accept the risk that you may lose money. Principal value, yields, and total returns will change with fluctuations in the securities markets as well as the fortunes of the industries in which the strategy invests.

This strategy's holdings will vary significantly from broad market indexes.

Small Cap Equity Growth Strategy

The Small Cap Equity Growth strategy seeks long-term capital appreciation by investing in the securities of companies having market capitalizations of less than \$2.5 billion at the time of purchase. When making investment decisions the portfolio manager generally focuses on investing in the securities of companies the manager believes have accelerating earnings growth rates, reasonable valuations, and strong management that participates in the ownership of the company.

Principal Risks of the Small Cap Growth Strategy

The principal value of investments in the Small Cap Equity Growth strategy rises and falls as the value of the securities in which the strategy invests goes up and down. Only consider investing in this strategy if you are willing to accept the risk that you may lose money. Principal value, yields, and total returns will change with fluctuations in the securities markets as well as the fortunes of the industries in which the strategy invests.

The Small Cap Equity Growth strategy involves the purchase of the common stock of companies whose valuation tends to exhibit higher sensitivity to general economic and industry conditions than larger companies. Therefore, investors risk losing money as the value of these securities may decline.

Small capitalization companies in which the Small Cap Growth strategy invests tend to operate in narrower commercial markets and have fewer financial resources than those available to larger companies and therefore, are more likely to suffer financial distress than large capitalization companies. In addition, the stocks of companies having market capitalizations less than \$2.5 billion tend to have less market liquidity subjecting investors to a higher buy/sell spreads relative to large capitalization stocks. This strategy might incur significant losses if a position must be liquidated. This strategy's holdings will vary significantly from recognized small cap indexes.

Saturna Capital primarily recommends domestic and foreign equity securities to clients. The risks of these types of securities are discussed above.

Voting Client Securities

Saturna Capital'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 Capital'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. Copies of the guidelines and mutual fund proxy voting records are published on Saturna Capital's website and are available upon request.

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.

Client Information Provided to Portfolio Managers

All Investment Management Account clients complete the Saturna Capital Investment Management Agreement, which details the terms of our relationship. This agreement requires clients to provide personal information to Saturna Capital that will assist their portfolio manager in making suitable choices in selecting securities and investments. This information includes, but is not limited to, social security number, current income, assets owned, and net worth. Clients are encouraged to update this information whenever a significant change occurs.

Client Contact with Portfolio Managers

Review meetings are held as desired by clients. Clients are sent written trade confirmations on trade date. Clients receive written statements of their accounts after the end of each month from Saturna Capital. 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 written reports either electronically or hard copies sent by mail.

Additional Information

Disciplinary Information

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

Saturna Capital has no such events to report.

Other Financial Industry Activities and Affiliations

Saturna's management persons include the following registered representatives:

Person	CRD	Licenses	Title
Ethel Bartolome	4133079	Series 7, 63	Secretary, Corporate Administrator
Benjamin Bortner	5735580	Series 7, 63, 86	Investment Analyst
Jane Carten	2929087	Series 7, 24, 63	Director, President and CEO
Craig Churman	1882164	Application pending	VP Product Development
Chris Fankhauser	2857015	Series 7, 24, 63	Director, COO
James Gibson	5329086	Series 7, 63, 27	Director, Assistant Secretary
Nicholas Kaiser	0865148	Series 4, 5, 7, 24, 63, 65, CFA	Director, Chairman
JoAnne Langhäuser	1777520	Application pending	CCO
Phelps McIlvaine	2432209	Series 7, 24, 27, 53, 63, 65	Director & VP
Meredith Ross	1875097	Series 6, 7, 24, 53, 63, 65	Director, Treasurer
Monem Salam	2377703	Series 7, 24, 63, 65	Director, VP
Jacob Stewart	5456089	Series 7, 63	CO
Scott Stroh	5113944	Series 4, 7, 24, 63	CLO
James Winship	1440875	Series 7, 63	Senior Counsel
John Scott	4696039	Series 7, 63, 65, CFA	Investment Analyst
Peter Nielsen	5393396	Series 7, 63, 24, 87, CFA	Senior Analyst

Saturna Brokerage Services, Inc.

Saturna Brokerage Services ("SBS"), established in 1986, is a wholly owned subsidiary of Saturna Capital. 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 Capital deals for its own account, hoping to buy securities at one price 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.

To avoid potential conflicts of interest, Saturna Capital does not receive compensation on the transactions of managed accounts, whether a trade is made through Saturna Broker services, or not. Saturna Capital waives all commissions on managed accounts' portfolio trades placed through SBS, regardless of fee structure (asset fee only, asset plus performance fee, or performance fee only.)

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 Trust Company

Saturna Trust Company ("STC") is a wholly owned subsidiary of Saturna Capital and offers a variety of flexible, low-cost administration and trust services designed to meet needs of families, charities, trusts, estates, and retirement plans. With headquarters in Reno, Nevada, STC is advantageously positioned to allow clients to benefit from the asset-friendly nature of Nevada's trust laws. STC's priority is building long-lasting relationships with our clients, and assisting them in providing for their heirs in accordance with their wishes.

STC complements the investment management services offered by Saturna Capital. However, to minimize any potential conflicts of interest, we can work with any trust services provider of your choosing.

STC serves Saturna's retirement accounts as trustee and collects a fee for this service.

Additional details are available at www.saturnatrust.com.

Saturna Sendirian Berhad

Saturna Sdn. Bhd. ("SSB"), located in Kuala Lumpur, Malaysia, is a wholly owned subsidiary of Saturna Capital and is Saturna Capital'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 (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 Capital's ownership of SSB creates any conflicts of interest.

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

Saturna Capital 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 Capital employees are subject to a strict Code of Ethics, common to Saturna Capital, Saturna Brokerage Services, Saturna Trust Company, Saturna Sdn. Bhd. and the affiliated mutual funds. 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.

Saturna Capital seeks to minimize potential conflicts of interest in all of its business and account relationships. We use independent banks and brokerages to custody assets. We do not charge or benefit from brokerage commissions, which enhances account returns. We employ an independent public accounting firm (Tait Weller & Baker, Philadelphia) to examine our funds as well as Saturna Capital and its affiliates. We have internal legal, audit and compliance staff, operating under guidance and review from our national regulators. Our affiliated mutual funds (98% of investor assets) are governed by boards with an independent chairman and independent trustees only (except Mr. Kaiser). Our portfolio managers, Saturna Capital, and our trustees all invest in our mutual funds.

Employees of Saturna Capital may hold securities that are also recommended to clients. Saturna Capital's Code of Ethics seeks to minimize this conflict of interest by placing certain restrictions on employee trading. 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 Capital website (www.saturna.com). All transactions by Saturna Capital 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 Capital may recommend its clients purchase shares in affiliated mutual funds. To minimize potential conflicts of interest, Saturna Capital does not charge an advisory fee for any assets invested in Saturna managed funds.

Subject to some exceptions, Saturna employees are prohibited from trading in securities that are being considered, or within 5-days preceding the proposed transaction has 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.

Review of Accounts

Portfolio managers review all accounts on a continuing basis. The portfolio managers that review accounts are: Nicholas Kaiser, chairman; Phelps McIlvaine, vice president; Monem Salam, vice president of Islamic Investing; and Peter Nielsen, senior analyst.

Our internal accounting and trading system monitors portfolio compliance at the time of order and generates exception alerts based on specific criteria. Securities held in portfolios are selected from the firm's recommended list by portfolio managers and monitored daily by trading, research and operations staff. Review meetings are held as desired by clients.

Clients are sent written trade confirmations on trade date. Clients receive written statements of their accounts after the end of each month from Saturna Capital 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 written reports either electronically or hard copies sent by mail.

Client Referrals and Other Compensation

Saturna Capital 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.

Financial Information

Saturna Capital bills clients in accordance with its process described in Fees and Compensation above. Saturna does not require or solicit pre-payment of fees more than six months in advance.

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 Capital's, Saturna Brokerage Services' and Saturna Trust Company's June 30, 2011 annual reports, with audited financial statements, are available free upon request. Saturna Sdn. Bhd.'s financial statements are independently audited in Malaysia.