



Saturna Capital Corporation

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This wrap fee program 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

This brochure is an annual update to the brochure dated September 27, 2013. While there have been no material changes to the brochure, the following noteworthy non-material change was made:

Saturna’s “bunching” policies have been modified to reflect changes necessitated as a result of adding additional execution options. When Saturna believes it can do so and achieve best execution, orders placed at the same time, with the same instructions, will be executed as a “bunched” order with each account receiving the same average execution price. In the event of a partially filled “bunched” order, shares are allocated pro-rata over the accounts participating in the original order. When circumstances dictate, or when Saturna believes that using multiple execution firms will minimize market impact, part or none of the order may be “bunched.”

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Services, Fees, and Compensation

Throughout this brochure we refer to our Core Values, a set of guiding principles according to which Saturna is managed. Please visit www.saturna.com/corevalues for more information.

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). Each Investment Management Account and Pooled Investment Fund is assigned a primary account manager, responsible for the client's portfolio. Client reviews normally include assets, income, tax situation, family needs, estate planning, and risk preferences.

When advising families, we often 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.

As part of our Core Values, Saturna strives to deliver superior performance to our investors. 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 simple statement of investment objectives. 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. Clients may impose restrictions on investing in certain securities or types of securities.

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

As part of our Core Values, Saturna provides high-value services at low cost. The annual advisory fee for 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. 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 ("SBS"). When clients select SBS as their broker, the single asset-based advisory fee includes investment management, trading, and custody ("wrap fee").

Fees are deducted from accounts after the end of each quarter, based on the account's value at the end of the quarter. Fees are paid in arrears and deducted from client's assets. There is no fee for the initial (partial) quarter. Either party may cancel contracts at any time without penalty. Saturna may change fees only after 60 days written notice. The Advisory Agreement authorizes Saturna to deduct advisory fees directly from your account. When the Agreement covers more than one related Account, assets are combined when calculating annual fee reductions.

Our Core Values require us to always do what is best for the client. As such, 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. 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 pay additional fees for services not covered under the Investment Management Agreement, such as outgoing wire transfers.

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. Investment Management Accounts may involve certain conflicts of interest, described throughout this brochure.

Fees for Pooled Investment Funds vary by contract and are negotiated.

Account Requirement and Types of Clients

Investment Management Accounts are accepted and retained at the discretion of management. Saturna imposes a \$1,000,000 account minimum that may be waived.

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).

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. 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.

Although Saturna claims compliance with the Global Investment Performance Standards (GIPS®) and prepares and presents reports in compliance with GIPS standards, portfolio manager performance is not evaluated based on these standards. Saturna Capital Corporation has been independently verified for the periods January 1, 2006, through December 31, 2013. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific presentation. Saturna reviews performance information internally on an annual basis.

Related persons of the firm are portfolio managers for Saturna's wrap fee program. As a result of costs associated with trading securities, wrap free program portfolio managers may have a conflict of interest to favor a lower turnover approach. Saturna has numerous policies and procedures designed to mitigate potential conflicts of interest. In practice, Saturna believes its compensation structure and the low cost of trading securities mitigates this risk.

For more information, see Code of Ethics, Participation or Interest in Client Transactions and Personal Trading on pages 16-17 of this Brochure.

Advisory Business

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

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). Each Investment Management Account and Pooled Investment Fund is assigned a primary account manager, responsible for the client's portfolio. Client reviews normally include assets, income, tax situation, family needs, estate planning, and risk preferences.

When advising individuals or families, we often 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 simple statement of investment objectives. 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 portfolio managers and clients 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 Investment Management Accounts with the exception of sub-advised accounts. For these accounts, Saturna may receive only a portion of the fee.

As of 06/30/2014, Saturna managed \$3,984,100,000 of client assets on a discretionary basis. Saturna does not provide investment management services to any accounts on a non-discretionary basis.

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. In connection with the management of some of these accounts, Saturna receives a performance-based fee; that is, a fee based on a share of capital gains or capital appreciation of account assets. Portfolio managers are eligible for performance-based compensation. As such, Saturna and its portfolio managers may have incentive to favor accounts for which they receive a performance-based fee over accounts (perhaps with similar objectives) without performance-based fees.

Saturna has designed policies and procedures to mitigate this potential conflict of interest. Saturna's policies do not allow portfolio managers to advise separate clients to both purchase and sell the same security on the same day. Saturna has adopted "bunch" order policies to further ensure that one client is not advantaged over another. When Saturna believes it can do so and achieve best execution, orders placed at the same time with the same instructions will be executed as a "bunched" order with each account receiving the same average execution price. In the event of a partially filled "bunched" order, shares are allocated pro-rata over the accounts participating in the original order. When circumstances dictate, or when Saturna believes that using multiple execution firms will minimize market impact, part or none of the order may be "bunched." As a result, clients could receive differing execution prices.

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 25%. We occasionally use stock and index options, but normally do not engage in short-term trading, short sales, or margin transactions. We believe that Investment Management clients can obtain sufficient diversification with fifteen to thirty stocks, and generally 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. One of our Core Values is to make investments only when the expected returns outweigh the risks: we don't 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 value is more often 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 equity issues from our recommended list that we limit to approximately 325 issues.

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 investigate economic conditions, 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, 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.

Islamic Multi-Cap Equity Income Strategy

The Islamic 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 Islamic Multi-Cap Equity Income Strategy

The Islamic 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.

The Fund buys investment grade bonds, meaning those rated “BBB” or higher by a national bond rating agency (e.g., Standard and Poor’s, Moody’s Investor’s Services), or, if unrated, of equivalent quality in the opinion of the adviser, considered at the time of purchase. At least 40% of bonds that the Fund buys must be rated “A” or higher or, if unrated, of equivalent quality, on a similar basis.

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.

Private Client Equity Strategy

The Private Client Equity Strategy invests in a diversified portfolio of equity issues. The strategy diversifies its investments across industries and companies, and generally follows a value investment style. Portfolios are tailored to an individual client's needs.

Principal Risks of Private Client Equity Strategy

The Private Client Equity Strategy entails both market risks and risk of price variation in individual securities. By diversifying its investments, the strategy reduces the risk of owning only a few securities.

Islamic Emerging Markets Equity Strategy

The Islamic 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 Islamic Emerging Markets Equity Strategy seeks to reduce its foreign investing risk.

Principal Risks of Islamic Emerging Markets Equity Strategy

The Islamic 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 Islamic 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 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.

Voting Client Securities

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 Investment Management Agreement, which details the terms of our relationship. Clients may provide personal information to Saturna that will assist their portfolio manager in making suitable choices in the selection of securities and investments. This information may include, but is not limited to, current income, assets owned, and net worth. Should a client elect to use SBS as broker, the brokerage application completed by the client contains detailed information about client's financial situation, current employment, beneficiary information, and other relevant information. Clients are encouraged to update this information whenever a significant change occurs.

Client Contact with Portfolio Managers

There are no restrictions placed on a client's ability to contact and consult with portfolio managers. Review meetings are held as requested 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. Clients receive quarterly invoices on their accounts, showing the value of their accounts, after the end of each quarter. Clients may review their Pershing-custodied accounts online at any time.

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.

As part of our Core Values, Saturna places a high value on protecting our reputation and has no such events to report.

Other Financial Industry Activities and Affiliations

As part of our Core Values, and to obtain a competitive advantage, Saturna builds operations internally, preferring in-house over outsourcing.

Saturna Brokerage Services, Inc.

SBS, established in 1986, is a wholly owned subsidiary of Saturna Capital. All of SBS' registered representatives are also employees of Saturna Capital. In turn, most of Saturna Capital's management persons are registered representatives of SBS. All employees, in keeping with our Core Values, receive 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 Saturna nor SBS interposes itself between the customer and best market.

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 transactions effectuated on behalf of Saturna's investment management accounts. This practice works to mitigate any potential conflict of interest arising from Saturna's ownership of SBS.

Pershing LLC is SBS's clearing broker and provides custody services. Securities held at Pershing are protected by SIPC, plus an excess SIPC policy paid for by Pershing. Please visit www.pershing.com/about_us/4575.htm for more information.

SBS is a member of the Financial Industry Regulatory Authority (FINRA) (CRD #18437; SEC File Number 8-36588), 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 Capital and is Saturna's direct source for investment research and analysis on 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. SSB is the fund manager for an ASEAN wholesale fund not available to US investors.

As a result of the separation of markets and limited overlap of 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.

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 are willing to 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.

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

All Saturna employees are subject to a 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 providing 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 strict limits.

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 can result in censure, fines and/or dismissal of any employee.

When appropriate, Saturna recommends 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 from the amount on which Saturna’s advisory fees are computed client assets invested in mutual funds that Saturna manages or for which Saturna receives a distribution fee or other payment.

Employees of Saturna 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 restrictions and/or requiring pre-clearance on employee trading in excess of “insignificant position” exemptions.

Review of Accounts

Portfolio managers review all accounts on a continuing basis. The portfolio managers that review accounts are: Nicholas Kaiser, Chairman, Chief Investment Officer, and Portfolio Manager; Phelps McIlvaine, Vice President and Portfolio Manager; Peter Nielsen, Senior Investment Analyst and Portfolio Manager; John Scott, Investment Analyst and Portfolio Manager; Bryce Fegley, Investment Analyst and Portfolio Manager; Scott Klimo, Director of Research and Portfolio Manager; and Paul Meeks, Investment Analyst and Institutional 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 by research staff. Review meetings are held as requested by clients.

Under the CFO's supervision, Saturna periodically samples client account fee accounts calculations to determine their accuracy; Saturna also tests the overall reasonableness of the amount of fees deducted from all client accounts for a period of time based on 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. In addition, at quarter end, clients receive invoices displaying the value of their accounts. Clients may review their Pershing-custodied 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 does not receive and prohibits its employees from accepting any form of compensation for client referrals from any entity in conjunction with the advisory services it provides.

Financial Information

Saturna bills clients in accordance with its process described in Services, Fees and Compensation on pages 3-4.

Saturna Capital is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients. As part of our Core Values, Saturna prepares for the unforeseen through planning and retaining a substantial portion of our earnings.

Saturna's June 30, 2014 annual report, with audited financial statements, is available free upon request.