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

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

*Saturna Capital Corporation ("Saturna") is 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 26, 2014. The Methods of Analysis, Investment Strategies, and Risk of Loss section has been amended to include the Global Sustainable Equity, Global Sustainable Bond, and Islamic Global Sukuk Strategies.

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## Advisory Business

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

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](http://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, and retirement plans and (2) Pooled Investment Funds (mutual funds and private partnerships). Each Investment Management Account and Pooled Investment Fund is assigned a primary account manager, responsible for the client's portfolio. Client reviews normally include assets, income, tax situation, family needs, estate planning, and risk preferences.

Saturna serves as investment adviser to two mutual fund complexes: Amana Mutual Funds Trust and Saturna Investment Trust. Amana Mutual Funds Trust is composed of three series: Amana Income Fund, Amana Growth Fund, Amana Developing World Fund, and the Amana Participation Fund<sup>1</sup>. Saturna Investment Trust is composed of nine series: Sextant International Fund, Sextant Growth Fund, Sextant Core Fund, Sextant Short Term Bond Fund, Sextant Bond Income Fund, Sextant Global High Income Fund, Idaho Tax Exempt Fund, Saturna Sustainable Equity Fund, and Saturna Sustainable Bond Fund. While there are disclosures in this Part 2A of Form ADV that relate to the mutual funds managed by Saturna (the "Funds"), most disclosures relate solely to Saturna's Investment Management Accounts. This document should not be considered an offering document for the Funds. Please see the Funds' Prospectus and Summary Prospectuses (collectively, "Prospectuses"), Statement of Additional Information, and other reports to shareholders for disclosures relating to the Funds. These documents are available on Saturna's website, [www.saturna.com](http://www.saturna.com).

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.

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.

The portfolio management services Saturna offers to Investment Management Accounts ("wrap fee accounts") are substantially similar to 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. For more details, see Saturna's wrap fee brochure.

As of 6/30/2015, Saturna managed \$3,796,000,000 of client assets on a discretionary basis. Saturna does not provide investment management services to any accounts on a non-discretionary basis.

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<sup>1</sup> The Amana Participation Fund commenced operations September 28, 2015

## Fees and Compensation

All Investment Management Account clients complete the Saturna Capital 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 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 reasonable in light of the services provided and, as such, Saturna does not generally negotiate fees. 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.

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

Clients have the option of purchasing investment products Saturna recommends through other brokers or agents not affiliated with Saturna. There are no brokerage commissions when securities are traded through Saturna Brokerage Services, Inc. ("SBS"). When clients select SBS as their broker, the single asset-based advisory fee includes investment management, trading, and custody ("wrap fee"). For more information regarding SBS, refer to "Other Financial Industries and Affiliations", pages 16-17.

Fees are computed and deducted from accounts in arrears after the end of each quarter, based on account value at the end of the quarter. There is no fee for the initial (partial) quarter. Either party may cancel contracts at any time without penalty. Saturna Capital may change fees only after 60 days written notice. 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 Capital excludes client assets invested in mutual funds that Saturna Capital manages or for which Saturna Capital or Saturna Brokerage Services receives a distribution fee or other payment from the amount on which advisory fees are computed. This can substantially reduce the net fee an advisory client pays.

Saturna 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.

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

## **Performance Based Fees and Side-By-Side Management**

Saturna manages a variety of pooled investment funds, including privately managed portfolios and thirteen 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. A similar conflict may exist from managing accounts in a similar investment style, but some of which pay a higher advisory fee. Other conflicts may arise from managing accounts owned by Saturna Capital, its owners or its employees.

Saturna Capital has designed policies and procedures to mitigate these potential conflicts of interest and which are reasonably designed to monitor and prevent Saturna Capital from inappropriately favoring one account over another. Saturna Capital's policies do not allow portfolio managers to advise separate clients to both purchase and sell the same security on the same day. Saturna Capital 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.

## **Types of Clients**

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

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

## **Methods of Analysis, Investment Strategies, and Risk of Loss**

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.

The annual portfolio turnover in the accounts we manage rarely exceeds 25%. We do not normally engage in short-term trading, short sales, or margin transactions.

In selecting investments, we are value-oriented; we are reluctant to pay a premium for a stock and endeavor to buy stocks that we believe to be reasonably valued. 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.

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.

We look for investment opportunities globally. 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.

Analytical responsibility is divided among our investment staff by sectors, industries and countries. Portfolio managers select equity issues from our recommended list, which 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. We maintain our own research files on hundreds of actively followed companies. 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 a client of Saturna, you must be prepared to accept this risk. Only consider investing in a strategy if you are willing to accept the risk that you may lose money. Principal value, yields, and total returns will change with the fluctuations in the securities markets as well as the fortunes of the industries and companies in which a strategy invests.

## **International Equity Strategy**

The International Equity Strategy diversifies its investments among many countries, favoring those with mature markets (such as Europe and Canada). This strategy diversifies its investments across industries, companies, and countries. This strategy looks for companies with growing revenues and earnings, favoring companies trading for less than Saturna's assessment of intrinsic value, which typically means companies with low price/earning multiples, low price to cash flow, and higher dividend yields. There is no restriction on the size of companies in which the strategy invests, but it favors larger and more established firms.

### **Principal Risks of International Equity Strategy**

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

## **Multi-Cap Growth Equity Strategy**

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

### **Principal Risks of Multi Cap Growth Equity Strategy**

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

## **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 strategy focuses on 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 strategy invests in are 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 Global High Income 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.

## **Global Sustainable Equity Strategy**

The Global Sustainable Equity Strategy invests in equities of issuers located throughout the world that Saturna believes demonstrate sustainable characteristics. Saturna considers issuers with sustainable characteristics to be those issuers that are generally larger, more established, consistently profitable, and financially strong, and with low risks in the areas of the environment, social responsibility, and corporate governance ("ESG"). The adviser uses an internally developed ESG rating system to identify issuers that the adviser believes present low ESG risks.

The strategy diversifies its investments across industries, companies, and countries, and generally follows a large and mid-cap value investment style. The Strategy prefers seasoned companies that are expected to grow revenue and earnings, favoring equities of companies trading for less than the adviser's assessment of their intrinsic value, which typically means companies with low price/earnings multiples, strong balance sheets, and higher dividend yields. The strategy may invest up to 30% of assets in companies with headquarters in developing countries.

### **Principal Risks of Global Sustainable Equity Strategy**

Foreign investing involves risks not normally associated with investing solely in US securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and the lack of uniform financial, social, and political standards. Foreign investing heightens the risk of confiscatory taxation, seizure or nationalization of assets, establishment of currency controls, or adverse political or social developments that affect investments. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.

Security issuers are evaluated and assigned an ESG rating monthly. Ratings are dependent upon the associated ESG risks that are most pertinent to the sector in which the company operates. The ratings process associated with sustainable investing reduces the investable universe, which limits opportunities and may increase the risk of loss during market declines. Saturna believes that sustainable investing may mitigate security-specific risk, but there is no guarantee that the securities favored by our investment process will perform better and may perform worse than those that are not favored.

## **Global Sustainable Bond Strategy**

The Global Sustainable Bond Strategy invests at least 80% of its assets in bonds of issuers located throughout the world that Saturna believes demonstrate sustainable characteristics. For purposes of this investment policy, the adviser considers issuers with sustainable characteristics to be those issuers that are generally larger, more established, consistently profitable, and financially strong, and with low risks in the areas of the environment, social responsibility and corporate governance ("ESG"). Saturna uses an internally developed ESG rating system to identify issuers that Saturna believes present low ESG risks.

Under normal conditions, the strategy invests at least 65% of its assets in bonds within the four highest grades (Aaa, Aa, A, or Baa) and may invest up to 35% in unrated and high-yield bonds.

### **Principal Risks of Global Sustainable Bond Strategy**

The risks inherent in the 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. 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.

Foreign investing involves risks not normally associated with investing solely in US securities. These include fluctuations in currency exchange rates, less public information about securities, less governmental market supervision, and the lack of uniform financial, social, and political standards. Foreign investing heightens the risk of confiscatory taxation, seizure or nationalization of assets, establishment of currency controls, or adverse political or social developments that affect investments. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.

Security issuers are evaluated and assigned an ESG rating monthly. Ratings are dependent upon the associated ESG risks that are most pertinent to the sector in which the company operates. The ratings process associated with sustainable investing reduces the investable universe, which limits opportunities and may increase the risk of loss during market declines. Saturna believes that sustainable investing may mitigate security-specific risk, but there is no guarantee that the securities favored by our investment process will perform better and may perform worse than those that are not favored.

Liquidity risk exists when particular investments are difficult to sell. Investments by the strategy in foreign securities and those that are thinly traded, such as lower quality issuers, tend to involve greater liquidity risk. The market for certain investments may become illiquid under adverse market or economic conditions.

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 and principal payments as expected. High-yield bonds may have low or no ratings, and may be considered "junk bonds."

### **Islamic Global Sukuk Strategy**

The Islamic Global Sukuk Strategy invests its assets in short and intermediate-term Islamic fixed-income investments. The strategy invests primarily in notes and certificates issued for payment by foreign governments, their agencies, and financial institutions in transactions structured to be in accordance with Islamic principles. Examples of these notes and certificates include (a) sukuk, which link the returns and cash flows of financing to

the assets purchased, or the returns generated from an asset purchased, (b) murabaha, which involves a purchase and sale contract, and (c) wakala, in which accounts are operated under the Islamic finance principle of wakala (an agency agreement).

The strategy restricts its investments so that at least 50% are denominated in US dollars, with no more than 10% in any other currency. Under normal conditions, the strategy invests at least 65% of its assets in securities rated within the four highest grades (Aaa, As, A, Baa) by a nationally-recognized rating agency and may invest up to 35% in unrated and high-yield notes and certificates, which may be considered equivalent to “junk bonds.”

### **Principal Risks of Islamic Global Sukuk Strategy**

The Islamic Global Sukuk Strategy’s restricted ability to invest in certain market sectors, such as non-Islamic 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, conventional cash reserves do not earn income.

Liquidity risk exists when particular investments are difficult to sell. Investments in foreign securities and those that are thinly traded, such as lower quality issuers, tend to involve greater liquidity risk. The market for certain investments may become illiquid under adverse market or economic conditions.

The strategy involves risks not typically associated with investing in US securities. Investments in the securities of foreign issuers may involve risks in addition to those normally associated with investments in the securities of US issuers. 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. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets the strategy participates in.

Sukuk are specifically structured to adhere to Islamic investment principles, but also must be engineered to be economically feasible in order to attract investment. Sukuk structures may be significantly more complicated than conventional bonds and often include a series of entities created specifically to support the sukuk structure. In addition, sukuk are largely created in or otherwise subject to the risks of developing economies, many of which have weak or inconsistent accounting, legal and financial infrastructure. The structural complexity of sukuk, along with the weak infrastructure of the sukuk market, increases risks of investing in sukuk, including operational, legal, and investment risks. In addition, adherence to Islamic investment principles increases the risk of loss in the event of a default. As compared to rights of conventional bondholders, holders of sukuk may have limited ability to pursue legal recourse to enforce the terms of the sukuk or to restructure the sukuk in order to seek recovery of principal. Sukuk are also subject to the risk that some Islamic scholars may deem certain sukuk

as not meeting Islamic investment principles subsequent to the sukuk being issued and therefore classify the investments as noncompliant with Islamic principles.

Changes in interest rates developments in the capital markets impact prices of fixed-income investments. When interest rates rise, the value of fixed-income investments (paying a lower rate of interest) generally will fall. Investments with shorter terms may have less interest rate risk, but generally have lower returns and, because of the more frequent maturity dates, may involve higher re-investment costs.

Corporate and sovereign issuers of the notes and certificates in which the strategy invests may not be able or willing to make payments when due, which may lead to default or restructuring of the investment. In addition, if the market perceives deterioration in the creditworthiness of an issuer, the value and liquidity of the securities of the issuer may decline.

Securities that are rated below investment grade may have greater price fluctuations and have a higher risk of default than investment grade securities. Below investment grade securities may be difficult to sell at an acceptable price, especially during periods of increased market volatility or significant market decline.

## **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.

### **Amana Mutual Funds Trust and Saturna Investment Trust**

Saturna serves as investment adviser to two families of mutual funds: Amana Mutual Funds Trust and Saturna Investment Trust (the “Trusts”). See Advisory Business on page 2 for more information about the Trusts. Saturna has established policies and procedures designed to facilitate the equal application of Saturna’s fiduciary responsibilities among all of its clients despite any affiliations, such as this, that may create a conflict of interest. See Brokerage Practices on page 18.

### **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 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 the Securities Investor Protection Corporation ("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), 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 emerging markets throughout Asia.

Strategically located in the heart of one of the world centers of Islamic finance, SSB seeks to meet the growing international demand for Islamic investment management expertise.

Licensed by the Securities Commission of Malaysia, SSB provides equity management services to individuals, corporations, and institutions, specializing in Islamic investing. 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](http://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 Henderson, 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](http://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 certain 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](http://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 may invest client assets 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.

With the exception of affiliated mutual funds, Saturna does not buy or sell for itself securities that are also recommended to clients. 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.

## **Brokerage Practices**

The discretionary investment authority granted to Saturna Capital generally includes the discretion to select securities brokers or dealers to execute portfolio transactions. Saturna seeks to execute transactions in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances. The primary consideration in effecting securities transactions is to obtain the best price and execution which in the judgment of Saturna is attainable at the time and which would bring the best net overall economic result. However, there can be no assurance that best execution will be achieved in any given transaction. Factors taken

into account in the selection of brokers include the price of the security, commissions paid on the transaction, the efficiency and cooperation with which the transaction is effected, the expediency of making settlement and the financial strength and stability of the broker. Saturna does not receive research or other products or services other than execution from any broker or third party in connection with client securities transactions. In addition, in selecting brokers for client transactions, Saturna does not consider referrals from brokers or third parties.

For Investment Management Accounts custodied at Pershing, Saturna Capital directs brokerage to SBS, which introduces the portfolio transaction to Pershing for execution. SBS does not charge any commission in connection with these portfolio transactions. Although Saturna does not select or recommend other brokerage firms for Investment Management Accounts, we will work with any brokerage firm and/or custodian the client selects. For all other clients, brokerage may be directed to SBS without commission, or to other brokers with commission.

Saturna may negotiate commissions at a rate in excess of the amount another broker would have charged if it determines in good faith that the overall net economic result is favorable to the client. Saturna evaluates whether brokerage commissions are reasonable based upon available information about the general level of commissions paid by similar clients for comparable services.

When 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. There may be instances where not all similarly managed accounts participate in the same or bunched transactions due to a variety of reasons, including cash flows, investment limitations, tax concerns and brokerage restrictions. 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.” In these circumstances, Saturna Capital will place trades in a manner consistent with its best execution obligation and may determine it its discretion to place transactions in a manner and order it believes will have the least market impact. As a result, clients could receive differing execution prices.

## **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; Patrick Drum, Research Analyst and Portfolio Manager; Bryce Fegley, Investment Analyst and Portfolio Manager; Scott Klimo, Director of Research and Portfolio Manager; and Paul Meeks, Director of Separately Managed Accounts and Portfolio Manager. 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 and from their independent custodian. In addition, at quarter end, clients receive invoices displaying the value of their accounts. Pershing-custodied clients may review their accounts online at any time.

## **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.

## **Custody**

Clients receive statements of their accounts from both Saturna and the qualified custodian, Pershing LLC, usually at the end of each month, but no less than quarterly. Clients receive statements both from Saturna Capital and the custodian, and are encouraged to carefully review the statements for consistency. Tait, Weller, & Baker LLP ("Tait"), performs an examination of client funds and securities in Investment Management Accounts. The examination takes place at a date and time chosen by Tait without prior notice to Saturna.

## **Investment Discretion**

Saturna accepts discretionary authority for Investment Management Accounts. Clients may elect to place certain limits on this authority, including restrictions on the securities we purchase for their accounts.

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

## **Voting Client Securities**

### **Mutual Funds**

Saturna's investment professionals, as part of their ongoing review and analysis of all mutual fund client portfolio holdings, are responsible for monitoring significant corporate developments, including proxy proposals submitted to shareowners. Voting proxies is a responsibility of a Fund's portfolio manager or assigned member of Saturna's portfolio management team, and is subject to a set of guidelines. When any proposals fall outside these guidelines, they are considered on a case-by-case basis.

For the mutual funds, these guidelines are reviewed and approved annually by the mutual fund Trustees. The account manager will refer all issues where there could be a conflict of interest (e.g., a familial or business relationship with company management) or uncertainty of direction to the Trustees for resolution. Information is filed on Form N-PX regarding how the Funds voted proxies relating to portfolio securities during the most

recent 12-month period ended June 30 and is available (1) without charge, upon request, by calling Saturna Capital at 800-SATURNA; (2) on the Saturna's website; and (3) on the SEC's website at [www.sec.gov](http://www.sec.gov).

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

#### **Governance**

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

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

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

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

**Against** proposals to elect directors on a staggered schedule.

#### **Business Transactions**

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

**Against** proposals to adopt anti-takeover measures.

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

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

#### **Capitalization**

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

**For** proposals relating to the authorization of additional common stock.

**For** proposals to effect stock splits.

**For** proposals authorizing share repurchase programs.

#### **Executive Compensation**

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

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

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

## **Investment Management Accounts**

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

## **Financial Information**

Saturna bills clients in accordance with its process described in Fees and Compensation on pages 4-5.

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, 2015 annual report, with audited financial statements, is available free upon request.