

AMANA MUTUAL FUNDS PRESENT

Evaluating Islamic Investing Standards and Purification Methods

WITH



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Amana Mutual Funds Trust
FOLLOWING PRINCIPLES OF ISLAMIC FINANCE



Please consider an investment's objectives, risks, charges and expenses carefully before investing. To obtain this and other important information, which you should carefully consider before investing, about the Amana Funds in a free prospectus or summary prospectus, please visit www.amanafunds.com or call 1-800-728-8762.

The Amana Funds are distributed by Saturna Brokerage Services, member FINRA/SIPC and a wholly-owned subsidiary of Saturna Capital, investment adviser to the Amana Funds.

Amana's Screening Methodology

ISLAMIC CONSULTANT

- The Funds' adviser, **Saturna Capital Corporation**, selects investments.
- To ensure that investments meet the requirements of the Islamic faith, the adviser engages **Amanie Advisors Sdn Bhd**, a leading consultant specializing in Islamic finance.
 - Amanie reviews portfolios on a quarterly basis
 - Certifications available on each fund's individual web page



ISLAMIC INVESTING GUIDELINES

Business Sector Screening

- No interest (banking and insurance - riba)
- No alcohol
- No exploitative media
- No gambling
- No pork

Financial Screening

- $< 33\%$ Total Debt to 12-month Trailing Market Cap
- $< 45\%$ Accounts Receivable to Total Assets
- $< 5\%$ haram revenues

WHAT'S BEING MEASURED?

Environmental

- Energy
- Climate
- Water
- Waste

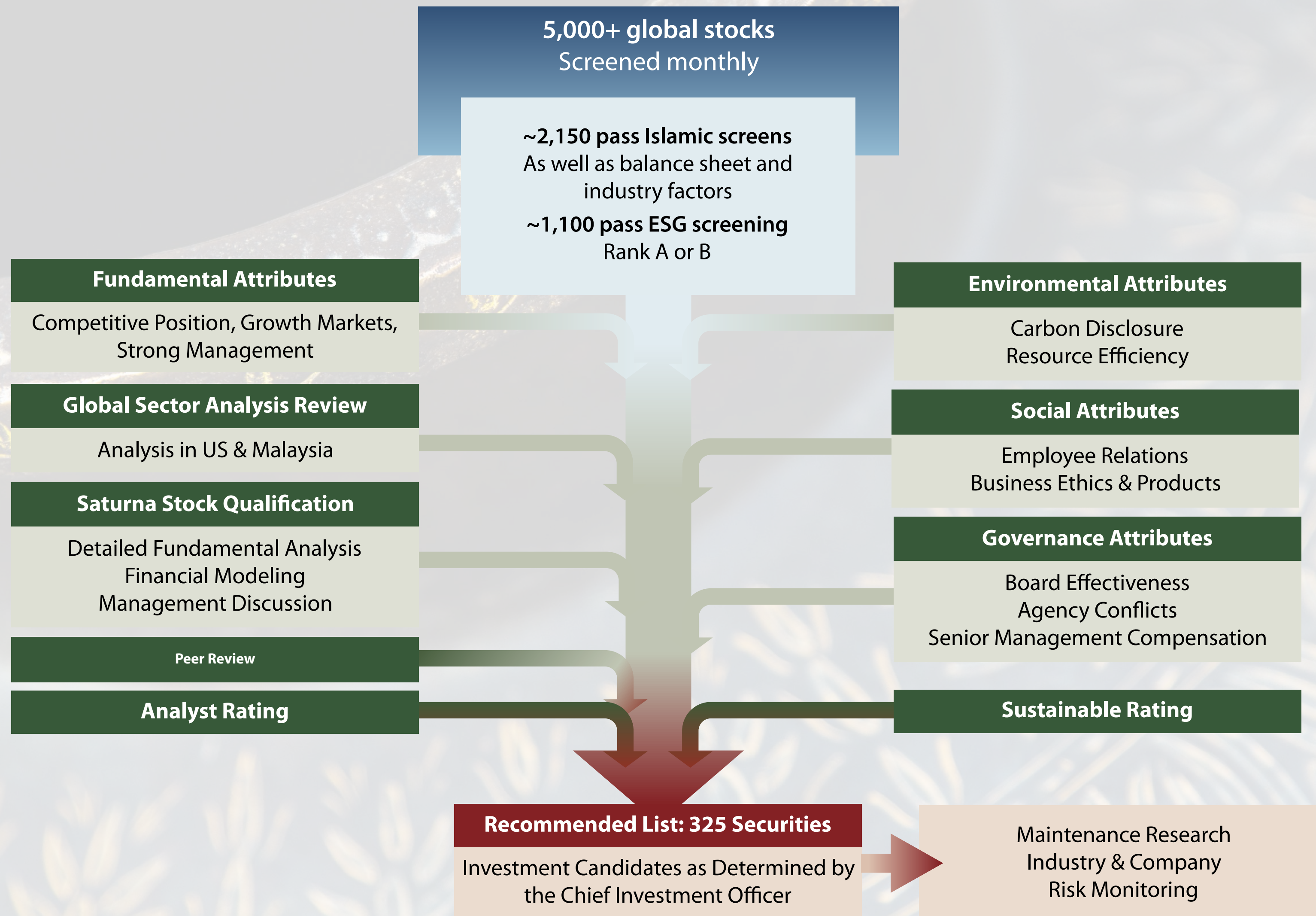
Social

- Community
- Labor

Governance

- Board quality
- Corporate policies
- Executive compensation

STEP-BY-STEP RESEARCH PROCESS



Amana Income Fund Sustainability Rating™

Investor Shares (AMANX)
Institutional Shares (AMINX)



Category Percentile Rank: 80%
among 1,230 Large Blend Funds based on 100% of AUM

Amana Growth Fund Sustainability Rating™

Investor Shares (AMAGX)
Institutional Shares (AMIGX)



Category Percentile Rank: 1%
among 1,203 Large Growth Funds based on 100% of AUM



Morningstar Sustainability Ratings are as of January 31, 2021. The Morningstar Sustainability Rating™ is intended to measure how well the issuing companies of the securities within a fund's portfolio are managing their environmental, social, and governance ("ESG") risks and opportunities relative to the fund's Morningstar category peers. The Morningstar Sustainability Rating calculation is a two-step process. First, each fund with at least 50% of assets covered by a company-level ESG score from Sustainalytics receives a Morningstar Portfolio Sustainability Score™. The Morningstar Portfolio Sustainability Score is an asset-weighted average of normalized company-level ESG scores with deductions made for controversial incidents by the issuing companies, such as environmental accidents, fraud, or discriminatory behavior. The Morningstar Sustainability Rating is then assigned to all scored funds within Morningstar Categories in which at least ten (10) funds receive a Portfolio Sustainability Score and is determined by each fund's rank within the following distribution: High (highest 10%), Above Average (next 22.5%), Average (next 35%), Below Average (next 22.5%), and Low (lowest 10%). The Morningstar Sustainability Rating is depicted by globe icons where High equals 5 globes and Low equals 1 globe. A Sustainability Rating is assigned to any fund that has more than half of its underlying assets rated by Sustainalytics and is within a Morningstar Category with at least 10 scored funds; therefore, the rating is not limited to funds with explicit sustainable or responsible investment mandates. Morningstar updates its Sustainability Ratings monthly. Portfolios receive a Morningstar Portfolio Sustainability Score and Sustainability Rating one month and six business days after their reported as-of date based on the most recent portfolio. As part of the evaluation process, Morningstar uses Sustainalytics' ESG scores from the same month as the portfolio as-of date.

The **Amana Income Fund** and **Amana Growth Fund** each offer two share classes – Investor Shares and Institutional Shares, each of which has different expense structures.

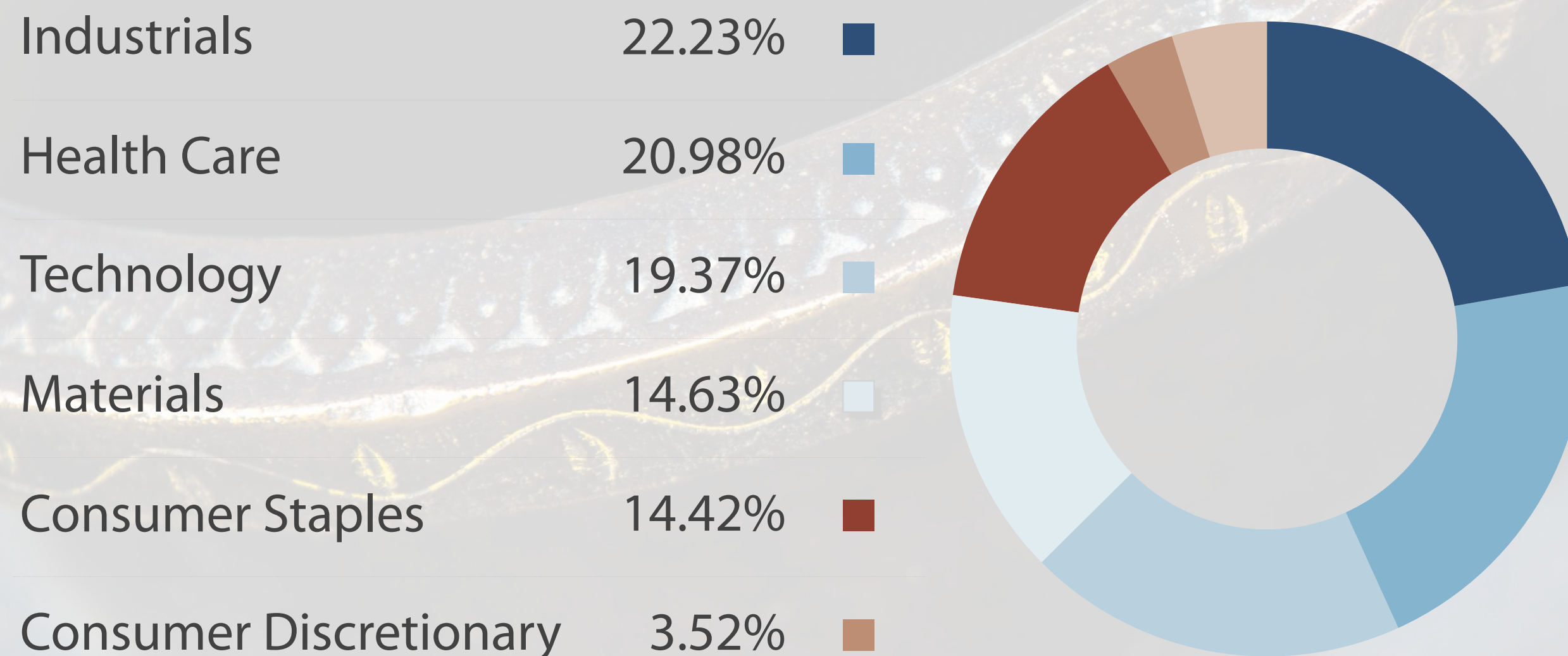
The Funds' portfolios are actively managed and are subject to change, which may result in a different Morningstar Star Rating, Sustainability Score, and Sustainability Rating each month.

% Rank in Category is a fund's percentile rank for the specified time period relative to all funds that have the same Morningstar category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Percentile ranks within categories are most useful in those categories that have a large number of funds.

AMANA INCOME FUND: HOLDINGS

As of December 31, 2020

Sector Allocation



Sector weightings are shown as a percentage of total net assets.

Top Ten Holdings

	% of Assets
Eli Lilly	6.49%
Taiwan Semiconductor ADS	6.36%
Microsoft	6.11%
Rockwell Automation	5.17%
Illinois Tool Works	4.20%
McCormick & Co	3.94%
PPG Industries	3.91%
Honeywell International	3.80%
Parker Hannifin	3.76%
Intel	3.08%
Total	46.82%

Past performance is no guarantee of future results.

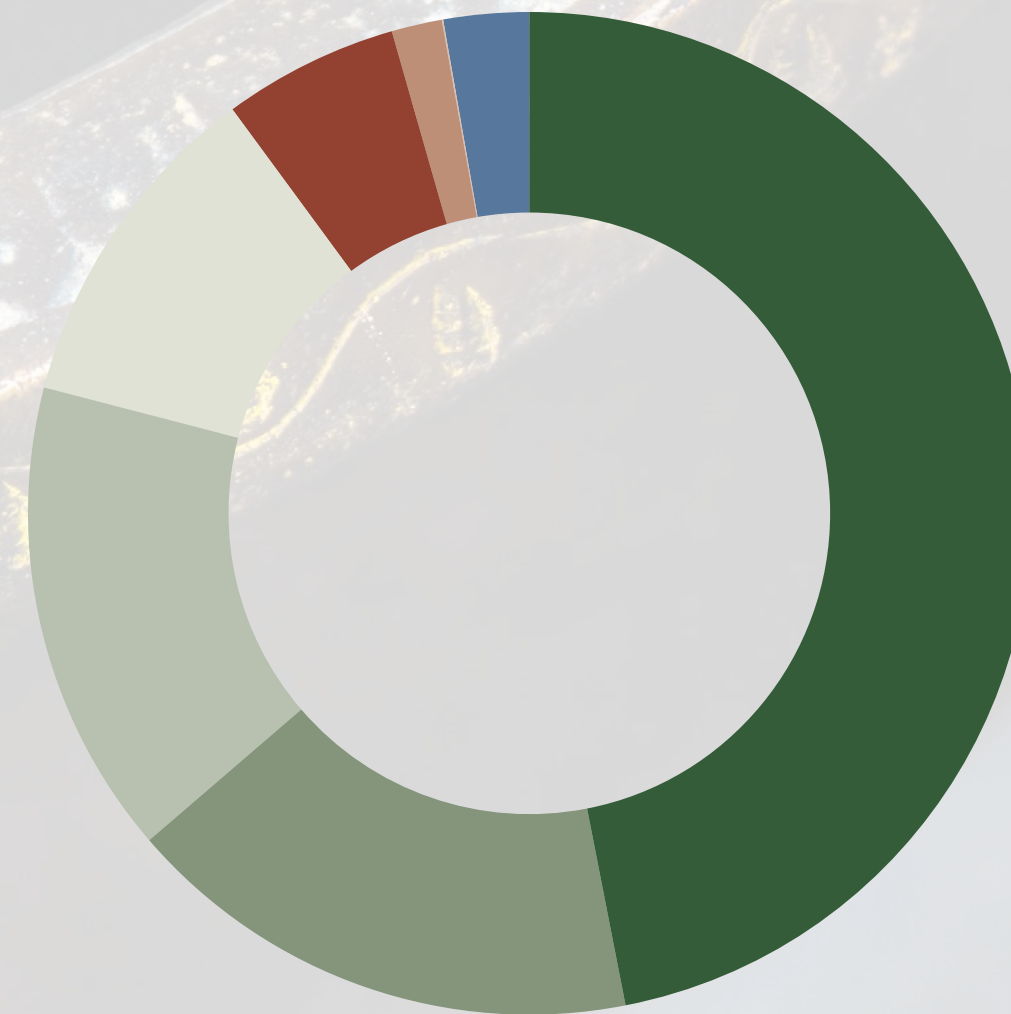
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AMANA GROWTH FUND: HOLDINGS

As of December 31, 2020

Sector Allocation

Technology	46.73%	■
Health Care	16.70%	■
Industrials	15.28%	■
Consumer Staples	10.83%	■
Consumer Discretionary	5.64%	■
Materials	1.62%	■
Financials	0.46%	■
Cash and equivalents	2.74%	■



Sector weightings are shown as a percentage of total net assets.

Top Ten Holdings

	% of Assets
Apple	8.79%
Adobe	6.61%
Intuit	6.31%
ASML Holding NY	6.28%
Taiwan Semiconductor ADS	5.54%
Estee Lauder, Class A	4.71%
Trimble	4.00%
Agilent Technologies	3.95%
Qualcomm	3.92%
Church & Dwight	3.40%
Total	53.51%

Past performance is no guarantee of future results.

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FUND FEES AND ROLLOVER RISKS

While there are no account or transfer fees for IRA accounts invested in Saturna's affiliated mutual funds, ongoing investments in mutual funds are subject to expenses. See a fund's prospectus for further details. Trades in a brokerage account are subject to a commission schedule. Wire transfers out of the account and expedited shipping of proceed checks may incur fees when these services are used.

IRA distributions before age 59½ may be subject to a 10% penalty. IRA distributions may be taxable.

Rollovers are not right for everyone and other options may be available. Some retirement plans allow you to hold your assets in the account until you need them. You should check with your previous plan administrator about any fees they may charge. It is important to carefully consider your available options, including any fees you might incur, before choosing an IRA rollover.



Islamic Indices Comparison

SCREENING ORGANIZATIONS

AAOIFI

- Accounting and Auditing Organization for Islamic Financial Institutions

MSCI

- Major index provider in global capital markets

FTSE Russell

- Financial Times Stock Exchange merged with Russell Investments to create this index powerhouse

Standard & Poor's

- Major index provider
- Dow Jones and S&P

Governments

- Indonesia
- Malaysia
- GCC

Index	Qualitative	Prohibited Activities	Quantitative			Impermissible income	Additional Criteria
	Focus		Cash	Debt	Receivables		
AAOIFI / Philippines	Industry screen	Core business	(Cash + deposits + interest-bearing securities) / 12-month average market cap < 30%	Interest-based debt / 12-month average market cap < 30%	Accounts receivable, deposits and cash / total assets < 67%	Should not exceed 5% of total revenue (including interest income)	Preferred shares are considered to be non-compliant
Dow Jones Islamic Market (DJIM)	Sector-based screens	Partial involvement	Cash + interest-bearing securities / trailing 24-month average market cap < 33%	Total debt / trailing 24-month average market cap < 33%	Accounts receivable / trailing 24-month average market cap < 33%	Should not exceed 5% of total revenue (other than interest income)	
FTSE Shariah	Industry screen	Core business	Cash and interest-bearing securities / total assets < 33%	Total debt / total assets < 33%	Accounts receivable and cash/ total assets < 50%	Total interest and non-compliant activities income should not exceed 5% of total revenue	
Indonesia	Business activity	Core business	n/a	Interest-based debt / total assets < 45%	n/a	Should not exceed 10% of total revenue (including interest income)	

Index	Qualitative	Prohibited Activities	Quantitative			Impermissible income	Additional Criteria
	Focus		Cash	Debt	Receivables		
MSCI Islamic	Industry screen	Core business	Cash and interest-bearing securities / total assets < 33.33% (for current constituents) < 30% (for new constituents)	Total debt / total assets < 33.33% (for current constituents) < 30% (for new constituents)	Accounts receivable and cash / total assets < 33.33% (for current constituents) <30% (for new constituents)	Should not exceed 5% of total revenue (including interest income)	
MSCI Islamic M-Series	Industry screen	Core business	Cash and interest-bearing securities / market cap (36-month average) < 33.33% (for current constituents) < 30% (for new constituents)	Total debt / market cap (36-month average) < 33.33% (for current constituents) < 30% (for new constituents)	Accounts receivable and cash / market cap (36-month average) < 49% (for current constituents) < 46% for (for new constituents)	Should not exceed 5% of total revenue (including interest income)	
Malaysia SC	Business activity	Partial involvement; taking into consideration i) image of the company ii) maslahah (necessity), 'umum balwa (common plight), 'uruf (custom)	Cash / total assets <33%	Debt / total assets <33%	n/a	5% - 25% of total revenue	
S&P 500 Shariah	Industry screen	Core business	Cash + interest-bearing securities / market value of equity (3-month average) < 33%	Debt / market value of equity (36-month average) < 33 %	Accounts receivable / market value of equity (36-month average) < 49 %	Should not exceed 5% of total revenue (other than interest income)	

SOME COMMONALITIES

33%

**Thirty-Three Percent Debt
(33%)**

45%

**Forty-Five Percent Cash /
Accounts Receivable (45%)**

5%

**Five Percent Haram
Revenue (5%)**

**THESE THREE RULES HAVE GONE THROUGH MANY DECADES OF
EVALUATION AND RE-EVALUATION**

The background of the slide is a dark blue, textured surface resembling weathered wooden planks. In the upper left corner, there is a detailed image of a brass sextant, a navigational instrument used for measuring the angle between celestial objects. A thick, coiled rope is draped over the sextant. In the bottom left corner, a portion of a vintage-style compass is visible, showing its face with cardinal and intercardinal directions.

Principles of Purification

PRINCIPLES OF PURIFICATION

Purification cleanses tainted income

***Riba** can be found when a corporation...*

- Earns interest on cash deposits
- Realizes income from unacceptable resources

*...wherein investors benefit through **dividend income***

*Other forms of **haram** revenue*

- Interest straight to bottom line; others have expenses

*How to **trace** gains derived from **riba**?*

- Company's annual financial report (10-K)
- Some gains are untraceable

Example: Company ABC reports interest income that is 2% of its net income and pays dividend to shareholders—as a result, investor should donate 2% of the dividend income

*To **cleanse** tainted earnings — **donate** a portion to charity*

- Not *sadaqa* but repentance for doing something wrong so no benefit can be gained

Islamic Mutual Funds

- Provides calculation of tainted portion of income distribution
 - Calculated on dividends paid by company, as it is tied to earnings; capital gains is not




Step 1: Determine dollar amount of prohibited income

Step 2: Determine the pro-rata haram dividends for each share class

Step 3: Determine the haram dividend amount per share


$$HPS = \frac{\Sigma(\text{company dividend} \times \text{haram revenue}\%) \times \text{weighted avg.net assets}}{\text{average shares outstanding}}$$

PURIFICATION CALCULATOR



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Account Login



Amana Mutual Funds Trust
FOLLOWING PRINCIPLES OF ISLAMIC FINANCE

Open an account online »

Home / Amana Mutual Funds Trust / Amana Purification Calculator

Amana Purification Calculator

You can use this form to estimate the amount to cleanse any *haram* income for the year from your shares. These purification factors are calculated once yearly at the Funds' fiscal year end as of May 31.

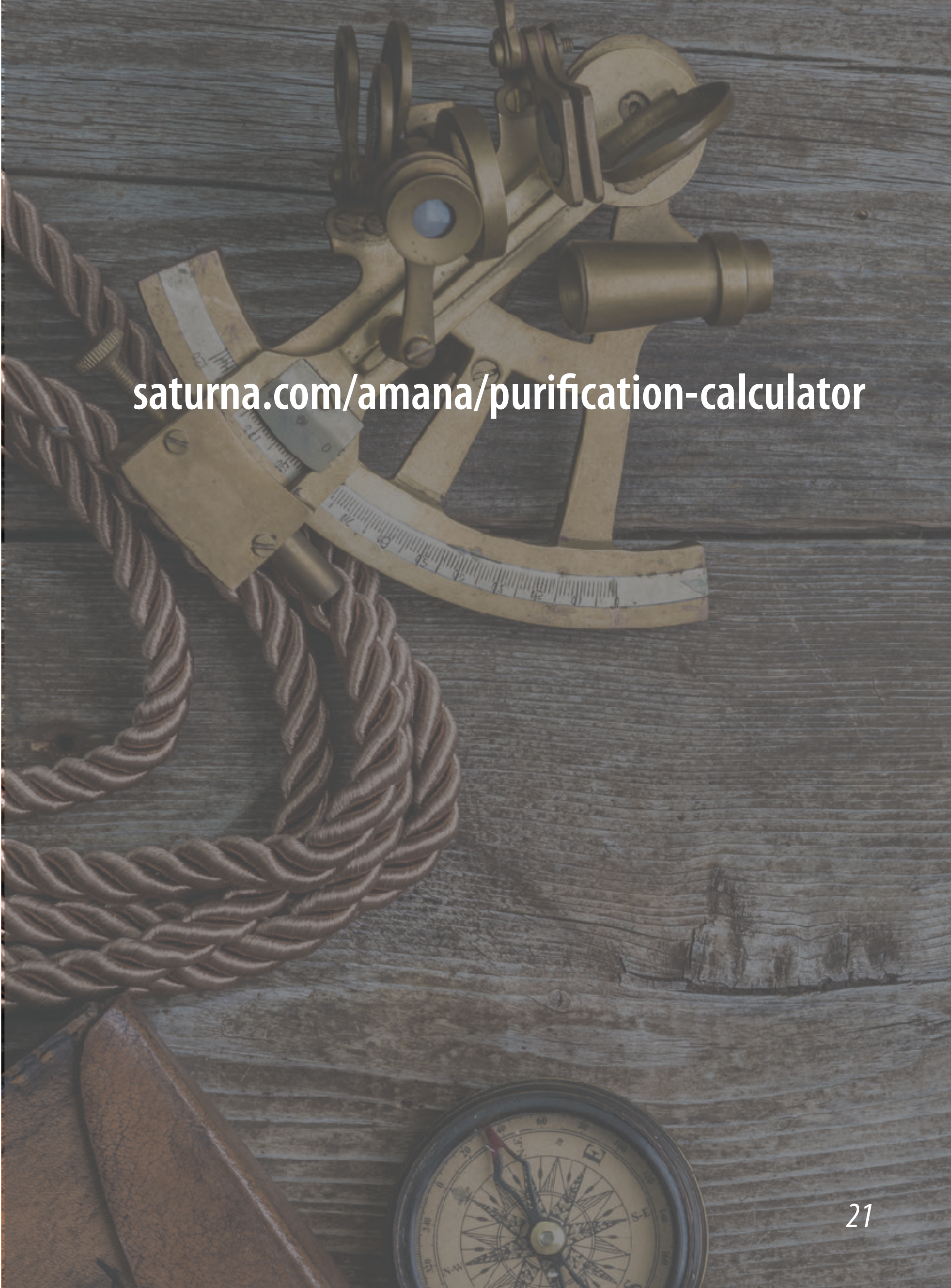
Currently, the figures are as of **May 31, 2020** for the fiscal year then ended.

Amana Income Fund

Investor Shares (AMANX)	Purification factor	Purification amount
<input type="text"/>	\$0.0010614	\$0
Institutional Shares (AMINX)	Purification factor	Purification amount
<input type="text"/>	\$0.0010547	\$0

Amana Growth Fund

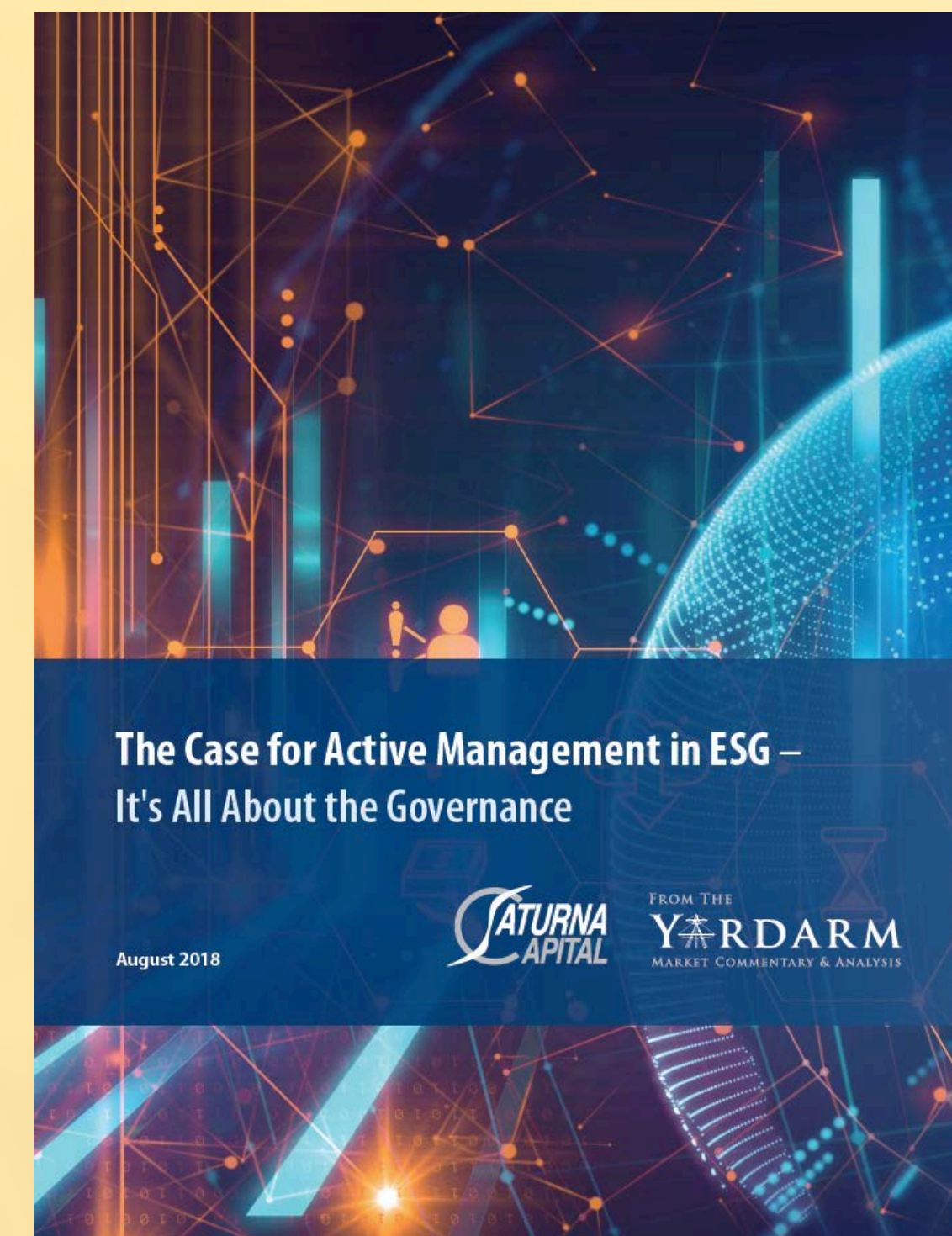
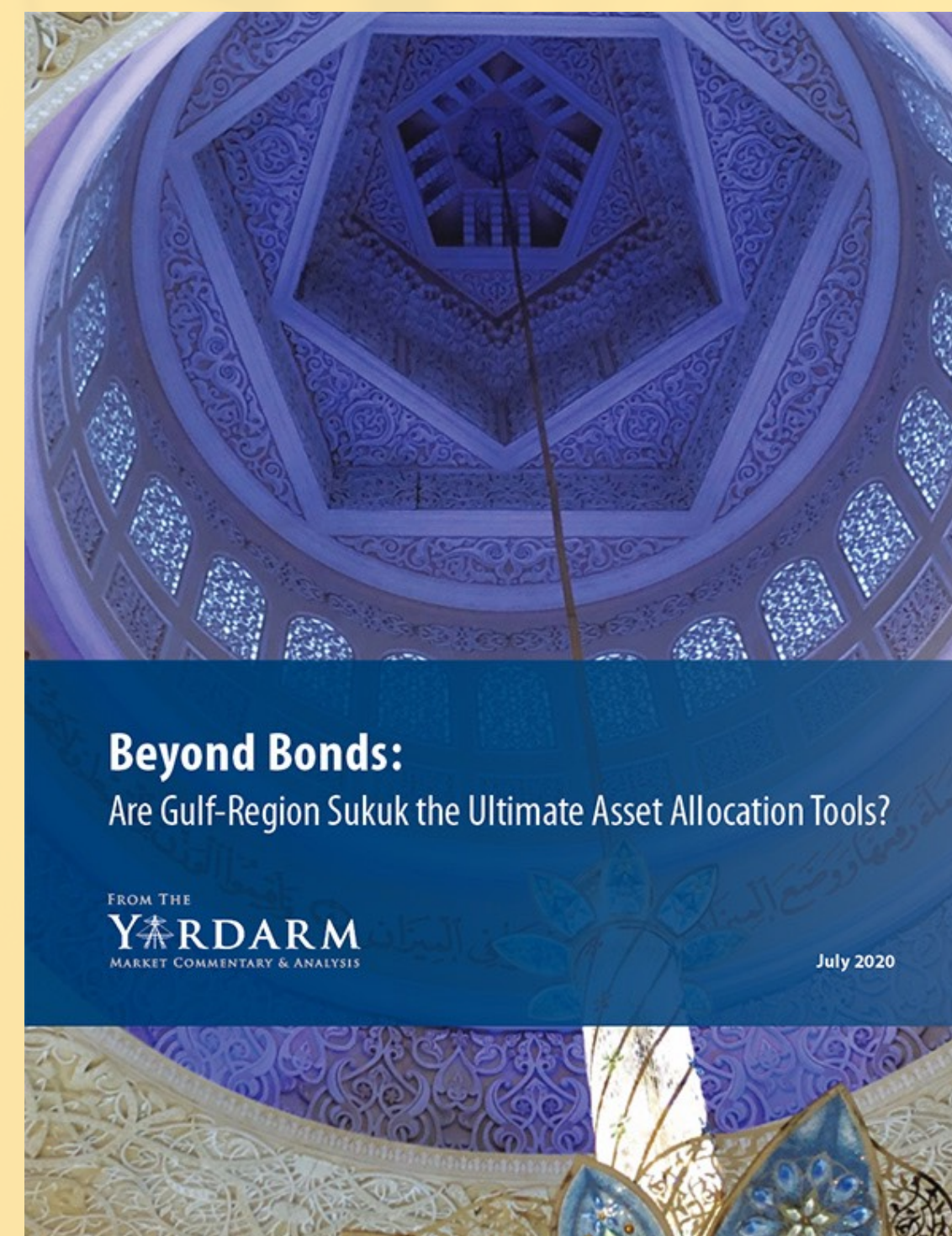
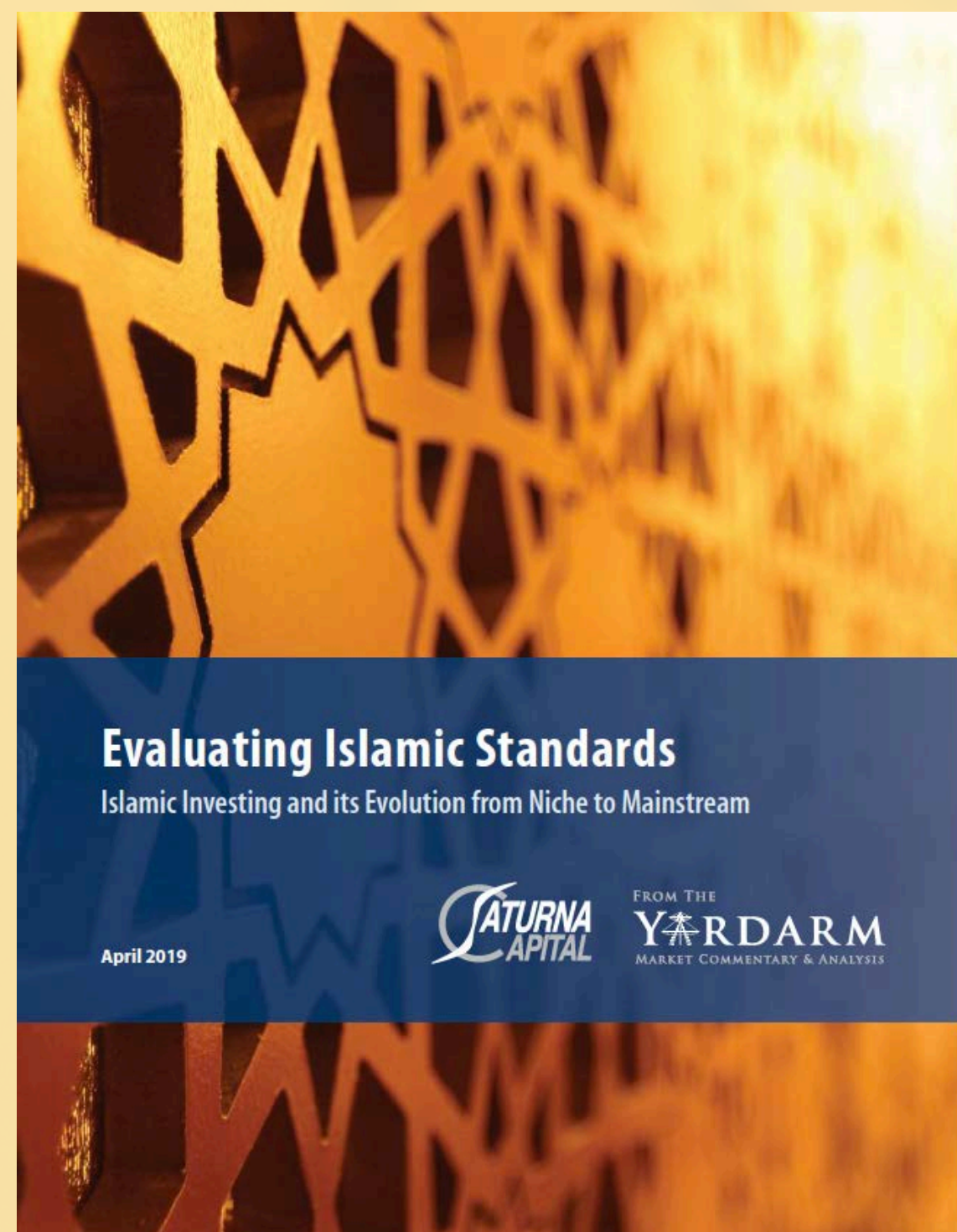
Investor Shares (AMAGX)	Purification factor	Purification amount
<input type="text"/>	\$0.0003049	\$0
Institutional Shares (AMIGX)	Purification factor	Purification amount
<input type="text"/>	\$0.0003063	\$0



saturna.com/amana/purification-calculator

ISLAMIC STANDARDS ARE DYNAMIC AND CANNOT BE STATIC

FURTHER READING AT SATURNA.COM



A FEW WORDS ABOUT RISK

Income, Growth, Developing World, and Participation Funds:

The value of the shares of each of the Funds rises and falls as the value of the securities in which the Funds invest go up and down.

The Amana Mutual Funds limit the securities they purchase to those consistent with Islamic principles. This limits opportunities and may affect performance. Each of the Funds may invest in securities that are not traded in the United States. Investments in the securities of foreign issuers may involve risks in addition to those normally associated with investments in the securities of US issuers. These risks include currency and market fluctuations, and political or social instability. The risks of foreign investing are generally magnified in the smaller and more volatile securities markets of the developing world.

Growth Fund: The smaller and less seasoned companies that may be in the Growth Fund have a greater risk of price volatility.

Participation Fund: While the Participation Fund does not invest in conventional bonds, risks similar to those of conventional nondiversified fixed-income funds apply. These include: diversification and concentration risk, liquidity risk, interest rate risk, credit risk, and high-yield risk. The Participation Fund also includes risks specific to investments in Islamic fixed-income instruments. The structural complexity of *sukuk*, along with the weak infrastructure of the *sukuk* market, increases risk. 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.



Amana Mutual Funds Trust

www.amanafunds.com 1-800-728-8762

FOLLOWING PRINCIPLES OF ISLAMIC FINANCE

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