

Saturna's Position on Companies with Israeli Exposure

In the wake of the current conflict between Hamas and Israel, as well as the broader issues concerning Israel/Palestine, many investors have enquired about our policy toward companies held in the Amana Funds that may do business in Israel, or more specifically about companies that appear to be involved in defense production.

Business with Israel:

- In a global economy, most large capitalization firms will have exposure to Israel. Any company's sales to Israel will constitute less than 1% of the firm's total sales because Israel's population of 10 million compared to 330 million in the US makes it a small market relative to most other countries. Understandably, investors may not be satisfied with the above, as the small proportion of sales to Israel could be significant in terms of the Palestinian/Israeli conflict.

Defense:

- Our Islamic guidelines rule out investment in companies involved in the production of weapons.
- Weapons are defined as any directly lethal product, such as guns, missiles, ammunition, fighter jets, targeting equipment, and software etc.
- We do not consider weapon components with dual-use commercial or consumer applications as *haram*. These include:
 - Semiconductors
 - Hydraulics
 - Navigation instrumentation
 - Radar
 - Other components
 - Artificial intelligence (AI) and large language models
- We are vigilant in our monitoring of company activities.
- Companies such as L3Harris and United

Technologies, which were previously held, were sold when they acquired or merged with companies making weapons.

AI in Defense Applications

In addition to our existing restriction on companies directly involved in the production of weapons, Amana Mutual Funds will not invest in companies that develop, produce, or supply AI technologies and systems that are specifically designed for, or primarily marketed to, military or defense applications.

This includes, but is not limited to:

- AI-enabled autonomous weapon systems
- AI-based targeting, surveillance, or reconnaissance platforms intended for military use
- AI software or hardware sold under defense contracts for use in weapons or military operations

As with other dual-use technologies, investment may be permitted in companies whose AI products have broad commercial or consumer applications, provided that defense-related sales constitute less than 5% of total revenue. The 5% cap is typically used across Islamic Investing principles to limit a company's exposure to haram activities, revenue, and income.

The Fund's adviser will continue to monitor company disclosures and public reports, while maintaining direct communications with management to ensure compliance with this policy. Companies found to have shifted toward significant defense-related AI activities will be subject to review and potential divestment.

Companies that have recently come under scrutiny include Microsoft and Alphabet.

- We thoroughly reviewed each company's activities before investing.



- Out of an abundance of caution we again contacted them regarding their defense activities.

Both Microsoft and Google derive a small proportion of their total revenue from defense contracts, and their activities fall within our established parameters for dual-use technologies with broad commercial applications.

We maintain ongoing monitoring of all portfolio companies' business activities as part of our standard investment oversight process. Our policy framework provides clear guidance for evaluation should any company's activities materially change in nature or scope, particularly regarding the development of AI specifically designed for lethal autonomous systems.

Please consider an investment's objectives, risks, charges and expenses carefully before investing. For this and other important information about the Amana Funds, please obtain and carefully read a free prospectus or summary prospectus from www.amanafunds.com or by calling toll-free 1-800-728-8762.

The Amana Funds limit the securities they purchase to those consistent with Islamic and sustainable principles. This limits opportunities and may affect performance.

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