



Value Investing with Value-Added Alpha

As core portfolio holdings, the Amana Funds suit a broad spectrum of investors, especially those who are risk-conscious. Guided by the portfolio management expertise of award-winning, industry veteran Nick Kaiser, the Amana Funds' research and analysis team employs a conservative, value investment strategy that has generated highly sought-after positive alpha.

Alpha measures the differential effect of active management on a fund's performance, be it positive or negative. Competent management alone is not sufficient to produce positive alpha, because a fund's risk exposure will ultimately determine whether its net alpha calculation is favorable. Only when a portfolio manager increases a fund's performance without adding commensurate risk, does its alpha measurement move toward positive territory. Two funds with identical returns may therefore generate vastly different alphas due to disparities in their risk profiles. Generally, a high, positive alpha is associated with greater value added by the portfolio manager.

"Astute stock-picking is only half the battle of building a successful portfolio," explains Nick Kaiser, portfolio manager of all three Amana Funds. "The other half is how you manage those choices over time, and how you decide what to do about the ones that keep you up at night."



Alpha Generator: Nick Kaiser

Amana Funds Risk Statistics (as of December 31, 2011)

Fund	Alpha ¹	Beta ²
Amana Income	0.98	0.78
Amana Growth	3.23	0.77
Average of 10,271 U.S. Domestic Equity Funds	0.67	1.07

Source: Morningstar

The Amana Funds' above average alpha statistics help alleviate one of the principal concerns of investors who are apprehensive about remaining in – or re-entering – a volatile market. For these investors, a fund's risk profile is as important as its returns.

The Amana Funds favor companies with low debt, strong balance sheets, and good environmental, social, and governance policies. The Funds do not purchase derivative securities, nor do they short stocks. Please visit www.amanafunds.com for more information about how our cautious, straightforward investment approach can help you manage your risk exposure.

¹ For more detail on Alpha and Beta calculations, see the reverse. Both Alpha and Beta are 3-year trailing averages versus the S&P 500 Index

² A beta of 1 conveys average market risk. Beta > 1 means higher risk, beta < 1 means lower risk.

Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be higher or lower than performance data quoted herein. Standardized returns current to the most recent month-end can be obtained by visiting www.amanafunds.com or by calling toll free 888-73-AMANA.

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 888/73-AMANA.



Amana Mutual Funds Trust

888/73-AMANA

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Value Investing with Value-Added Alpha *(continued)*

How alpha is calculated¹:

$$\text{Alpha} = \text{Excess Return} - (\text{Beta} \times (\text{Benchmark} - \text{Treasury}))$$

- “Excess Return” is calculated by subtracting the current 3-month T-Bill rate from the fund’s trailing 3-year average total return. The prevailing T-Bill rate is commonly used as a proxy for a risk-free rate of return.
- “Beta” is a ratio that expresses the volatility (risk) of a fund relative to the volatility of the overall market. A beta of 1 indicates average volatility. A beta of <1 is associated with lower risk, while >1 means higher risk.
- “Benchmark” is the total return of a given fund’s benchmark index. Morningstar uses the S&P 500 Index as a benchmark.
- Treasury is the return on 3-month Treasury Bill

References:

¹ *Morningstar.com: Mutual Fund Data Definitions*

For more information on mutual fund risk statistics, visit Morningstar.com’s “Funds 200: Investing Classroom” at <http://news.morningstar.com/classroom2/course.asp?docId=2932&page=1&CN=COM>.

A Few Words About Risk

By diversifying its investments, each Fund seeks to reduce the risk of owning only a few securities. Diversification does not assure a profit or protect against a loss in a declining market. The Growth Fund typically invests in smaller and less seasoned companies than the Income Fund, which may lead to greater variability in the Growth Fund’s returns. 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.

Investing in foreign securities involves risks not typically associated directly with investing in U.S. securities. These risks include fluctuations in exchange rates of foreign currencies; less public information with respect to issuers of securities; less governmental supervision of exchanges, issuers, and brokers; and lack of uniform accounting, auditing, and financial reporting standards. There is also a risk of adverse political, social or diplomatic developments that affect investment in foreign countries.

Islamic principles restrict the Funds’ ability to invest in certain stocks and market sectors, such as financial companies and conventional fixed-income securities. This limits opportunities and may increase risk.