



Do Your Fund Managers Invest In The Funds They Manage?

Note to Fund Managers:
If you can't beat your competitors, try joining your shareowners!

Common sense tells us that it's a good idea for fund managers to buy into their own funds. After all, management and shareowner interests better align through collective ownership, and a manager's large stake in a fund he or she runs is a manifest sign of confidence in the fund's investment strategy.

At the Amana Funds, we've been following this common sense approach for two decades. Investing alongside our shareowners is a fundamental part of our management philosophy. In fact, Amana's portfolio managers, Nick Kaiser and Monem Salam, own no equities or mutual funds outside of the funds they manage; their investments don't grow, unless the mutual funds they manage grow.

Published research provides compelling evidence to support what investors, advisers, and Amana's managers have suspected all along: fund management ownership correlates with better performance.

Morningstar Inc.™ and the Journal of Financial and Quantitative Analysis each conducted independent studies and came to similar conclusions.^{1,2}

Morningstar places even sharper focus on fund manager ownership as part of its ambitious goal to assign Stewardship Grades to all U.S. mutual funds.

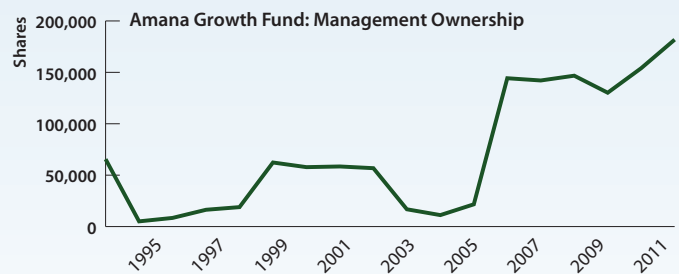
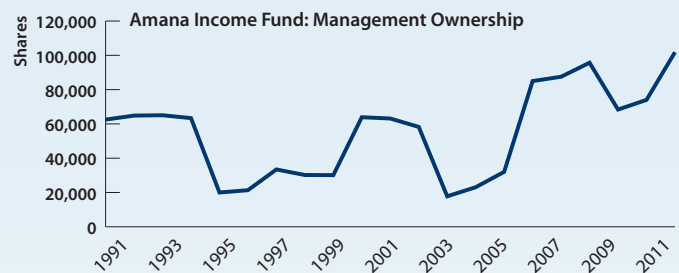
Does it surprise you to hear that 51% of fund managers maintain no personal investment in the funds they run?² That's exactly what Morningstar discovered when they tracked manager ownership levels in 4,383 funds over five years.

"The best way to demonstrate a commitment to shareholders is to join them," said Laura Pavlenko Lutton, Editorial director in Morningstar's fund research group, "If managers aren't willing to put a significant portion of their own money into their mutual fund, why should you?"²

At the Amana Funds, we wholeheartedly agree.

"Investing alongside our shareowners has been a fundamental part of our management approach for two decades."

- Nick Kaiser



Includes Officers and Trustees, plus affiliated entities such as the Funds' adviser, Saturna Capital Corporation. Management ownership of Amana Developing World Fund, which commenced operations on September 28, 2009, was 154,118 (or 9.34% of the Fund) as of December 31, 2011.

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

www.amanafunds.com

Notes and References:

- ¹ Cremers, M., Dreissen, J., Maenhout, P., and Weinbaum, D. "Does Skin in the Game Matter? Director Incentives and Governance in the Mutual Fund Industry." *Journal of Financial and Quantitative Analysis* (2009), 44:1345-1373 Cambridge University Press.
- ² Lutton, Laura Pavlenko. "Does Your Fund Manager Feel Your Pain?" www.morningstar.com. *Fund Spy*. June 19, 2008.
- ³ Silverblatt, Rob. "Why Directors Should Have 'Skin in the Game.'" *U.S. News and World Report*, www.usnews.com. *Fund Observer*. January 25, 2010.
- ⁴ Jamieson, Dan. "Most portfolio managers shun their own funds." investmentnews.com. October 25, 2009.

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 fixed-income securities. This limits opportunities and may increase risk.