

Small Cap Value Strategy

Investment Goal: NAFA's Small Cap Value Portfolio seeks to provide returns consistent with the long-term historical average of small company stocks. Since 1926, small company stocks have outperformed large company stocks by approximately 2.0%.

Investor Profile: The Small Cap Value Portfolio is for the investor who understands the relationship between risk and reward. Small company stocks as an asset class have more risk than large company stocks. However, this higher risk has produced higher long-term returns.

Advantages:

1. *Competitive Returns* - relative to similar small cap investments
2. *Safety* - portfolio diversification and a value approach lower the risk of small company stocks
3. *Quantitative Analysis* - a fundamental approach to lowering risk by calculating risk versus reward
4. *Low Cost* - management fees are lower than the average small cap mutual fund



Portfolio Strategy: NAFA's Small Cap Value Portfolio invests in a diversified portfolio of small company stocks. The portfolio manager seeks companies that are trading at a discount to book value, a low price to earnings multiple, or a low ratio to projected cash flow. This approach lowers the risk of a diversified portfolio while retaining the potential high returns of small company stocks.

Management Fee: 1.00% (one percent) annually of the market value of assets in the portfolio. The average small cap stock mutual fund expense ratio is 1.40%

Performance for the Period Ending 12/31/2011

Ending Values:	
Small Cap Value Portfolio	\$ 40,705
Russell 2000 Small Cap Index	\$ 37,153

Portfolio	Last 12 Months	12/94-12/11	Annualized
Small Cap	-14.22%	307.05%	8.61%
Net of Fees	-14.67%	279.28%	8.16%
Russell 2000 Small Cap Index	-4.18%	271.53%	8.03%

Past performance is no guarantee of future results. Please see our performance disclosure statement for more information.