

AI Frank Select Value

Fourth Quarter 2017



AI Frank
ASSET MANAGEMENT

Investment Strategy

AI Frank Select Value holds both dividend and non-dividend paying stocks and seeks broad diversification via exposure to a significant number of major market sectors and industry groups through roughly 70 to 90 positions. The manager employs a go-anywhere style focused on uncovering bargain-priced stocks independent of market capitalization. Stock selection is driven by bottom-up fundamental analysis in the context of macro-economic and industry data. The manager distills company fundamentals and growth prospects into earnings and cash flow estimates applied against a determination of fair-value multiples to arrive at target prices. Stocks with significant appreciation potential relative to these target prices and perceived risk characteristics become available for selection. The manager may sell positions as they reach or approach their target price, if a lower target price results from a reassessment of earnings or valuation multiples, or if a more attractive stock is identified.

About AI Frank Asset Management

Founded in 1977, AI Frank Asset Management (AFAM) is an independent Registered Investment Advisor based in Aliso Viejo, CA. The firm exercises diligence and prudence in applying a value-based investment philosophy to help meet the investment goals and objectives of individuals, corporations and pension and profit sharing plans. AFAM offers two value-oriented, proprietary mutual funds and individually managed client accounts. AFAM also serves as editor of *The Prudent Speculator* newsletter, a top-ranked investment newsletter in terms of total return performance according to the *The Hulbert Financial Digest*.

Total Firm Assets as of December 31, 2017

\$946 million

Investment Style

All Cap Value

Objective

Long-term capital growth

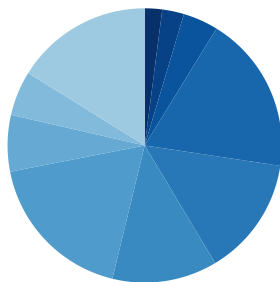
Portfolio Inception

December 31, 1991

Benchmark

Russell 3000

Equity Sectors (GICS, excl. cash)



16.1%	Consumer Discretionary
5.3%	Consumer Staples
6.7%	Energy
18.1%	Financials
12.4%	Health Care
14.0%	Industrials
18.6%	Information Technology
4.1%	Materials
2.6%	Real Estate
2.0%	Telecommunication Services

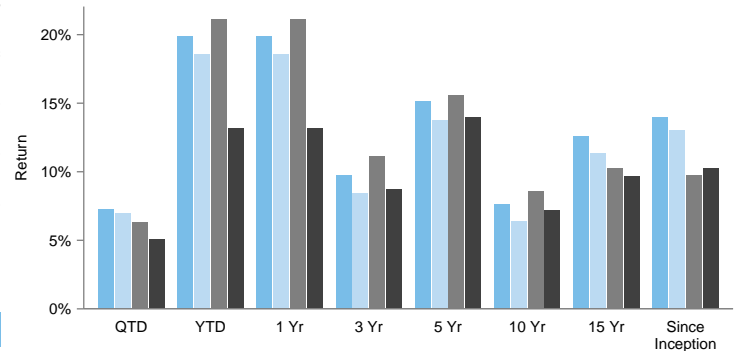
Top 15 Holdings*

Company Name	Weight
Aetna Inc	2.56
Microsoft Corp	2.44
Bank of America Corp	2.01
Celanese Corp	1.93
Apple Inc	1.85
Walt Disney Co	1.76
HollyFrontier Corp	1.75
Royal Caribbean Cruises Ltd	1.74
Cisco Systems Inc	1.65
Corning Inc	1.62
Norfolk Southern Corp	1.60
ING Groep NV	1.59
FedEx Corp	1.58
Cummins Inc	1.57
PNC Financial Svcs Grp	1.56

Portfolio Metrics*

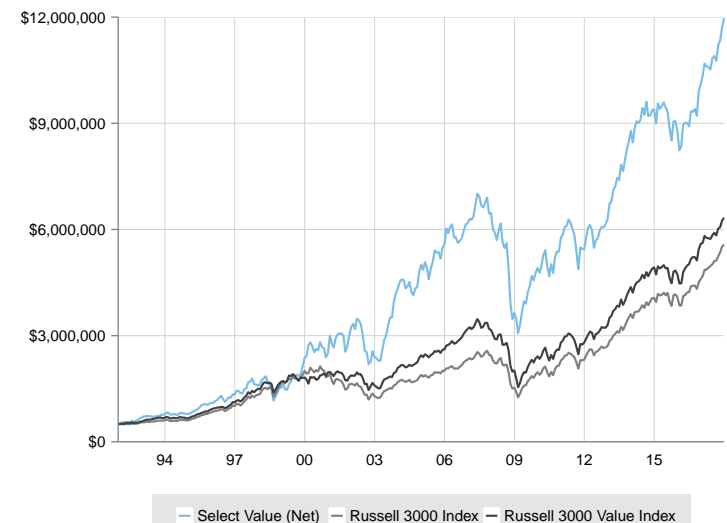
	Select Value	Russell 3000 Index	Russell 3000 Value Index
Price to Earnings Ratio	18.36	24.11	20.74
Price to Sales Ratio	1.32	2.06	1.64
Price to Book Ratio	2.09	3.14	2.06
Dividend Yield	2.40	1.81	2.37

Select Value Performance

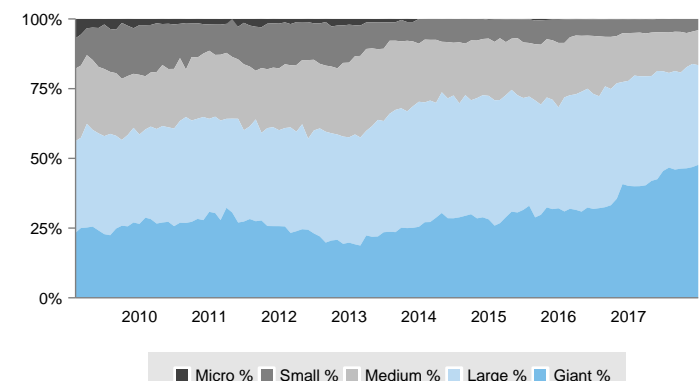


	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Since Inception
Select Value (Gross)	7.25	19.90	19.90	9.76	15.15	7.61	12.56	13.95
Select Value (Net)	6.93	18.53	18.53	8.45	13.74	6.35	11.32	12.99
Russell 3000	6.33	21.13	21.13	11.12	15.57	8.60	10.25	9.71
Russell 3000 Value	5.07	13.19	13.19	8.71	13.95	7.18	9.63	10.25

Growth of a Hypothetical \$500,000 Investment



Equity Market Capitalization



As of 12.31.17. *Data shown are supplemental information to the Composite. Performance data are calculated with daily performance for the trailing three-year period. Portfolio metrics are calculated using Index Method aggregation for the ratios of all holdings in the Composite and benchmark index. SOURCE: AI Frank using data from Bloomberg

Al Frank Select Value

Fourth Quarter 2017



Al Frank
ASSET MANAGEMENT

Composite Performance

	Total Firm Assets (Millions)	Composite Assets (Millions)	Number of Accounts	Composite Gross Return (Percent)	Composite Net Return (Percent)	Benchmark Return (Percent)	Composite 3-Yr St Dev (Percent)	Benchmark 3-Yr St Dev (Percent)	Composite Dispersion (Percent)	Wrap Fee Paying Accounts (Percent)	Non-Fee Paying Accounts (Percent)
2017	946	86.19	124	19.89	18.53	21.13	11.43	10.23	0.45	28.27	<1
2016	711	79.30	125	16.69	15.25	12.73	12.06	11.04	0.65	23.30	<1
2015	701	64.30	105	-5.47	-6.63	0.48	11.70	10.73	0.42	25.06	<1
2014	827	59.80	94	8.35	6.94	12.56	11.21	9.42	0.42	25.51	<1
2013	788	43.80	67	41.26	39.71	33.55	14.99	12.71	0.94	24.90	<1
2012	676	31.00	61	17.11	15.64	16.42	17.52	15.73	0.44	26.61	<1
2011	476	25.00	55	-4.60	-5.87	1.03	20.61	19.35	0.09	27.85	<1
2010	486	15.00	40	19.19	17.59	16.93	25.23	22.62	0.18	50.42	<1
2009	451	5.00	10	35.96	34.82	28.34	23.13	20.32	NA	75.60	<1
2008	370	109.00	<6	-43.24	-43.74	-37.31	19.56	15.79	NA	<1	<1

NA: Data are not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. Composite dispersion is presented asset-weighted and gross-of-fees. The three-year annualized ex-post standard deviation of the composite and/or benchmark is not presented because 36 monthly returns are not available.

Investment Committee

John Buckingham
Chief Investment Officer
Jason Clark, CFA
VP, Senior Portfolio Manager

Contact Information

Al Frank Asset Management
12117 FM 2244 Building 3, Suite 170
Austin, TX 78738
P: 512.354.7041 & 888.994.6837
F: 512.597.2500
info@alfrank.com | alfrank.com

Disclosures & Important Information

AFAM Capital Inc. (AFAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. AFAM has been independently verified for the periods January 1, 1996 through December 31, 2015 by Ashland Partners & Company LLP. A copy of the verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation. The firm had assets under management of \$946 million as of December 31, 2017.

The Select Value Composite was created on December 31, 2005 and was formerly known as Equity Blend. Inception date for portfolio performance was September 30, 1990. Portfolios eligible for this composite must follow the stated investment strategy. The minimum account size for inclusion in this composite is \$100,000, which decreased from \$200,000 effective January 1, 2010. From inception to December 31, 2008, the minimum was \$100,000. Beginning January 1, 2006, composite policy required the temporary removal of any portfolio incurring an aggregate net cash flow of at least 25% of portfolio assets. The removal of such a portfolio occurs at the beginning of the month in which the significant cash flow occurs, and the portfolio re-enters the composite at the beginning of the month after the cash flow. Beginning January 1, 2006, cash flow was evaluated quarterly, and on January 1, 2010, composite policy was updated to provide for a monthly evaluation of cash flow. On July 1, 2016, the cash flow policy was updated to reflect the temporary removal of any portfolio incurring cash inflow or outflow of 25% or more during the month – “net” and “aggregate” no longer applicable. The composite was redefined effective January 1, 2009 to limit the holdings to 70 to 90 positions and to include portfolios that are intended to be at least ninety percent invested. The composite included our proprietary mutual fund (the fund) that adheres to the value strategy until the composite was redefined January 1, 2009. The fund represented approximately 97% of the composite from 2003 through 2008, approximately 95% from 2001 to 2002, and 91% for 2000. On June 30, 2014 the composite was redefined to include accounts that may utilize margin. This was done to encompass all accounts that follow the advisors strategy.

The firm maintains a complete list and description of composites, which is available upon request.

The U.S. Dollar is the currency used to express performance. The composite includes portfolios charged bundled or wrap fees and portfolios charged transaction fees or trading costs. Bundled fee portfolios pay a fee based on a percentage of assets under management in place of a transaction fee. They include the advisor's fee and, in most cases, also include a fee for investment management and portfolio monitoring. Live returns are presented net of management fees, gross of withholding taxes on any dividends, interest or capital gains, and include the effects of trading costs and reinvestment of all income. Net of fee performance was calculated using actual management fees charged to the client. Gross returns are shown as supplemental information, include the effects of the reinvestment of all income, and are stated gross of all fees except for transaction fees, when charged.

Investing involves risk, principal loss is possible, and there can be no assurance that investment objectives will be achieved. Past performance is not indicative of future results.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Actual investment management fees will vary, beginning at 1.5% per annum. Our full management fee schedule is described in more detail in AFAM's Form ADV Part 2A.

Valuation metrics are the harmonic weighted-average of the ratios of all the holdings in the Composite and Index. The P/E ratio is the ratio of a company's share price to its per-share earnings. The price-to-book ratio (P/B Ratio) is a ratio of a stock's market value to its book value. The price-to-sales ratio (P/S Ratio) is a ratio of a stock's market value to its annual sales. The dividend yield indicates how much a company pays out in dividends each year relative to its share price.

For comparison purposes, the composite is measured against the Russell 3000 Index, which measures the performance of the largest 3,000 US companies and represents approximately 98% of the investable US equity market. On September 30, 2008, the manager standardized its benchmark to the Russell 3000 and changed the benchmark from the Wilshire 5000. You cannot invest directly in an index.

The newsletter average performance of *The Prudent Speculator* (TPS) has been the #1 ranked (1 out of 13), not adjusted for risk, investment newsletter since inception, according to Mark Hulbert and *The Hulbert Financial Digest* as of December 31, 2017. A newsletter's average Hulbert Financial Digest Ranking is based on the average of its several portfolios, in the event it recommends more than one, and includes portfolios that the newsletters have discontinued. Ranking is not indicative of future performance and may not be representative of any one client's experience. Please visit www.hulbertratings.com for additional information. TPS is focused on value investing and was created for the individual investor. Al Frank founded TPS in March 1977. John Buckingham has continued our traditions as editor of TPS.

Al Frank Asset Management is a division of AFAM Capital, Inc., an independent, registered investment adviser, wholly owned by AF Holdings, Inc. AFAM is editor of *The Prudent Speculator* newsletter and is the investment advisor to certain proprietary mutual funds and individually managed client accounts. Registration of an investment adviser does not imply any certain level of skill or training