

# AI Frank Select Dividend

FIRST QUARTER 2012



## Investment Strategy

AI Frank Select Dividend is an actively managed multi-cap equity strategy that seeks long-term capital appreciation. Portfolios primarily include dividend-paying stocks that are undervalued and/or out-of-favor for their long-term appreciation potential. Broad diversification is sought via exposure to a significant number of major market sectors and industry groups through roughly 40 to 60 positions.

## About AFAM

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 four no-load 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 *Hulbert Financial Digest*.

### Total Firm Assets

\$585 Million

### Investment Style

All Cap Value

### Objective

Long-term capital growth

### Portfolio Inception

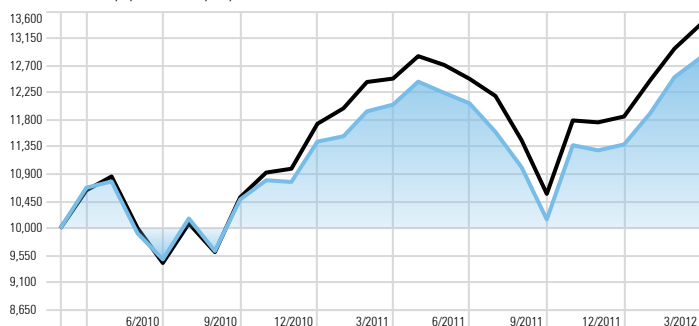
December 31, 2009

### Benchmark

Russell 3000

## Growth of Hypothetical \$10,000 Investment

Time Period: 3/1/2010 to 3/31/2012



AI Frank Select Dividend

Russell 3000 TR USD

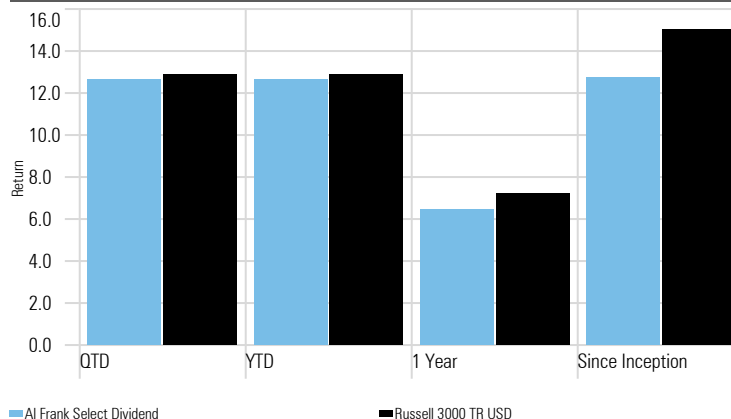
## Portfolio Metrics\*

Time Period: 3/1/2010 to 3/31/2012

|                | Select Dividend | Russell 3000 |
|----------------|-----------------|--------------|
| Alpha          | -1.85           | 0.00         |
| Beta           | 0.99            | 1.00         |
| Std Dev        | 17.81           | 17.86        |
|                | Select Dividend | Russell 3000 |
| P/E Ratio      | 11.61           | 15.74        |
| P/B Ratio      | 1.69            | 2.21         |
| P/S Ratio      | 0.85            | 1.29         |
| Dividend Yield | 3.78            | 2.44         |

\*Data shown as supplemental information to the Composite.

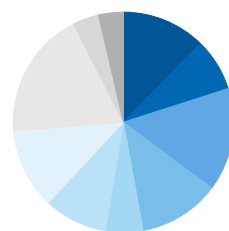
## Performance (net of fees)



|                          | QTD   | YTD   | 1 Year | Since Inception |
|--------------------------|-------|-------|--------|-----------------|
| AI Frank Select Dividend | 12.61 | 12.61 | 6.45   | 12.69           |
| Russell 3000 TR USD      | 12.87 | 12.87 | 7.18   | 14.99           |

## Equity Sectors (GICS)\*

Portfolio Date: 3/31/2012



|                          | %            |
|--------------------------|--------------|
| Energy %                 | 12.3         |
| Materials %              | 7.7          |
| Industrials %            | 15.2         |
| Consumer Discretionary % | 11.9         |
| Consumer Staples %       | 5.5          |
| Healthcare %             | 9.3          |
| Financials %             | 11.8         |
| Information Technology % | 18.8         |
| Telecom Services %       | 3.8          |
| Utilities %              | 3.6          |
| <b>Total</b>             | <b>100.0</b> |

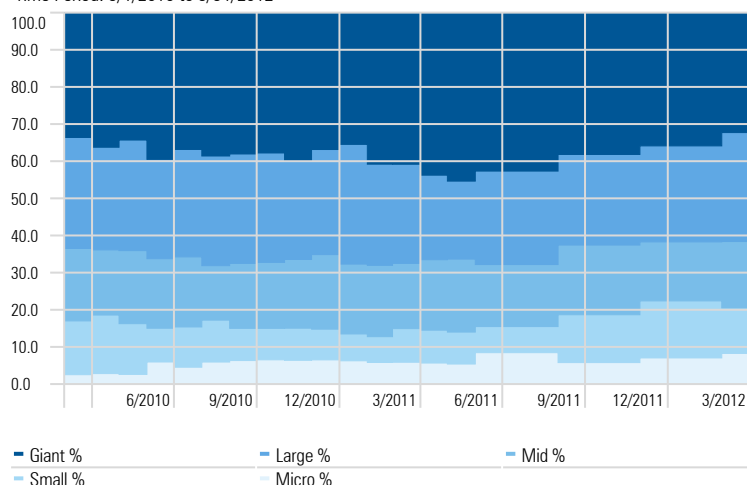
## Top 15 Holdings\*

Portfolio Date: 3/31/2012

|                                      | Weighting % |
|--------------------------------------|-------------|
| International Business Machines Corp | 2.58        |
| E.I. du Pont de Nemours & Company    | 2.57        |
| DDi Corporation                      | 2.56        |
| Protective Life Corp                 | 2.53        |
| Aceto Corporation                    | 2.46        |
| Intel Corp                           | 2.33        |
| Microchip Technology, Inc.           | 2.27        |
| Cooper Tire & Rubber Company         | 2.24        |
| Microsoft Corporation                | 2.21        |
| Foot Locker Inc                      | 2.20        |
| Exxon Mobil Corporation              | 2.15        |
| Verizon Communications Inc           | 2.14        |
| DTE Energy Holding Company           | 2.14        |
| Eaton Corp                           | 2.14        |
| Whirlpool Corporation                | 2.13        |

## Equity Market Capitalization

Time Period: 3/1/2010 to 3/31/2012



Giant %  
Small %

Large %  
Micro %

Mid %

## Composite Performance

|      | Total Firm Assets (Millions) | Composite Assets (Millions) | Number of Accounts | Composite Gross (%) | Composite Net (%) | Russell 3000 (%) | Composite Dispersion (%) |
|------|------------------------------|-----------------------------|--------------------|---------------------|-------------------|------------------|--------------------------|
| 2011 | 476                          | 7.7                         | 33                 | 0.69                | -0.41             | 1.03             | 0.25                     |
| 2010 | 486                          | 1.1                         | 4                  | 14.82               | 14.36             | 17.32            | NA                       |

NA - Data is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. Results shown for the year 2010 represent partial period performance from February 28, 2010 to December 31, 2010. The standard deviation is not presented for 2010 through 2011 because there is not 36 months of history for the composite.

## Disclosures

The Select Dividend Composite includes discretionary equity portfolios invested in the unique Select Dividend Value portfolio, which primarily holds dividend-paying stocks that are undervalued and/or out-of-favor for their long-term appreciation potential with broad diversification sought via exposure to a significant number of major market sectors and industry groups through roughly 40 to 60 positions. For comparison purposes, the composite is measured against the Russell 3000 Index, a broad market index of the U.S. equity universe. You cannot invest directly in an index. The minimum account size for inclusion in this composite is \$100,000. The Select Dividend Composite was created Dec. 31, 2010. Inception date for the portfolio is Dec. 31, 2009. Performance begins March 1, 2010 due to an account minimum composite rule break.

Al Frank Asset Management (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 by Ashland Partners & Company, LLP from for the periods January 1, 1996, through Dec. 31, 2011. A copy of the verification report is 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.

AFAM is an independent, registered investment adviser, wholly owned by AF Holdings, Inc. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite policy requires the temporary removal of any portfolio incurring an aggregate net cash flow of at least 25% of portfolio assets. The temporary 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. This policy is reviewed and maintained monthly.

Past performance is not indicative of future results. 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. In most cases, this fee also includes investment management and portfolio monitoring. As a percentage of assets, the composite is comprised of 66.53% bundled fee paying accounts as of Dec. 31, 2011. A non-fee paying account is included in the composite and represents less than 2% of the composite as of Dec. 31, 2011. Returns are presented net of management fees 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. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Actual investment management fees vary beginning at 2% 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. Alpha is a measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. Beta is a measure of volatility, or systematic risk, of a portfolio in comparison to a benchmark. A beta greater than one indicates more volatility, while a beta less than one indicates less volatility than the relevant benchmark. Annualized Standard Deviation is a measure of the dispersion of investment returns from the mean. A higher standard deviation indicates higher volatility.

## Investment Team

John Buckingham  
Chief Investment Officer

Mark Mowrey, CFA  
SVP, Portfolio Manager

Jason Clark, CFA  
VP, Senior Portfolio Manager

Don McDougall  
Equity Trading Manager/  
Associate Portfolio Manager

## Contact Information

AFAM  
85 Argonaut, Suite 220  
Aliso Viejo, CA 92656  
P: 949.499.3215 / 888.994.6837 F: 949.499.3218  
info@alfrank.com | alfrank.com

