

AI Frank Select Value

FIRST QUARTER 2012



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 60 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 macroeconomic 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 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, 1991

Benchmark

Russell 3000

Growth of Hypothetical \$10,000 Investment

Time Period: 12/31/1991 to 3/31/2012



AI Frank Select Value

Russell 3000 TR USD

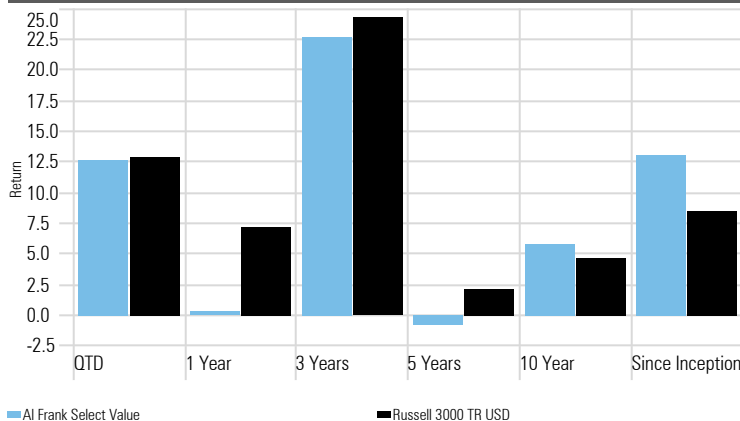
Portfolio Metrics*

Time Period: 1/1/1992 to 3/31/2012

	Select Value	Russell 3000
Alpha	4.12	0.00
Beta	1.17	1.00
Std Dev	20.78	15.26
	Select Value	Russell 3000
P/E Ratio	12.81	15.74
P/B Ratio	1.41	2.21
P/S Ratio	0.63	1.29
Dividend Yield	2.53	2.44

*Data shown as supplemental information to the Composite.

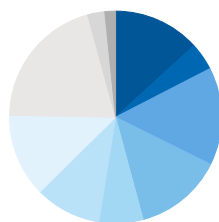
Performance (net of fees)



	QTD	1 Year	3 Year	5 Year	10 Year	Since Inception
AI Frank Select Value	12.65	0.32	22.64	-0.77	5.79	13.09
Russell 3000 TR USD	12.87	7.18	24.26	2.18	4.67	8.53

Equity Sectors (GICS)*

Portfolio Date: 3/31/2012



Sector	%
Energy %	13.2
Materials %	4.2
Industrials %	14.9
Consumer Discretionary %	13.5
Consumer Staples %	6.7
Healthcare %	10.1
Financials %	12.7
Information Technology %	20.5
Telecom Services %	2.6
Utilities %	1.6
Total	100.0

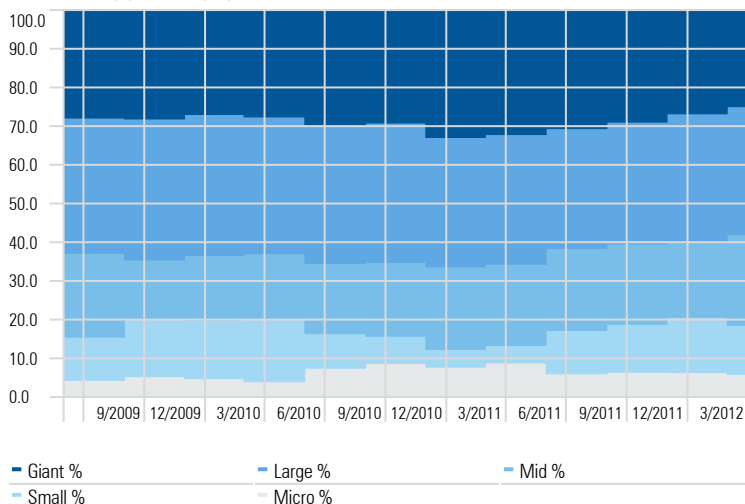
Top 15 Holdings*

Portfolio Date: 3/31/2012

Company	Weighting %
Microsoft Corporation	1.91
International Business Machines Corp	1.89
Ameriprise Financial Inc	1.88
Heartland Payment Systems, Inc.	1.87
Home Depot, Inc.	1.86
Protective Life Corp	1.85
Cisco Systems Inc	1.77
Tyson Foods, Inc. Class A	1.75
Celanese Corporation	1.68
Intel Corp	1.67
Xyratex, Ltd.	1.63
McKesson, Inc.	1.63
Lockheed Martin Corporation	1.62
Eaton Corp	1.61
DTE Energy Holding Company	1.57

Equity Market Capitalization

Time Period: 6/1/2009 to 3/31/2012



Giant %

Large %

Mid %

Small %

Micro %

Composite Performance

	Total Firm Assets (Millions)	Composite Assets (Millions)	Number of Accounts	Composite Gross Return (%)	Composite Net Return (%)	Russell 3000 Return (%)	Composite 3-Yr St Dev (%)	Russell 3000 3-Yr St Dev (%)	Composite Dispersion (%)
2011	476	25	55	-4.60	-5.87	1.03	20.61	19.35	0.09
2010	486	15	40	19.19	17.59	16.93	25.23	22.62	0.18
2009	451	5	10	35.96	34.82	28.34	23.13	20.32	NA
2008	370	109	≤5	-43.24	-43.74	-37.31	19.56	15.79	NA
2007	797	257	≤5	5.60	4.63	5.14	12.61	8.14	NA
2006	853	296	≤5	11.81	10.71	15.72	13.84	7.51	NA
2005	725	273	≤5	12.67	11.54	6.12	17.55	9.49	NA
2004	616	269	7	16.46	15.32	11.95	23.55	14.84	1.4
2003	396	184	7	82.97	81.26	31.06	28.28	18.12	5.2
2002	170	52	7	-25.32	-26.21	-21.54	27.77	18.56	2.2
2001	170	49	≤5	30.92	29.57	-11.46	25.57	16.88	NA

NA – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Disclosures

The Select Value Composite, formerly known as Equity Blend, includes discretionary equity portfolios that adhere to the stated strategy. The composite was redefined effective January 1, 2009 to limit the holdings to sixty to ninety equities, to exclude margined portfolios and to include portfolios that are intended to be at least ninety percent invested. Holdings concentration and turnover characteristics may be different from portfolios in other composites that can accumulate a higher number of securities. The redefinition of the composite excluded a number of portfolios that were previously included causing a decline in composite assets. For comparison purposes, the composite is measured against the Russell 3000 Index, a broad market index of the U.S. equity universe. On September 30, 2008, the manager standardized its benchmark on the Russell 3000 and changed the benchmark from the Wilshire 5000. You cannot invest directly in an index. 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. The Select Value Composite was created December 2005.

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 Jan. 1, 1996, through Dec. 31, 2011. 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. The Select Value composite has been examined for the periods Jan. 1, 1999, through Dec. 31, 2010. The verification and performance examination reports are available upon request.

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. 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 represents approximately 97% of the composite from 2003 through 2008, approximately 95% from 2001 to 2002, and 91% for 2000. Non-fee-paying portfolios were included until 2006 and represented less than 1% from 2003 through 2006, 2% from 2001 through 2002, and 5% for 2000. Beginning January 1, 2006, composite policy requires the temporary removal of any portfolio incurring an aggregate net cash flow of at least 25% of portfolio assets for any given month. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite at the beginning of the month after the cash flow. Beginning January 1, 2006, this policy was quarterly and beginning January 1, 2010, the policy is monthly. Additional information regarding the treatment of significant cash flows is available upon request.

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 27.86% bundled fee paying accounts as of Dec. 31, 2011. In 2010 the percentage was 50.42%. Prior to 2010, there were no bundled fee paying accounts. Net-of-fee performance includes the reinvestment of all income and reflects the deduction of transaction fees or bundled fees and actual management fees charged to clients. 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. Investment performance reflects voluntary fee waivers in effect for the fund. In the absence of such waivers, net returns would be reduced. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. 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 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. Sharpe Ratio is a measurement of reward per unit of risk as calculated by the average monthly excess return divided by the monthly standard deviation of excess returns. R Squared is a measure of how close the relationship is between a portfolio and its benchmark. Tracking Error is a measure of the volatility of excess returns relative to a benchmark. Information ratio is a measure of risk-adjusted performance.

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

