FRANK VALUE FUND

UNCONSTRAINED INVESTING IN US EQUITIES

Frank Capital Partners LLC

WWW.FRANKFUNDS.COM – 888-217-5426 - FRNKX - FNKIX - FNKCX

Q3 18 LETTER TO SHAREHOLDERS

The Frank Value Fund Investor Class returned 0.72% YTD as of 9/30/18 compared to 10.56% for the S&P 500 TR Index. Worth noting, the Morningstar Mid-Cap blend category declined (-0.96%) in the month of September and the Russell 2000 lost (-2.41%) while the Frank Value Fund gained 0.16%. The large debt burdens of small-cap companies might finally be catching up to them, forcing equity investors to adjust. Please see the end of this letter for more performance information.

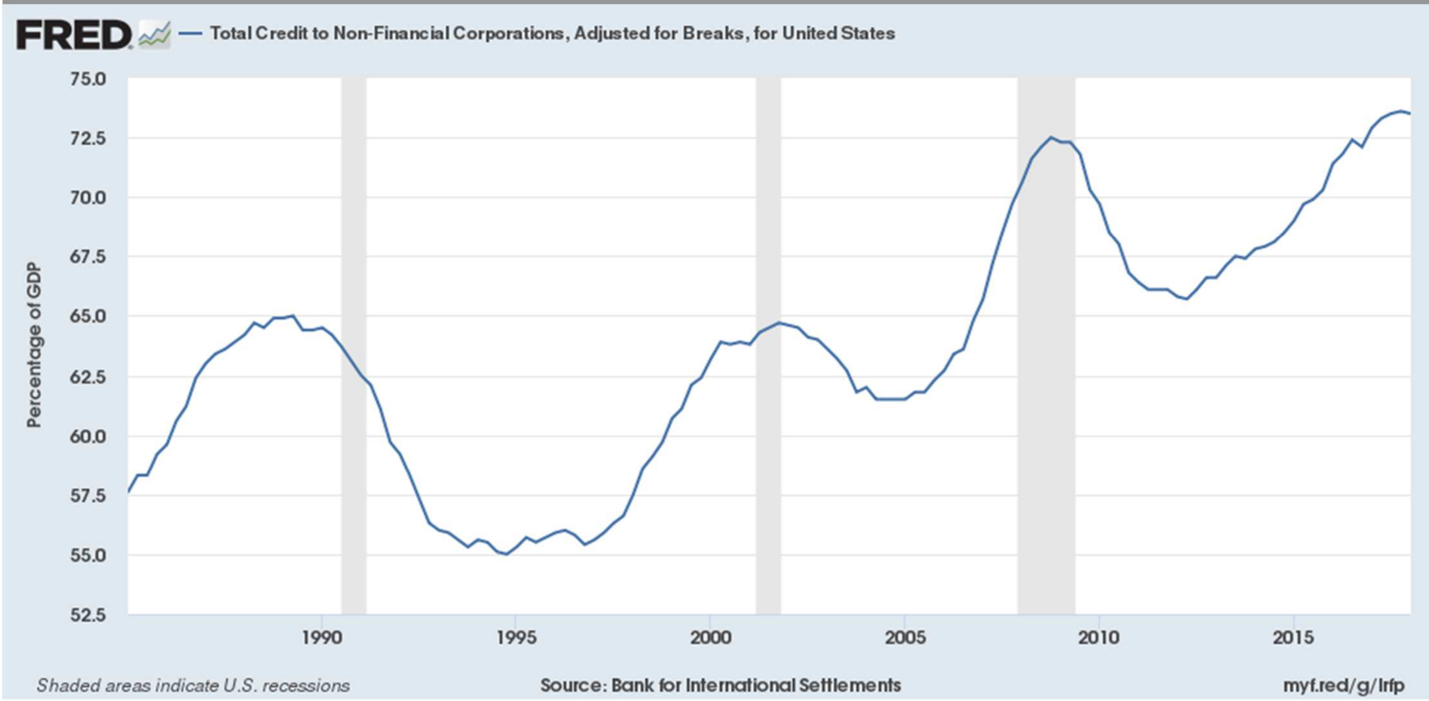
Borrowing large amounts of money has the ease, allure, and disastrous consequences of a deal with the devil. In the film *O Brother, Where Art Thou?* Several characters have the following exchange upon learning Tommy Johnson just sold his soul to the devil:

> Everett: What'd the devil give you for your soul, Tommy?
>
> Tommy: He taught me to play this guitar real good.
>
> Delmar: (Horrified) Oh, son! For that you traded your everlasting soul?
>
> Tommy: I wasn't using it!

Early success from Tommy's guitar-playing leads to trouble later in the story as the characters pay for their short-cuts in life. The character Tommy Johnson is based on real-life American blues legend Robert Johnson. Known among other musicians at the time as a "competent harmonica player but an embarrassingly bad guitarist.[1]" Johnson disappeared from public view for a while, and when he reappeared, his guitar mastery stunned his peers. Rather than attribute Johnson's virtuosity to hard-work and dedication, stories of a pact with the devil explained his skills. Several tragic incidents including the death of his wife in childbirth and his own untimely demise at age 27 have perpetuated the myth that the devil collected his due.

And collect his due is what the devil does best. Throughout literature, characters based on the German legend of Faust have foregone hard work, good sense, and long-term thinking to immediately receive riches and power, only to encounter destruction at a later time. Authors are warning their readers to shun shortcuts at the expense of their long-term health. To me, this is a clear analogy to modern executive teams taking on tremendous amounts of debt.

Years of near-zero interest rates have made the easy-money path irresistible for corporate leaders. We have witnessed management teams use debt for record-breaking amounts of stock repurchases and high-valuation mergers and acquisitions. Take the following chart into consideration:



The economic strength many are feeling currently is a direct result of all the debt-spending in the financial system. In 2007 people felt rich too – their houses were appreciating at a double digit rate, their 401ks were roaring, and unemployment was low. However, as this chart clearly demonstrates over the past three economic cycles, when debt is this high a percentage of the Gross Domestic Product, there is not enough economic production to cover the costs of the debt. Financial stress appears, especially in periods of rising rates, and debts must be written down or forgiven. The devil lives in these details, and normalization of debt levels is chaotic, volatile, and rife with losses. Debt is now higher as a percentage of GDP than 2007, and in 2007 it took a global financial crisis to adjust for the misallocation of capital. The debt levels making people feel prosperous were unsustainable and dangerous then, so why is this time different?

The Federal Reserve continues to raise rates, and stress has appeared in emerging markets. Countries like Argentina that enjoyed selling 100-year bonds at laughably low rates can no longer do so. Dollars are becoming scarce around the globe. We observe the beginnings of stress in US small cap companies as a natural follow-up to emerging market stress. The next warning sign would be junk-bonds in the US, and there certainly are a lot of low-rated bonds to go around:

Again, the prosperity most people are feeling now is a result of an unsustainable debt binge. The charts above show there is historical precedent for collapse at these debt levels, and in today's environment there is also potential for lower recoveries on defaults due to lower quality debt and rising rates. Our research is showing most potential investments have already signed a blood-pact with banks and bond investors, leaving equity investors to suffer while the lenders collect their due.

Frank Value Fund holdings are well-prepared for a reversion to the mean. Our counter-cyclical gold miners are not only the cheapest they have ever been, but the industry is now also in play. Barrick Gold (NYSE: ABX) recently proposed a merger with Rangold (NASDAQ: GOLD) which would result in one of the industry's largest and lowest-cost operations. Investors might finally be focusing on the value of these assets as opposed to forces like interest rates and US dollar strength.

All of our holdings have strong balance sheets and can resist the drastic swings of the economic cycle. At the same time interest rates are going up, input costs like oil and labor are rising while the US dollar strength lowers the impact of overseas earnings for multinational US companies. This is a recipe for earnings disappointments, and at record high valuations investors would need to meaningfully re-rate company valuations lower.

Thank you for your investments.

Sincerely,

Brian Frank

Frank Value Fund Lead Portfolio Manager

Performance as of 9/30/18	Average Annualized Total Returns					Total Return
	1 Yr. %	3 Yr. %	5 Yr. %	10 Yr. %	Since 7/21/04 %	Since 7/21/04 %
Investor Class (FRNKX)	-1.96	0.30	1.18	6.87	6.08	131.07
Class C (FNKCX)	-2.66	-0.43	0.43	6.12*		
Institutional Class (FNKIX)	-1.70	0.53	1.43	7.12*		
S&P 500 Total Return	17.71	17.23	13.90	11.94	9.30	253.63

* Represents an estimate based on the performance of the fund's oldest share class, adjusted for fees.

Please see our website for distribution information: www.frankfunds.com/distribution-history. Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You may obtain performance data current to the most recent month-end by calling the Fund at 1-888-217-5426 or visiting our website at www.frankfunds.com. Returns include reinvestment of any dividends and capital gain distributions.

Non-FDIC insured. May lose value. No bank guarantee. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the Fund, and it may be obtained by calling 1-888-217-5426. Please read it carefully before you invest or send money.

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The information in this portfolio manager letter represents the opinions of the individual portfolio managers and is not intended to be a forecast of future events, a guarantee of future results or investment advice. Also, please note that any discussion of the Fund's holdings, the Fund's performance, and the portfolio managers' views are as of **October 4, 2018** and are subject to change without notice.

[1] https://en.wikipedia.org/wiki/Robert_Johnson