FRANK VALUE FUND

UNCONSTRAINED INVESTING IN US EQUITIES

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Q3 16 LETTER TO SHAREHOLDERS

The Frank Value Fund Investor Class returned 3.69% YTD in 2016 compared to 7.84% for the S&P 500 TR Index. Please see the end of this letter for more performance information.

The stock market's summer season sang a siren's song to investors, with low volatility and modest gains. And yet, just like the mythical siren, danger lurks behind the perceived serenity. The Frank Value Fund remains conservatively positioned according to our absolute-valuation process, and the valuation parameters we use both from a company-by-company perspective as well as market-wide, are clearly indicating we are in a financial bubble. In addition to the absolute valuation techniques that have worked for us and other value investors throughout history, our metrics also employ a historical perspective, only allowing us to utter the word "bubble" when our metrics are above certain levels that occur in less than 2.5% of observations. We do not take the term "bubble" lightly, both from an investing and commentary standpoint.

There are plenty of good, solid companies out there, able to squeak out slow growth in a tough economy. However, these companies are trading at such levels that even a 30-50% decline in stock price would still result in a valuation *above* historical averages. Regardless of 0% interest rates, high dividend-paying stocks in particular look extremely risky. These recession-resistant companies may not be vulnerable to changes in the economy, but our research has uncovered numerous concerning risks.

Most blue-chip companies are borrowing record amounts of money to repurchase stock or maintain unsustainable dividends. As balance sheets become highly leveraged, we are seeing buybacks end and dividends at risk. Since companies are opting to spend their capital on shareholders instead of business, we are also seeing lower amounts of capital expenditures, meaning lower potential revenue growth due to lack of investment. Balance sheets are bloated right now and stocks are ignoring the risk.

This chase for the next dollar of revenue has intensified as economic growth has slowed. High quality companies are presently experiencing margin contraction, meaning they earn less per dollar of sales than previous years. This is attributable to competition for customers, as well as competition for skilled employees. Labor expense is going up, and this hurts the bottom line for corporations as they must pay more to retain skilled workers. Even revenue increases cannot offset margin decline at some companies. If margins continue their downward trajectory towards historical averages, there will be material decreases in profits, and stock prices must correct sharply downward to reflect this, otherwise suffer an even more bloated valuation multiple. Margin contraction is happening right now and stocks are ignoring the risk.

These changes are occurring now, without the perceived need for a "bear market catalyst" or an economic recession. Profits are at risk, yet almost every stock in the market is priced for perfection. Oddly, large swaths of market participants refuse to see these risks until stock prices decline. Ours and our peers' concerns are met with blind affirmations in central banks, or passive investing, or other denials that do not address the cold hard numbers that drive long-term returns. We are frustrated and fighting impatience just like our shareholders, but we flatly refuse to risk our collective dollars on valuations that are, in many cases, off the chart, without compensation for business risk.

FRANK CAPITAL PARTNERS LLC FUND COMMENTARY

Our exhaustive search for additional value stocks turned up empty in the third quarter, though we did contribute our maximum allowable amount of capital to Liberty Tax, and it is now our second largest position. The stocks in our portfolio are high quality and many are recession-resistant, but unlike the average stock, our investments are trading at low valuations, compensating us for business and economic risk. Despite our large allocation to cash and conservative investments, I expect our portfolio to have its best relative performance in its history during the next market cycle. We are aiming for positive absolute performance while the market declines precipitously. With the notable exception of our stock-selections, risks are heavily weighted to the downside and we refuse to accept those terms. Risk has already shown up in businesses whether stock investors acknowledge it or not.

Even if the Fed never raises rates again and the next recession refuses to land until 2025, corporations are competing for customers, employees, raw materials, and capital, and we believe it is prudent and necessary to account for the business cycle when investing in companies for superior long-term returns. The further away in time the previous bear market and recession become, the more these risks recede from investor memory. Business risk, however, is omnipresent, and with nominal growth sputtering in the US and around the world, we believe it is highly beneficial to address these risks before valuations discount them! As we have said several times over our twelve-year history, and it is especially true today, your patience will be rewarded.

Thank you for your investments.

Sincerely,

Brian Frank

Lead Portfolio Manager

Frank Value Fund

Performance as of 9/30/16	Average Annualized Total Returns						Total Return
	1 Yr. %	3 Yr. %	5 Yr. %	7 Yr. %	10 Yr. %	Since 7/21/04 %	Since 7/21/04 %
Investor Class (FRNKX)	3.20	2.74	11.50	9.79	6.91	7.31	136.36
Class C (FNKCX)	2.46	1.98	10.69			N/A	N/A
Institutional Class (FNKIX)	3.49	3.03	11.80			N/A	N/A
S&P 500 Total Return	15.43	11.15	16.35	13.16	7.23	7.91	153.29

* 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 1-800-869-1679 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 1-800-869-1679. Please read it carefully before you invest or send money.

This publication does not constitute an offer or solicitation of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this publication has been obtained from sources we believe to be reliable, but cannot be guaranteed.

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, 2016**, and are subject to change without notice.