

Frank Value Fund Intro



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Frank Value Fund Strategy



Structural Advantages



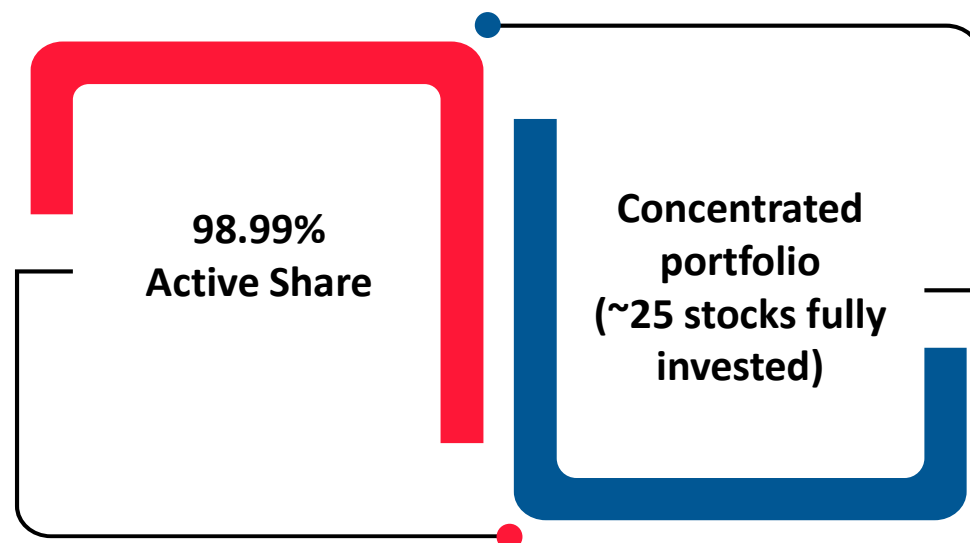
High Conviction: 20-30 US-listed S/Mid Cap Value equities.



Benchmark Agnostic: Ability to invest outside of indices with freedom in sector weightings.



Catalysts: Unlock value through dividends, share repurchase, M&A, etc.



Frank Value builds a portfolio of low-valuation, high-quality companies with clear value-unlocking catalysts and/or high marginal returns on capital. The Fund invests primary in small and mid-cap companies and generates mostly long-term gains.

Performance Update

Idiosyncratic alpha-generating portfolio

Low downside capture and low standard deviation

Superior risk-adjusted returns

Period Ending	Frank Value Fund (FNKIX)	Morningstar Mid-Cap Value Category	Russell Mid Cap Value Index
YTD 2025	8.36	2.04	3.12
2024	19.45	11.43	13.07
2023	15.13	13.94	13.44
2022	4.18	-8.02	-12.03

Frank Value Fund is in the top 6% of the Mid-Cap Value Category for the 3-years ending 6/30/25.

Risk Metrics

Lower downside capture and standard deviation raise risk-adjusted performance.

Typically, lower risk results in lower returns. Frank Value Fund is providing superior returns with less risk than the index and category.

3yr ended 6/30/2025	Frank Value Fund FNKIX	Morningstar Mid Cap Value Category	Russell Mid Cap Value ETF
Beta	0.90	0.99	1.06
R-Squared	63.97	71.86	79.86
Standard Deviation	17.76	18.52	18.70
Sharpe Ratio	0.73	0.39	0.40
Downside Capture	73	117	126
Max Drawdown	-12.94	-14.87	-15.42

Frank Value Differentiators

Frank Value helps investors diversify from beta

Frank Value is benchmark agnostic, reducing correlation and maximizing idiosyncratic returns (alpha).

Frank Value can invest in companies excluded from indices. This lowers correlation and is a source of alpha.

Benchmark agnostic

The fund had 0% unprofitable growth companies in 2022 and a 15% allocation to energy companies resulting in a positive return while the S&P 500 lost 18%. Index sector weights are relatively static, while the fund continuously moves towards the most attractive opportunities.

Wider Investment Universe

The fund finds opportunities in companies with 0% or low index weights, emerging from chapter 11, high insider ownership, ADRs, MLPs, spinoffs, etc. Indices are influenced by available float and market capitalization resulting in high levels of momentum factors.



"To diversify from the index, you can't look like the index"

Diversification Problem

- ✓ Buying beta is easy and cheap
- ✓ Style-boxes are increasing in correlation to each other as more investors index
- ✓ Benchmarked active managers have high correlation to indices by design

	Value	Blend	Growth		
Large	0.91	1.00	0.94	International	0.85
Mid	0.92	0.92	0.92	Emerging Markets	0.70
Small	0.87	0.87	0.86	High Yield	0.80

The closer to 1.00, the more correlated each style box to the S&P 500. As indexation becomes the dominate strategy, correlation between the style boxes is increasing as well as correlation of benchmarking funds.

[Source](#)

How Value Has Changed



Style	Effectiveness	Details
Classic Value	✗	“Buy Because It’s Cheap” is less effective in modern markets. Large passive component ignores valuation.
Benchmarked Value	✗	Passive strategies reward momentum, causing distortions in entire sectors. Forcing portfolios to have similar sector weights as a benchmark results in lower alpha and higher volatility.
Catalyst Value	✓	Companies producing material amounts of cash generate catalysts like dividend increases, stock repurchases, and M&A activity. These catalysts close valuation gaps.
Compounding Value	✓	Companies able to compound earnings over long periods of time can suffer drawdowns with an entire sector during periods of volatility. Opportunistic investing in these companies adds alpha to portfolios.

Modern value investors adapt to the market structure to add return and reduce volatility.

Frank Value Compounders

Increased volatility from weakening market structure occasionally results in severe mis-pricing of high-quality companies

Companies that can compound revenue and earnings at double-digit rates can be opportunistically purchased at low valuations



Frank Value Catalysts



How the company will close the valuation gap

Catalyst	Details
Asset Sale	Company management can IPO, spinoff, or sell an asset that the market unfairly ascribes a low valuation. Cash received from sale will boost stock price.
Index Inclusion	Large, forced purchases of a stock must occur before, during, and after a company is added to an index.
Material Repurchase	Companies with high free cashflow or high cash as a % of market cap can realize value by repurchasing stock.
Dividend Initiation or Raise	Especially in rising rate environments, dividends provide immediate return to investors and support stock prices.
Mergers and Acquisitions	If insiders are aligned with shareholders, they may be incentivized to sell the company to close a valuation gap.

Fundamental research is required to discover value catalysts

Differentiators

Frank Value Fund	Fund Industry	Comments
Benchmark Agnostic	Benchmarked	Reduces correlation, adds alpha.
Concentrated	Over-diversified	Fully-invested the Frank Value owns 20-30 companies. Concentration in our best ideas allows our edge to influence performance.
Downside Focus	High downside capture	The manager's process historically outperforms on the downside while investing in long-term opportunities.
Superior Risk Metrics	High volatility, average returns	Frank Value has lower volatility, lower downside capture, lower standard deviation, and lower correlation to respective Morningstar categories and benchmark indices.
Experienced Manager	High manager turnover	Brian Frank has been portfolio manager since 2004.
Nimble Decision Making	Rule by committee	Portfolio manager has final say on investments instead of an investment committee. Great contrarian ideas tend not to be popular.

Portfolio Manager Bio

Brian Frank

Mr. Frank has been the portfolio manager the Frank Value Fund since inception in July 2004. After working at Lightyear Capital, a private equity fund organized by Donald Marron of Paine Webber, Mr. Frank co-founded the Frank Value Fund, a mutual fund isolating his family office's equities strategy. The Frank Value Fund has eight times been ranked as a Wall Street Journal Category King. Mr. Frank and his family have personal stakes in the fund.

Mr. Frank has a Bachelor of Science degree from New York University's Stern School of business in Finance and Accounting. He is a Registered Investment Advisor and has a Series 65 license.

Mr. Frank has appeared on CNBC, Fox Business, Bloomberg Radio, and Marketwatch Radio, and he has been featured in articles in The Wall Street Journal, The New York Times, Bloomberg, Barrons, CNN Money, Investors Business Daily, Kiplinger, Moneyshow.com, The Star Ledger, The Street.com, and Reuters.



Disclosures



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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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