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# **Auxier Focus Fund**

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**Semi-Annual Report**

**December 31, 2012**  
**(Unaudited)**

**Fund Adviser:**

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**AUXIER FOCUS FUND**  
**PERFORMANCE UPDATE**  
**December 31, 2012**

**ANNUALIZED**

	<b>Inception *</b>	<b>Ten Year</b>	<b>Five Year</b>	<b>Three Year</b>	<b>One Year</b>
Auxier Focus Fund Investor Class Shares	6.45%	7.52%	3.54%	8.12%	8.73%
S&P 500 Index	1.99%	7.10%	1.66%	10.87%	16.00%

**CUMULATIVE**

	<b>Inception *</b>	<b>Ten Year</b>	<b>Five Year</b>	<b>Three Year</b>	<b>One Year</b>
Auxier Focus Fund Investor Class Shares	132.14%	106.39%	19.02%	26.38%	8.73%
S&P 500 Index	30.48%	98.58%	8.59%	36.30%	16.00%

\* Fund inception: July 9, 1999

*Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. As stated in the current prospectus, Auxier Focus Fund's (the "Fund") Investor Class Share's annual operating expense ratio (gross) is 1.29%. The Fund's adviser has contractually agreed to reduce a portion of its fee and reimburse Fund expenses to limit total annual operating expenses at 1.25%, which is in effect until October 31, 2015. Other share classes may vary. The Fund charges a 2.0% redemption fee on shares redeemed within six months of purchase. For the most recent month-end performance, please call (877)328-9437 or visit the Fund's website at [www.auxierasset.com](http://www.auxierasset.com).*

**Year End 2012 Market Commentary**

Auxier Focus Fund returned 0.20% in fourth quarter 2012, versus a 0.38% decline for Standard & Poor's 500 Index (the "S&P 500"). The Fund returned 8.73% for the full year, compared with a 16.00% gain for the S&P 500. Our 2012 underperformance is partly due to the portfolio's lower-risk 75% exposure to stocks (the S&P 500 is 100%). The Fund's stockholdings returned 12.12% last year. What's more, market returns were not broad based. Even with historic low interest rates, the Dow Jones Utility Average only increased 1.64% for the year. The Dow Jones UBS Commodity Index declined 1.06% despite the Federal Reserve's massive \$85 billion a month bond buying program (think printing money). The Dow Jones Credit Suisse Hedge Fund Index climbed 5.4%. And we continue to trounce the market longer term. Since inception in 1999, the Fund has an annualized returned of 6.45%, more than triple the S&P 500's corresponding 1.99%.

Outperforming the market so significantly over time demands stringent risk management. We are constantly gauging a security's risk profile to make sure our investors are adequately compensated. The power of compounding is so phenomenal that a long-term investor should strive to avoid losses that interrupt the process. We did not believe the Federal Reserve would instigate an \$85 billion a month bond buying campaign, dubbed "unlimited QE," that's focused on the unemployment level. Allocating roughly a trillion dollars at today's record-high bond prices makes no sense. Excessive borrowing to buy wildly overpriced assets are common causes of capital destruction. Misallocation based on extremely easy credit has contributed materially to the two major market declines in the past 12 years. This past year the mindless rush for yield drove investors into the danger zone once again. "Stretching for yield" without understanding the source or true risk for yield contributed to the financial crisis in 2008. This year, across the globe, total central bank stimulus could exceed \$8 trillion. This is unprecedented, can't be ignored, and

<b>Top Holdings on 12/31/12</b>	<b>% Assets</b>
Pepsico Inc.	3.3
Tesco PLC ADR	3.3
Molson Coors Brewing Co	3.2
Bank of New York Mellon Corp	2.3
BP p.l.c.	2.2
Philip Morris International	2.1
Merck & Co.Inc. New	2
Hospira Inc.	1.9
Procter & Gamble Co.	1.9
Wal Mart Stores	1.7

provides a powerful but artificial tailwind for equities. However, we are always looking ahead to identify tempests that can undermine compounding of the portfolio.

### **Capitalizing on the Fiscal Cliff**

The budgetary high-wire act staged in Washington, DC in the fourth quarter of 2012 spooked many investors, permitting us to scoop up some high-return enterprises with growing free cash flow yields. We've often found the best investment to be the nurtured business, blessed with exceptional management and a superior product or service, temporarily and substantially mispriced by the stock market. The goal is to achieve a double or triple play together with growing dividend yields as the valuation expands with improving fundamentals. Our experience of investing in superior business franchises, selling at 10-11 times earnings, has been a winning proposition over the long term. Discipline, rationality and selectivity are critical. We are more comfortable taking a time risk than a price risk. This approach to compounding is the best way we have found to outpace purchasing power risk (a.k.a. inflation). This is especially true given today's record low interest rates and central banks printing money aggressively. We try to make sure the portfolio has a compelling risk/reward basis, lately priced at a 20-30% discount to the market by most financial metrics. We review hundreds of companies a year and are very selective in the few businesses we buy based on price and value.

### **Seeking Profits From Hard Times and Spinoffs**

Experience has taught us that recessions are an opportunistic but short-lived time to shop for quality assets. Consider that, since 1947, the United States has been in recession less than 5% of the time. This past year we've found good value in recessionary European markets, home to some powerful franchises that have a global reach into growing emerging economies with aspiring middle classes. Hard times typically provide lower-risk entry points (although it does not feel like it at the time) for our portfolio. We like situations in which the growth of an enterprise or economy is underappreciated and thus undervalued in the marketplace. To paraphrase Chicago Mayor Rahm Emanuel, the Obama Administration's first chief of staff, a crisis (read recession) is a terrible thing to waste. Better to ignore gloomy headlines and buy the best quality cheap, which I strived to do as a portfolio manager in such earlier market meltdowns as 1982's Mexican default, 1987's Black Monday, and the 1990s savings & loan debacle.

In addition, many global blue chip conglomerates possess tremendous hidden value in the form of so-called spinoffs of attractive subsidiaries as publicly traded stocks. Unleashing the entrepreneurial spirit of a smaller enterprise can offer exciting return potential. Further, many of our holdings that have launched spinoffs also have characteristics appealing to private equity buyers. This may provide a performance catalyst in a flat market. Due to the abundance of cheap financing, 2013 may mark the return of the leveraged buyout (LBO). Buyout activity surged to the \$400 billion level back in 2006-07, when a bunch of our holdings were acquired. Efund, a credit card processor for which we paid an average of \$12.90 a share during the 2002 recession, was taken private by FIS at \$36.50 in 2007.

### **Our Take on Technology, Natural Gas and Commodities**

Prospective investors in the Fund often ask why we steadfastly avoid such high-profile tech stocks as Apple and Facebook that dominate coverage on CNBC and other financial media. Our answer is that we prefer to own comparatively mundane businesses like Unilever and Tesco PLC that actually have benefited from technology's inexorable march toward lower unit prices and profit margins. According to Google Chairman Eric Schmidt, every two days we now create as much information as we did from the dawn of civilization up until 2003. Your iPad is some 150,000% more powerful than the first laptop computer. Many of us still think in terms of linear growth (like simple interest). The world of data is actually growing much faster—exponentially (like compound interest). The impact on your portfolio? Through the rapid advances of technology, the toughest, seemingly insurmountable problems will be solved. The risk may not be in shortages but in gluts of supply. Natural gas is an example. Prices since 2006 are down over 70% due to new fracking and horizontal drilling technology. The same thing can happen in other problem areas like healthcare, government and education. Small teams armed with powerful technology will restructure entire industries. Swamped by data, it is imperative that investors and risk managers be rigorous researchers. After a 115 month commodity boom, despite fears of shortages, commodity prices have corrected some 18% off the 2011 highs. Again, high prices are a magnet for the forces of technology and innovation. High commodity prices have been a headwind the past five years for many businesses. The correction in commodities could benefit many of our global consumer businesses, such as the aforementioned Unilever and Tesco PLC.

### **Why We Excel Over the Long Haul**

The worst ten-year period for U.S. stocks in our history was from 1999-2009. We had two 40% declines in the past 12 years. Now consider a \$10,000 investment in Auxier Focus since its inception in July 1999 through year-end 2012. That investment grew to \$23,214, some 56% greater than a corresponding \$13,048 stake in the S&P 500. Moreover, on a risk adjusted basis, the Fund's results were even better because its exposure to stocks averaged approximately 75%. This highlights some of the historical benefits of our focused, long term, price/value approach and underscores the importance of outperforming markets in bad times. Our commitment and passion for research is as strong as it ever has been. Our experience in stock and bond selection dates back to the early 1980s. This knowledge is invaluable when quantifying risk, in order to seek the abundant rewards of compounding.

Your trust and support is appreciated.

Jeff Auxier

### **IMPORTANT RISKS AND DISCLOSURES**

**Fund returns (i) assume the reinvestment of all dividends and capital gain distributions and (ii) would have been lower during the period if certain fees and expenses had not been waived. Performance shown is for the Fund's Investor Class shares; returns for other share classes will vary. Performance for Investor Class shares for periods prior to December 10, 2004 reflects performance of the applicable share class of Auxier Focus Fund, a series of Unified Series Trust (the "Predecessor Fund"). Prior to January 3, 2003, the Predecessor Fund was a series of Ameriprime Funds. The performance of the Fund's Investor Class shares for the period prior to December 10, 2004 reflects the expenses of the Predecessor Fund.**

The Fund may invest in value and/or growth stocks. Investments in value stocks are subject to risk that their intrinsic value may never be realized and investments in growth stocks may be susceptible to rapid price swings, especially during periods of economic uncertainty. In addition, the Fund may invest in mid-sized companies which generally carry greater risk than is customarily associated with larger companies. Moreover, if the Fund's portfolio is overweighted in a sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector. An increase in interest rates typically causes a fall in the value of a debt security (Fixed-Income Securities Risk) with corresponding changes to the Fund's value.

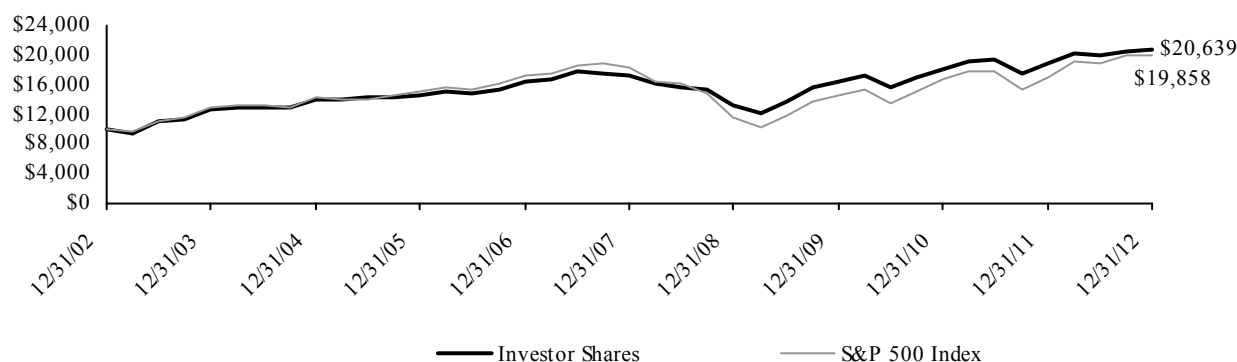
The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 widely held common stocks. The Dow Jones Utility Average is a price-weighted average of 15 utility stocks traded in the United States. The Dow Jones-UBS Commodity Index is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. The index is composed of futures contracts on physical commodities. The Dow Jones Credit Suisse Hedge Fund Index is an asset-weighted benchmark that measures hedge fund performance and seeks to provide the most accurate representation of the hedge fund universe. One cannot invest directly in an index or an average.

*The views in this shareholder letter were those of the Fund Manager as of the letter's publication date and may not reflect his views on the date this letter is first distributed or anytime thereafter. These views are intended to assist readers in understanding the Fund's investment methodology and do not constitute investment advice.*

**AUXIER FOCUS FUND**  
**PERFORMANCE CHART AND ANALYSIS**  
**DECEMBER 31, 2012**

The following chart reflects the change in the value of a hypothetical \$10,000 investment in Investor Shares, including reinvested dividends and distributions, in the Fund compared with the performance of the benchmark, the S&P 500 Index ("S&P 500"), over the past ten fiscal periods. The S&P 500 is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The total return of the Fund's classes includes the maximum sales charge of 5.75% (A Shares only) and operating expenses that reduce returns, while the total return of the S&P 500 does not include the effect of sales charges and expenses. A Shares are subject to a 1.00% contingent deferred sales charge on shares purchased without an initial sales charge and redeemed less than one year after purchase. The total return of the S&P 500 includes the reinvestment of dividends and income. Fund is professionally managed while the S&P 500 is unmanaged and is not available for investment.

**Comparison of Change in Value of a \$10,000 Investment  
Investor Shares vs. S&P 500 Index**



Average Annual Total Returns Periods Ended December 31, 2012:	1 Year	5 Years	10 Years	Since Inception <sup>(1)</sup>
Investor Shares	8.73%	3.54%	7.52%	6.45%
S&P 500 Index (Since July 9, 2009)	16.00%	1.66%	7.10%	1.99%
A Shares (with sales charge) <sup>(2)(3)</sup>	2.45%	2.29%	6.87%	5.98%
Institutional Shares <sup>(3)</sup>	8.79%	3.56%	7.52%	6.45%

<sup>(1)</sup> Investor, A Shares and Institutional Shares commenced operations on July 9, 1999, July 8, 2005, and May 9, 2012, respectively.

<sup>(2)</sup> Due to shareholder redemptions on August 21, 2005, net assets of the class were zero from the close of business on that date until September 22, 2005. Financial information presented for the period August 21, 2005 to September 22, 2005 reflects performance of Investor Shares of the Fund.

<sup>(3)</sup> For A Shares and Institutional Shares, performance for the 5-year, 10-year and since inception periods are blended average annual returns which include the returns of the Investor Shares prior to commencement of operations of the A Shares and Institutional Shares. For Institutional Shares, performance for the 1-year period is a blended average annual which includes the return of the Investor Shares prior to commencement of operations of the Institutional Shares.

**Performance data quoted represents past performance and is no guarantee of future results.** Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please visit the website of the Fund's investment adviser at [www.auxierasset.com](http://www.auxierasset.com) or call (877)-328-9437. As stated in the Fund's prospectus, the annual operating expense ratios (gross) for Investor Shares, A Shares and Institutional Shares, respectively are 1.29%, 1.65% and 1.76%, respectively. However, the Fund's adviser has agreed to contractually reduce a portion of its fees and to reimburse expenses such that total operating expenses do not exceed 1.25%, 1.25% and 1.10% for Investor Shares, A Shares and Institutional Shares, respectively, through at least October 31, 2015. Shares redeemed or exchanged within 180 days of purchase will be charged a 2.00% redemption fee. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized.

Performance for Investor Shares for periods prior to December 10, 2004, reflects performance and expenses of Auxier Focus Fund, a series of Unified Series Trust (the "Predecessor Fund"). Prior to January 3, 2003, the Predecessor Fund was a series of Ameriprime Funds.

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2012**

Shares	Security Description	Value	Shares	Security Description	Value
<b>Common Stock - 79.7%</b>			20,100	Kelly Services, Inc., Class A	\$ 316,374
<b>Communications - 2.9%</b>			5,620	Kraft Foods Group, Inc.	255,541
69,900	America Movil SAB de CV, ADR	\$ 1,617,487	9,250	Manpower, Inc.	392,570
96,500	Corning, Inc.	1,217,830	190,722	Molson Coors Brewing Co., Class B	8,160,994
6,000	DIRECTV (a)	300,960	16,862	Mondelez International, Inc., Class A	429,475
10,000	News Corp., Class A	255,400	100	Monster Beverage Corp. (a)	5,288
455,505	Oi SA, ADR	1,826,575	3,760	National Beverage Corp.	54,858
44,439	Oi SA, ADR	191,088	1,600	Nestle SA, ADR	104,272
140,100	Telefonica SA, ADR	1,889,949	46,172	Paychex, Inc.	1,437,796
3,000	Viacom, Inc., Class B	158,220	125,400	PepsiCo, Inc.	8,581,122
		<u>7,457,509</u>	62,850	Philip Morris International, Inc.	5,256,774
<b>Consumer Discretionary - 11.5%</b>			109,029	PRGX Global, Inc. (a)	703,237
127,485	Apollo Group, Inc., Class A (a)	2,666,986	502,876	Tesco PLC, ADR	8,337,684
136,150	Arcos Dorados Holdings, Inc., Class A	1,628,354	69,300	The Coca-Cola Co.	2,512,125
45,477	Bridgepoint Education, Inc. (a)	468,413	1,500	The J.M. Smucker Co.	129,360
500	Coach, Inc.	27,755	119,029	The Kroger Co.	3,098,566
57,100	Comcast Corp., Class A	2,134,398	72,925	The Procter & Gamble Co.	4,950,878
52,650	CVS Caremark Corp.	2,545,627	179,190	The Western Union Co.	2,438,776
2,297	Discovery Communications, Inc., Class A (a)	145,814	4,650	Tyson Foods, Inc., Class A	90,210
2,297	Discovery Communications, Inc., Class C (a)	134,374	100,200	Unilever NV, ADR	3,837,660
37,987	Gruma S.A.B. de C.V., ADR (a)	462,302			<u>72,757,678</u>
222,400	H&R Block, Inc.	4,129,968	<b>Energy - 4.8%</b>		
1,000	Interface, Inc.	16,080	2,600	Apache Corp.	204,100
14,850	ITT Educational Services, Inc. (a)	257,054	136,200	BP PLC, ADR	5,671,368
13,200	Jamba, Inc. (a)	29,568	16,750	Chevron Corp.	1,811,345
216,343	Lincoln Educational Services Corp.	1,209,357	15,600	ConocoPhillips	904,644
28,000	Lowe's Cos., Inc.	994,560	11,200	Exxon Mobil Corp.	969,360
15,800	McDonald's Corp.	1,393,718	1,200	Gazprom Neft JSC, ADR	28,512
77,900	Newell Rubbermaid, Inc.	1,734,833	800	Lukoil OAO, ADR	54,000
9,800	NIKE, Inc., Class B	505,680	2,500	PetroChina Co., Ltd., ADR	359,450
3,250	Sally Beauty Holdings, Inc. (a)	76,603	11,700	Petroleo Brasileiro SA, ADR	227,799
4,884	The Andersons, Inc.	209,524	7,800	Phillips 66	414,180
18,250	The Home Depot, Inc.	1,128,762	2,750	Surgutneftegas OJSC, ADR	24,805
3,890	Time Warner Cable, Inc.	378,069	22,550	Transocean, Ltd.	1,006,857
15,500	Time Warner, Inc.	741,365	19,100	Valero Energy Corp.	651,692
21,608	Universal Technical Institute, Inc.	216,944			<u>12,328,112</u>
23,751	Value Line, Inc.	213,046	<b>Financials - 12.1%</b>		
62,000	Wal-Mart Stores, Inc.	4,230,260	100	Affiliated Managers Group, Inc. (a)	13,015
21,752	Weight Watchers International, Inc.	1,138,935	42,250	Aflac, Inc.	2,244,320
8,600	Yum! Brands, Inc.	571,040	39,000	American International Group, Inc. (a)	1,376,700
		<u>29,389,389</u>	1,280	Ameriprise Financial, Inc.	80,166
<b>Consumer Staples - 28.4%</b>			168,133	Bank of America Corp.	1,950,343
15,050	Alkermes PLC (a)	278,726	16,000	Berkshire Hathaway, Inc., Class B (a)	1,435,200
410,600	Alliance One International, Inc. (a)	1,494,584	76,724	Central Pacific Financial Corp. (a)	1,196,127
62,500	Altria Group, Inc.	1,963,750	26,725	Franklin Resources, Inc.	3,359,332
2,000	Archer-Daniels-Midland Co.	54,780	14,700	Janus Capital Group, Inc.	125,244
218,252	Avon Products, Inc.	3,134,099	64,250	Marsh & McLennan Cos., Inc.	2,214,697
19,200	Baxter International, Inc.	1,279,872	7,350	Mastercard, Inc., Class A	3,610,908
300	Beam, Inc.	18,327	14,245	Mercury General Corp.	565,384
15,100	British American Tobacco PLC, ADR	1,528,875	10,650	StanCorp Financial Group, Inc.	390,536
1,000	Carlsberg A/S, ADR	19,700	227,600	The Bank of New York Mellon Corp.	5,849,320
4,000	Coca Cola Hellenic Bottling Co. SA	93,453	38,418	The Travelers Cos., Inc.	2,759,181
9,200	Coca Cola Hellenic Bottling Co. SA, ADR	216,844	49,697	TNS, Inc. (a)	1,030,219
3,404	Columbia Sportswear Co.	181,638	7,350	U.S. Bancorp	234,759
500	DE Master Blenders 1753 NV (a)	5,754	10,324	Unum Group	214,946
12,725	Diageo PLC, ADR	1,483,481	9,500	Visa, Inc., Class A	1,440,010
48,050	Dr. Pepper Snapple Group, Inc.	2,122,849	24,950	Waddell & Reed Financial, Inc., Class A	868,759
49,228	Express Scripts Holding Co. (a)	2,658,312	7,646	Washington Federal, Inc.	128,988
5,100	Hillshire Brands Co.	143,514	500	Wells Fargo & Co.	17,090
159,589	Hospira, Inc. (a)	4,985,560			<u>31,105,244</u>

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2012**

Shares	Security Description	Value	Principal	Security Description	Rate	Maturity	Value
<b>Health Care - 13.2%</b>			<b>Corporate Non-Convertible Bonds - 4.4%</b>				
42,600	Abbott Laboratories	\$ 2,790,300	<b>Communications - 0.2%</b>				
29,400	Becton Dickinson and Co.	2,298,786	\$ 600,000	Telefonica			
47,482	BioScrip, Inc. (a)	511,381		Emisiones SAU	6.42%	06/20/16	\$ 665,400
55,725	GlaxoSmithKline PLC, ADR	2,422,366	<b>Consumer Staples - 0.6%</b>				
308,117	Health Management Associates, Inc., Class A (a)	2,871,651	1,180,000	American Stores Co.	7.90	05/01/17	1,123,950
53,450	Johnson & Johnson	3,746,845	50,000	Constellation Brands, Inc.	7.25	05/15/17	59,125
101,053	Medtronic, Inc.	4,145,194	115,000	SUPERVALU, Inc.	7.50	11/15/14	112,125
123,360	Merck & Co., Inc.	5,050,358	375,000	SUPERVALU, Inc.	8.00	05/01/16	359,062
86,982	Pfizer, Inc.	2,181,509					1,654,262
6,842	Quest Diagnostics, Inc.	398,683	<b>Energy - 0.3%</b>				
41,559	UnitedHealth Group, Inc.	2,254,160	190,000	El Paso Corp.	6.70	02/15/27	199,262
27,221	WellPoint, Inc.	1,658,303	424,000	Sunoco, Inc.	5.75	01/15/17	478,447
50,900	Zimmer Holdings, Inc.	3,392,994					677,709
		<u>33,722,530</u>	<b>Financials - 1.7%</b>				
<b>Industrials - 1.7%</b>			2,370,000	Hartford Financial Services Group, Inc.	5.50	10/15/16	2,654,997
21,550	AGCO Corp. (a)	1,058,536	720,000	International Lease Finance Corp., MTN	6.63	11/15/13	750,600
100	Deere & Co.	8,642	260,000	Janus Capital Group, Inc.	6.70	06/15/17	297,448
25,000	General Electric Co.	524,750	620,000	Zions Bancorporation	5.50	11/16/15	643,563
11,150	Granite Construction, Inc.	374,863					4,346,608
4,850	Illinois Tool Works, Inc.	294,929	<b>Health Care - 0.5%</b>				
300	Potash Corp. of Saskatchewan, Inc.	12,207	540,000	Health Management Associates, Inc.	6.13	04/15/16	585,900
12,500	Raytheon Co.	719,500	500,000	Health Management Associates, Inc., Series W1	7.38	01/15/20	542,500
3,500	Textainer Group Holdings, Ltd.	110,110	130,000	WellPoint, Inc.	5.25	01/15/16	144,973
3,550	The Boeing Co.	267,528					1,273,373
14,450	United Parcel Service, Inc., Class B	1,065,398	<b>Materials - 0.8%</b>				
100	Waste Management, Inc.	3,374	895,000	The Dow Chemical Co.	5.70	05/15/18	1,065,657
		<u>4,439,837</u>	203,000	Weyerhaeuser Co.	9.00	10/01/21	264,619
<b>Information Technology - 2.1%</b>			505,000	Weyerhaeuser Co.	7.95	03/15/25	638,663
4,181	Automatic Data Processing, Inc.	238,359					1,968,939
51,800	Intel Corp.	1,068,634	<b>Utilities - 0.3%</b>				
148,064	Microsoft Corp.	3,957,751	100,000	Constellation Energy Group, Inc.	4.55	06/15/15	107,998
1,500	Verisk Analytics, Inc., Class A (a)	76,500	255,000	Energy Future Holdings Corp.	9.75	10/15/19	283,050
		<u>5,341,244</u>	312,000	Energy Future Intermediate Holding Co., LLC	9.75	10/15/19	346,320
<b>Materials - 1.8%</b>			27,000	Nevada Power Co., Series L	5.88	01/15/15	29,743
28,700	E.I. du Pont de Nemours & Co.	1,290,639					767,111
7,000	LyondellBasell Industries NV, Class A	399,630	<b>Total Corporate Non-Convertible Bonds</b>				
6,400	Precision Castparts Corp.	1,212,288					<b>(Cost \$9,643,094)</b>
47,350	The Dow Chemical Co.	1,530,352					<b>11,353,402</b>
14,000	Vale SA, ADR	293,440					
		<u>4,726,349</u>	<b>Preferred Stock - 0.4%</b>				
<b>Telecommunications - 1.1%</b>			<b>Financials - 0.4%</b>				
27,300	AT&T, Inc.	920,283	985,000	The Charles Schwab Corp. (b) (Cost \$985,000)	7.00%		1,129,756
52,150	SK Telecom Co., Ltd., ADR	825,535	<b>Total Equity Securities</b>				
27,015	Verizon Communications, Inc.	1,168,939					<b>(Cost \$176,048,917)</b>
		<u>2,914,757</u>					<b>205,471,113</b>
<b>Utilities - 0.1%</b>			<b>Utilities - 0.3%</b>				
5,616	FirstService Corp. (a)	158,708	100,000	Constellation Energy Group, Inc.	4.55	06/15/15	107,998
<b>Total Common Stock</b>			255,000	Energy Future Holdings Corp.	9.75	10/15/19	283,050
<b>(Cost \$175,063,917)</b>			312,000	Energy Future Intermediate Holding Co., LLC	9.75	10/15/19	346,320
		<u><b>204,341,357</b></u>	27,000	Nevada Power Co., Series L	5.88	01/15/15	29,743
<b>Preferred Stock - 0.4%</b>							767,111
<b>Financials - 0.4%</b>			<b>Total Corporate Non-Convertible Bonds</b>				
985,000	The Charles Schwab Corp. (b) (Cost \$985,000)	1,129,756					<b>(Cost \$9,643,094)</b>
<b>Total Equity Securities</b>							<b>11,353,402</b>
<b>(Cost \$176,048,917)</b>							



**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2012**

<b>Principal</b>	<b>Security Description</b>	<b>Rate</b>	<b>Maturity</b>	<b>Value</b>
<b>Foreign Municipal Bonds - 0.6%</b>				
\$ 356,000	Ontario Hydro Residual Strip (Canada) (c)	5.47-5.65%	11/27/20	\$ 285,161
605,000	Ontario Hydro Residual Strip (Canada) (c)	5.61	10/15/21	468,636
235,000	Ontario Hydro Residual Strip (Canada) (c)	5.75	08/18/22	174,338
750,000	Ontario Hydro Residual Strip (Canada), Series OC20 (c)	5.51	10/01/20	602,413
Total Foreign Municipal Bonds (Cost \$940,744)				<u>1,530,548</u>
<b>Municipal Bonds - 0.2%</b>				
<b>Ohio - 0.2%</b>				
550,000	Buckeye Tobacco Settlement Financing Authority (Cost \$375,597)	5.88	06/01/47	493,966
<b>Total Fixed Income Securities (Cost \$10,959,435)</b>				<u>13,377,916</u>
<b>Total Investments - 85.3% (Cost \$187,008,352)*</b>				<u>\$ 218,849,029</u>
<b>Other Assets &amp; Liabilities, Net - 14.7%</b>				<u>37,567,835</u>
<b>Net Assets - 100.0%</b>				<u>\$ 256,416,863</u>

- ADR American Depositary Receipt  
 LLC Limited Liability Company  
 MTN Medium Term Note  
 PLC Public Limited Company  
 (a) Non-income producing security.  
 (b) Variable rate security. Rate presented is as of December 31, 2012.  
 (c) Zero coupon bond. Interest rate presented is yield to maturity.

\* Cost for federal income tax purposes is substantially the same as for financial statement purposes and net unrealized appreciation consists of:

Gross Unrealized Appreciation	\$ 40,959,056
Gross Unrealized Depreciation	(9,118,379)
Net Unrealized Appreciation	<u>\$ 31,840,677</u>

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2012.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the tables below, please refer to the Security Valuation section in Note 2 of the accompanying Notes to Financial Statements.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Common Stock</b>				
Communications	\$ 7,457,509	\$ -	\$ -	\$ 7,457,509
Consumer Discretionary	29,389,389	-	-	29,389,389
Consumer Staples	72,757,678	-	-	72,757,678
Energy	12,328,112	-	-	12,328,112
Financials	31,105,244	-	-	31,105,244
Health Care	33,722,530	-	-	33,722,530
Industrials	4,439,837	-	-	4,439,837
Information Technology	5,341,244	-	-	5,341,244
Materials	4,726,349	-	-	4,726,349
Telecommunications	2,914,757	-	-	2,914,757
Utilities	158,708	-	-	158,708
<b>Preferred Stock</b>				
Financials	-	1,129,756	-	1,129,756
<b>Corporate Non-Convertible Bonds</b>				
Bonds	-	11,353,402	-	11,353,402
Foreign Municipal Bonds	-	1,530,548	-	1,530,548
Municipal Bonds	-	493,966	-	493,966
<b>Total Assets</b>	<u>\$204,341,357</u>	<u>\$14,507,672</u>	<u>\$ -</u>	<u>\$218,849,029</u>

There were no transfers between Level 1 and Level 2 for the period ended December 31, 2012.

**PORTFOLIO HOLDINGS**

<b>% of Net Assets</b>	
79.7%	Common Stock
0.4%	Preferred Stock
4.4%	Corporate Non-Convertible Bonds
0.6%	Foreign Municipal Bonds
0.2%	Municipal Bonds
14.7%	Cash & Other Net Assets
<u>100.0%</u>	

**AUXIER FOCUS FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2012**

**ASSETS**

Total investments, at value (Cost \$187,008,352)	\$ 218,849,029
Cash	37,517,362
Receivables:	
Fund shares sold	1,121,855
Investment securities sold	331,155
Dividends and interest	609,427
Prepaid expenses	13,370
<b>Total Assets</b>	<b>258,442,198</b>

**LIABILITIES**

Payables:	
Investment securities purchased	315,769
Fund shares redeemed	1,351,308
Distributions payable	75,920
Accrued Liabilities:	
Investment adviser fees	213,413
Trustees' fees and expenses	227
Fund services fees	36,829
Other expenses	31,869
<b>Total Liabilities</b>	<b>2,025,335</b>

**NET ASSETS**

**\$ 256,416,863**

**COMPONENTS OF NET ASSETS**

Paid-in capital	\$ 224,262,128
Distributions in excess of net investment income	(25,786)
Accumulated net realized gain	339,844
Net unrealized appreciation	31,840,677
<b>NET ASSETS</b>	<b>\$ 256,416,863</b>

**SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)**

Investor Shares	15,164,202
A Shares	112,724
Institutional Shares	145,163

**NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE\***

Investor Shares (based on net assets of \$252,119,825)	\$ 16.63
A Shares (based on net assets of \$1,878,095)	\$ 16.66
A Shares Maximum Public Offering Price Per Share (net asset value per share/(100%-5.75%))	\$ 17.68
Institutional Shares (based on net assets of \$2,418,943)	\$ 16.66

\*Shares redeemed or exchanged within 180 days of purchase are charged a 2.00% redemption fee.

**AUXIER FOCUS FUND**  
**STATEMENT OF OPERATIONS**  
**SIX MONTHS ENDED DECEMBER 31, 2012**

**INVESTMENT INCOME**

Dividend income (Net of foreign withholding taxes of \$16,230)	\$ 2,630,606
Interest income	582,102
Total Investment Income	<u>3,212,708</u>

**EXPENSES**

Investment adviser fees	1,266,138
Fund services fees	166,034
Transfer agent fees:	
Investor Shares	23,766
A Shares	370
Institutional Shares	29
Distribution fees:	
A Shares	2,257
Custodian fees	13,041
Registration fees:	
Investor Shares	9,627
A Shares	1,078
Institutional Shares	3,294
Professional fees	21,834
Trustees' fees and expenses	4,369
Miscellaneous expenses	123,780
Total Expenses	<u>1,635,617</u>
Fees waived and expenses reimbursed	<u>(53,983)</u>
Net Expenses	<u>1,581,634</u>

**NET INVESTMENT INCOME**

1,631,074

**NET REALIZED AND UNREALIZED GAIN (LOSS)**

Net realized gain (loss) on:	
Investments	356,642
Foreign currency transactions	32
Net realized gain	<u>356,674</u>
Net change in unrealized appreciation (depreciation) on:	
Investments	<u>5,169,576</u>
Net change in unrealized appreciation (depreciation)	<u>5,169,576</u>
<b>NET REALIZED AND UNREALIZED GAIN</b>	<u>5,526,250</u>
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>	<u>\$ 7,157,324</u>

**AUXIER FOCUS FUND**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	<u>For the Six Months Ended December 31, 2012</u>		<u>For the Year Ended June 30, 2012</u>	
		<u>Shares</u>		<u>Shares</u>
<b>OPERATIONS</b>				
Net investment income	\$	1,631,074	\$	2,794,389
Net realized gain		356,674		2,386,651
Net change in unrealized appreciation (depreciation)		<u>5,169,576</u>		<u>4,018,817</u>
Increase in Net Assets Resulting from Operations		<u>7,157,324</u>		<u>9,199,857</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>				
Net investment income:				
Investor Shares		(3,345,187)		(2,114,894)
A Shares		(20,863)		(13,062)
Institutional Shares		(25,206)		-
Net realized gain:				
Investor Shares		(1,800,956)		(2,884,600)
A Shares		(13,195)		(17,043)
Institutional Shares		<u>(9,775)</u>		<u>-</u>
Total Distributions to Shareholders		<u>(5,215,182)</u>		<u>(5,029,599)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>				
Sale of shares:				
Investor Shares	21,567,451	1,291,472	103,203,829	6,529,964
A Shares	250,354	14,900	979,449	62,557
Institutional Shares	1,158,761	68,510	1,218,054	74,992
Reinvestment of distributions:				
Investor Shares	5,041,540	301,707	4,913,643	317,980
A Shares	30,079	1,797	28,684	1,855
Institutional Shares	34,981	2,092	-	-
Redemption of shares:				
Investor Shares	(19,804,134)	(1,186,194)	(32,622,079)	(2,041,326)
A Shares	(110,449)	(6,694)	(28,719)	(1,831)
Institutional Shares	-	-	(6,984)	(431)
Redemption fees	<u>16,041</u>	<u>-</u>	<u>74,935</u>	<u>-</u>
Increase in Net Assets from Capital Share Transactions	<u>8,184,624</u>	<u>487,590</u>	<u>77,760,812</u>	<u>4,943,760</u>
Increase in Net Assets		<u>10,126,766</u>		<u>81,931,070</u>
<b>NET ASSETS</b>				
Beginning of Period		<u>246,290,097</u>		<u>164,359,027</u>
End of Period (Including line (a))	\$	<u>256,416,863</u>	\$	<u>246,290,097</u>
(a) Undistributed (distributions in excess of) net investment income.	\$	<u>(25,786)</u>	\$	<u>1,734,396</u>

**AUXIER FOCUS FUND**  
**FINANCIAL HIGHLIGHTS**

These financial highlights reflect selected data for a share outstanding throughout each period.

	For the Six Months Ended December 31, 2012	For the Years Ended June 30,				
	2012	2011	2010	2009(a)	2008	
<b>INVESTOR SHARES</b>						
<b>NET ASSET VALUE, Beginning of Period</b>	\$ 16.49	\$ 16.45	\$ 13.49	\$ 12.16	\$ 14.22	\$ 17.06
<b>INVESTMENT OPERATIONS</b>						
Net investment income (b)	0.11	0.22	0.26	0.32	0.19	0.18
Net realized and unrealized gain (loss)	0.37	0.20(c)	3.00	1.27	(1.77)	(2.24)
Total from Investment Operations	0.48	0.42	3.26	1.59	(1.58)	(2.06)
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>						
Net investment income	(0.22)	(0.16)	(0.29)	(0.26)	(0.16)	(0.31)
Net realized gain	(0.12)	(0.23)	(0.01)	—	(0.32)	(0.47)
Total Distributions to Shareholders	(0.34)	(0.39)	(0.30)	(0.26)	(0.48)	(0.78)
<b>REDEMPTION FEES (b)</b>	—(d)	0.01	—(d)	—(d)	—(d)	—(d)
<b>NET ASSET VALUE, End of Period</b>	\$ 16.63	\$ 16.49	\$ 16.45	\$ 13.49	\$ 12.16	\$ 14.22
<b>TOTAL RETURN</b>	2.93%(e)	2.84%	24.35%	12.99%	(10.92)%	(12.56)%
<b>RATIOS/SUPPLEMENTARY DATA</b>						
Net Assets at End of						
Period (000's omitted)	\$252,120	\$243,366	\$163,699	\$100,712	\$84,660	\$103,664
Ratios to Average Net Assets:						
Net investment income	1.28%(f)	1.36%	1.68%	2.29%	1.53%	1.10%
Net expense	1.25%(f)	1.25%	1.25%	1.30%	1.35%	1.35%
Gross expense (g)	1.28%(f)	1.27%	1.25%	1.30%	1.35%	1.36%
<b>PORTFOLIO TURNOVER RATE</b>	4%(e)	8%	20%	15%	24%	19%

(a) Effective November 1, 2008, C Shares were reclassified as Investor Shares. For the Period July 1, 2008 through November 1, 2008, total return for C shares was (12.68)%. For the aforementioned period, the annualized gross expenses and net expenses ratios were 2.35% and 2.10%, respectively.

(b) Calculated based on average shares outstanding during each period.

(c) The net realized and unrealized gain (loss) per share does not correlate to the aggregate of the net realized and unrealized loss in the Statement of Operations, primarily due to the timing of the sales and repurchases of the Fund's shares in relation to fluctuating market values for the Fund's portfolio.

(d) Less than \$0.01 per share.

(e) Not annualized.

(f) Annualized.

(g) Reflects the expense ratio excluding any waivers and/or reimbursements.

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**AUXIER FOCUS FUND**  
**FINANCIAL HIGHLIGHTS**


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These financial highlights reflect selected data for a share outstanding throughout each period.

	<b>For the Six Months Ended December 31, 2012</b>	<b>For the Years Ended June 30,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	
<b>A SHARES</b>						
<b>NET ASSET VALUE, Beginning of Period</b>	\$ 16.49	\$ 16.45	\$ 13.49	\$ 12.17	\$ 14.22	\$ 17.07
<b>INVESTMENT OPERATIONS</b>						
Net investment income (a)	0.11	0.22	0.25	0.32	0.18	0.17
Net realized and unrealized gain (loss)	0.37	0.21(b)	3.01	1.26	(1.75)	(2.24)
Total from Investment Operations	0.48	0.43	3.26	1.58	(1.57)	(2.07)
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>						
Net investment income	(0.19)	(0.16)	(0.29)	(0.26)	(0.16)	(0.31)
Net realized gain	(0.12)	(0.23)	(0.01)	—	(0.32)	(0.47)
Total Distributions to Shareholders	(0.31)	(0.39)	(0.30)	(0.26)	(0.48)	(0.78)
<b>REDEMPTION FEES (a)</b>	—(c)	—(c)	—(c)	—(c)	—(c)	—(c)
<b>NET ASSET VALUE, End of Period</b>	<u>\$ 16.66</u>	<u>\$ 16.49</u>	<u>\$ 16.45</u>	<u>\$ 13.49</u>	<u>\$ 12.17</u>	<u>\$ 14.22</u>
<b>TOTAL RETURN (d)</b>	2.90%(e)	2.84%	24.35%	12.90%	(10.85)%	(12.61)%
<b>RATIOS/SUPPLEMENTARY DATA</b>						
Net Assets at End of						
Period (000's omitted)	\$1,878	\$1,694	\$660	\$157	\$148	\$208
Ratios to Average Net Assets:						
Net investment income	1.28%(f)	1.39%	1.61%	2.29%	1.49%	1.08%
Net expense	1.25%(f)	1.25%	1.25%	1.30%	1.35%	1.35%
Gross expense (g)	1.65%(f)	1.52%	1.50%	1.55%	1.60%	1.60%
<b>PORTFOLIO TURNOVER RATE</b>	4%(e)	8%	20%	15%	24%	19%

(a) Calculated based on average shares outstanding during each period.

(b) The net realized and unrealized gain (loss) per share does not correlate to the aggregate of the net realized and unrealized loss in the Statement of Operations, primarily due to the timing of the sales and repurchases of the Fund's shares in relation to fluctuating market values for the Fund's portfolio.

(c) Less than \$0.01 per share.

(d) Total return does not include the effect of front end sales charge or contingent deferred sales charge.

(e) Not annualized.

(f) Annualized.

(g) Reflects the expense ratio excluding any waivers and/or reimbursements.

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**AUXIER FOCUS FUND**  
**FINANCIAL HIGHLIGHTS**

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These financial highlights reflect selected data for a share outstanding throughout each period.

	<u>For the Six Months Ended December 31, 2012</u>	<u>May 9, 2012 (a) through June 30, 2012</u>
<b>INSTITUTIONAL SHARES</b>		
<b>NET ASSET VALUE, Beginning of Period</b>	\$ 16.50	\$ 16.27
<b>INVESTMENT OPERATIONS</b>		
Net investment income (b)	0.12	0.04
Net realized and unrealized gain (loss)	0.36	0.19
Total from Investment Operations	0.48	0.23
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>		
Net investment income	(0.20)	—
Net realized gain	(0.12)	—
Total Distributions to Shareholders	(0.32)	—
<b>REDEMPTION FEES (b)</b>	—(c)	—(c)
<b>NET ASSET VALUE, End of Period</b>	<u>\$ 16.66</u>	<u>\$ 16.50</u>
<b>TOTAL RETURN</b>	2.93%(d)	1.41%(d)
<b>RATIOS/SUPPLEMENTARY DATA</b>		
Net Assets at End of Period (000's omitted)	\$2,419	\$1,230
Ratios to Average Net Assets:		
Net investment income	1.42%(e)	1.62%(e)
Net expense	1.10%(e)	1.10%(e)
Gross expense (f)	1.73%(e)	1.50%(e)
<b>PORTFOLIO TURNOVER RATE</b>	4%(d)	8%(d)

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- (a) Commencement of operations.  
(b) Calculated based on average shares outstanding during each period.  
(c) Less than \$0.01 per share.  
(d) Not annualized.  
(e) Annualized.  
(f) Reflects the expense ratio excluding any waivers and/or reimbursements.

### **Note 1. Organization**

The Auxier Focus Fund (the “Fund”) is a diversified portfolio of Forum Funds (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940 (the “Act”), as amended. Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund’s shares of beneficial interest without par value. The Fund currently offers three classes of shares: Investor Shares, A Shares and Institutional Shares. A Shares are offered at net asset value plus a maximum sales charge of 5.75%. A Shares are also subject to contingent deferred sales charge (“CDSC”) of 1.00% on purchases without an initial sales charge and redeemed less than one year after they are purchased. Investor Shares and Institutional Shares are not subject to a sales charge. Investor Shares, A Shares and Institutional Shares commenced operations on July 9, 1999, July 8, 2005 and May 9, 2012, respectively. The Fund’s investment objective is to provide long-term capital appreciation.

On August 27, 2008, the Board of Trustees of the Trust approved the conversion of the Fund’s C Shares into Investor Shares. On November 1, 2008, each shareholder of C Shares received Investor Shares in a dollar amount equal to their investment in C Shares as of that date.

### **Note 2. Summary of Significant Accounting Policies**

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increase and decrease in net assets from operations during the fiscal year. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

**Security Valuation** – Exchange-traded securities and over-the-counter securities are valued using the last quoted sale or official closing price, provided by independent pricing services as of the close of trading on the market or exchange for which they are primarily traded, on each Fund business day. In the absence of a sale, such securities are valued at the mean of the last bid and ask price provided by independent pricing services. Non-exchange traded securities for which quotations are available are valued using the last quoted sales price, or in the absence of a sale at the mean of the last bid and ask prices provided by independent pricing services. Debt securities may be valued at prices supplied by a fund’s pricing agent based on broker or dealer supplied valuations or matrix pricing, a method of valuing securities by reference to the value of other securities with similar characteristics such as rating, interest rate and maturity. Shares of open-end mutual funds are valued at net asset value (“NAV”). Short-term investments that mature in 60 days or less may be valued at amortized cost.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust’s Board of Trustees (the “Board”) if (1) market quotations are insufficient or not readily available or (2) the adviser believes that the values available are unreliable. The Trust’s Valuation Committee performs certain functions as they relate to the administration and oversight of the Fund’s valuation procedures. Under these procedures, the Valuation Committee convenes on a regular and ad-hoc basis to review such securities and considers a number of factors, including valuation methodologies and significant unobservable inputs, when arriving at fair value.

The Valuation Committee may work with an adviser to provide valuation inputs. In determining fair valuations, inputs may include market-based analytics which may consider related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant investment information. Adviser inputs may include an income-based approach in which the anticipated future cash flows of the investment are discounted in determining fair value. Discounts may also be applied based on the nature or duration of any restrictions on the disposition of the investments. The Valuation Committee performs regular reviews of valuation methodologies, key inputs and assumptions, disposition analysis and market activity.

Fair valuation is based on subjective factors and, as a result, the fair value price of an investment may differ from the security’s market price and may not be the price at which the asset may be sold. Fair valuation could result in a different NAV than a NAV determined by using market quotes.

The Fund has a three-tier fair value hierarchy. The basis of the tiers is dependent upon the various “inputs” used to determine



the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 — quoted prices in active markets for identical assets

Level 2 — other significant observable inputs (including quoted prices of similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 — significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The aggregate value by input level, as of December 31, 2012, for the Fund's investments is included at the end of the Fund's Schedule of Investments.

**Security Transactions, Investment Income and Realized Gain and Loss** – Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium is amortized and discount is accreted using the effective interest method. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

**Foreign Currency Translations** – Foreign currency amounts are translated into U.S. dollars as follows: (1) assets and liabilities at the rate of exchange at the end of the respective period; and (2) purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions. The portion of the results of operations arising from changes in the exchange rates and the portion due to fluctuations arising from changes in the market prices of securities are not isolated. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

**Distributions to Shareholders** – Distributions to shareholders of net investment income and net capital gains, if any, are declared and paid at least annually. Distributions are based on amounts calculated in accordance with applicable federal income tax regulations, which may differ from GAAP. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Fund, timing differences and differing characterizations of distributions made by the Fund.

**Federal Taxes** – The Fund intends to continue to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code and to distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all of its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required. The Fund files a U.S. federal income and excise tax return as required. A fund's federal income tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed. As of December 31, 2012, there are no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure.

**Income and Expense Allocation** – The Trust accounts separately for the assets, liabilities and operations of each of its investment portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

The Fund's class specific expenses are charged to the operations of that class of shares. Income and expenses (other than expenses attributable to a specific class) and realized and unrealized gains or losses on investments are allocated to each class of shares based on the class' respective net assets to the total net assets of the Fund.

**Redemption Fees** – A shareholder who redeems or exchanges shares within 180 days of purchase will incur a redemption fee of 2.00% of the current net asset value of shares redeemed or exchanged, subject to certain limitations. The fee is charged for the benefit of the remaining shareholders and will be paid to the Fund to help offset transaction costs. The fee is accounted for as an addition to paid-in capital. The Fund reserves the right to modify the terms of or terminate the fee at any time. There are limited exceptions to the imposition of the redemption fee.

**Commitments and Contingencies** – In the normal course of business, the Fund enters into contracts that provide general indemnifications by the Fund to the counterparty to the contract. The Fund’s maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

**Note 3. Fees and Expenses**

**Investment Adviser** – Auxier Asset Management LLC (the “Adviser”), is the investment adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee from the Fund at an annual rate of 1.00% of the Fund’s average daily assets.

**Distribution** – Foreside Fund Services, LLC serves as the Fund’s distributor (the “Distributor”). The Distributor is not affiliated with the Adviser or Atlantic Fund Administration, LLC (d/b/a Atlantic Fund Services) (“Atlantic”) or their affiliates. The Fund has adopted a Distribution Plan (the “Plan”) for A Shares of the Fund in accordance with Rule 12b-1 of the Act. Under the Plan, the Fund pays the Distributor and/or any other entity as authorized by the Board a fee of up to 0.25% of the average daily net assets of A Shares. The Distributor had no role in determining the investment policies or which securities are to be purchased or sold by the Trust or its Funds.

For the period ended December 31, 2012, there were \$9,857 in front-end sales charges assessed on the sale of A Shares and no contingent deferred sales charges were assessed on the sale of A Shares. The Distributor received \$1,429 of the total front-end sales charges. Such amounts are set aside by the Distributor and used solely for distribution-related expenses.

**Other Service Providers** – Atlantic provides fund accounting, fund administration, compliance and transfer agency services to the Fund. Atlantic also provides certain shareholder report production, and EDGAR conversion and filing services. Atlantic provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer, and an Anti-Money Laundering Officer to the Fund, as well as certain additional compliance support functions.

**Trustees and Officers** – The Trust pays each independent Trustee an annual retainer fee of \$45,000 for service to the Trust (\$66,000 for the Chairman). The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees’ fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

**Note 4. Expense Reimbursements and Fees Waived**

The Adviser has contractually agreed to waive a portion of its fees and reimburse expenses through October 31, 2015, to the extent necessary to maintain the total operating expenses at 1.25% of average daily net assets of the Investor Shares and A Shares and 1.10% of average daily net assets of Institutional Shares. These contractual waivers may be changed or eliminated at any time with consent of the Board. For the period ended December 31, 2012, fees waived and expenses reimbursed were as follows:

<b>Investment Adviser Fees Waived</b>	<b>Other Waivers</b>	<b>Total Fees Waived</b>
\$ 21,132	\$ 32,851	\$ 53,983

**Note 5. Security Transactions**

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments during the period ended December 31, 2012, were \$24,753,492 and \$8,473,210, respectively.

**Note 6. Federal Income Tax and Investment Transactions**

As of June 30, 2012, distributable earnings (accumulated loss) on a tax basis were as follows:

Undistributed Ordinary Income	\$	2,521,670
Undistributed Long-Term Gain		1,039,403
Unrealized Appreciation		26,651,520
Total	\$	<u>30,212,593</u>

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to wash sales and passive foreign investment companies.

**Note 7. Recent Accounting Pronouncements**

In May 2011, FASB issued ASU No. 2011-04 “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.” ASU No. 2011-04 establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards (“IFRSs”). ASU No. 2011-04 is effective for interim and annual periods beginning after December 15, 2011. Management has evaluated ASU No. 2011-04 and has determined that it did not have a significant impact on the reporting of the financial statement disclosures.

In December 2011, FASB issued ASU No. 2011-11 “Disclosures about Offsetting Assets and Liabilities” requiring disclosure of both gross and net information related to offsetting and related arrangements enabling users of its financial statements to understand the effect of those arrangements on the entity’s financial position. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRSs. ASU No. 2011-11 is effective for interim and annual periods beginning on or after January 1, 2013. Management is evaluating any impact ASU No. 2011-11 may have on the Fund’s financial statements.

**Note 8. Subsequent Events**

Subsequent events occurring after the date of this report through the date these financial statements were issued have been evaluated for potential impact and the Fund has had no such events.

### **Proxy Voting Information**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (877) 328-9437, on the Fund's website at [www.auxierasset.com](http://www.auxierasset.com) and on the U.S. Securities and Exchange Commission's (the "SEC") website at [www.sec.gov](http://www.sec.gov). The Fund's proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (877) 328-9437 and on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Availability of Quarterly Portfolio Schedules**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. These filings are available, without charge and upon request on the SEC's website at [www.sec.gov](http://www.sec.gov) or may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

### **Shareholder Expense Example**

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments on certain classes, redemption fees, exchange fees, and CDSC fees, and (2) ongoing costs, including management fees, 12b-1 fees, and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund, and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from July 1, 2012, through December 31, 2012.

**Actual Expenses** – The first line under each share class of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

**Hypothetical Example for Comparison Purposes** – The second line under each share class of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) on purchase payments on certain classes, redemption fees, exchange fees, and CDSC fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

**AUXIER FOCUS FUND**  
**ADDITIONAL INFORMATION**  
**DECEMBER 31, 2012**

	<b>Beginning Account Value July 1, 2012</b>	<b>Ending Account Value December 31, 2012</b>	<b>Expenses Paid During Period*</b>	<b>Annualized Expense Ratio*</b>
<b>Investor Shares</b>				
Actual	\$ 1,000.00	\$ 1,029.33	\$ 6.39	1.25%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,018.90	\$ 6.36	1.25%
<b>A Shares</b>				
Actual	\$ 1,000.00	\$ 1,028.95	\$ 6.39	1.25%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,018.90	\$ 6.36	1.25%
<b>Institutional Shares</b>				
Actual	\$ 1,000.00	\$ 1,029.27	\$ 5.63	1.10%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,019.66	\$ 5.60	1.10%

\*Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year divided by 365 to reflect the half-year period.

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# Auxier Focus Fund

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## FOR MORE INFORMATION

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(877) 328-9437

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This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management, and other information.