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# **Auxier Focus Fund**

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## **Semi-Annual Report**

**December 31, 2010**

**(Unaudited)**

### **Fund Adviser:**

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**AUXIER FOCUS FUND  
PERFORMANCE UPDATE  
December 31, 2010**

AUXFX (AUXIER FOCUS FUND INVESTOR SHARES) RETURNS VS. S&P 500 INDEX

|                                     | <u>Auxier Focus Fund (the "Fund")</u> | <u>S&amp;P 500 Index</u> | <u>Difference*</u> |
|-------------------------------------|---------------------------------------|--------------------------|--------------------|
| 09/30/10 – 12/31/10                 | 5.30%                                 | 10.76%                   | -5.46              |
| 12/31/09 – 12/31/10                 | 10.10%                                | 15.06%                   | -4.96              |
| 12/31/08 – 12/31/09                 | 24.76%                                | 26.46%                   | -1.70              |
| 12/31/07 – 12/31/08                 | -24.52%                               | -37.00%                  | 12.48              |
| 12/31/06 – 12/31/07                 | 5.71%                                 | 5.49%                    | 0.22               |
| 12/31/05 – 12/31/06                 | 11.75%                                | 15.79%                   | -4.04              |
| 12/31/04 – 12/31/05                 | 4.58%                                 | 4.91%                    | -0.33              |
| 12/31/03 – 12/31/04                 | 10.73%                                | 10.87%                   | -0.14              |
| 12/31/02 – 12/31/03                 | 26.75%                                | 28.69%                   | -1.94              |
| 12/31/01 – 12/31/02                 | -6.79%                                | -22.10%                  | 15.31              |
| 12/31/00 – 12/31/01                 | 12.67%                                | -11.88%                  | 24.55              |
| 12/31/99 – 12/31/00                 | 4.05%                                 | -9.10%                   | 13.15              |
| Since Inception 7/9/99 (Cumulative) | 102.22%                               | 10.15%                   | 92.07              |

\* in percentage points

| <b>Average Annual Returns<br/>for the period ended 12/31/2010</b> | <b>1 Year</b> | <b>3 Year</b> | <b>5 Year</b> | <b>10 Year</b> | <b>Since Inception<br/>(7/9/99)</b> |
|---|---------------|---------------|---------------|----------------|-------------------------------------|
| <b>Auxier Focus Fund<br/>(Investor Shares)</b>                    | <b>10.10%</b> | <b>1.21%</b>  | <b>4.14%</b>  | <b>6.56%</b>   | <b>6.33%</b>                        |
| <b>S&amp;P 500 Index</b>  | <b>15.06%</b> | <b>-2.86%</b> | <b>2.29%</b>  | <b>1.41%</b>   | <b>0.85%</b>                        |

*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, the Fund's annual operating expense ratio (gross) is 1.25%. The Fund's adviser has contractually agreed to maintain annual operating expenses at 1.25%, which is in effect until October 31, 2011. 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).*

*The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.*

***Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling (877) 328-9437 or visiting the Fund's website. Please read the prospectus carefully before you invest.***

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 Shares; returns for other share classes will vary. Performance for Investor 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 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.

Foreside Fund Services, LLC, distributor.

Auxier Focus Fund returned 5.3% in the fourth quarter 2010, versus 10.76% for Standard & Poor's 500 Index (S&P). The Fund's exposure to stocks for the quarter averaged about 74%. The remainder, mostly senior debt securities purchased in 2009, failed to keep pace with a very strong domestic stock market. For the year the Fund returned 10.1% compared with 15.06% for the S&P. The average equity exposure for the year was close to 74%. Since inception in 1999, the Fund has outperformed the market by 92 percentage points cumulatively, confirming our objective to match bull markets while dramatically outperforming bearish ones. In the face of the Federal Reserve's zero interest rate policy, we are concerned that sound capital allocation can be distorted by the belief that such low interest rates are normal and permanent. We are mindful that, in general, two years of 50% returns, followed by a 50% annual decline, would trail a steady 8% return over the same three-year period. The Fund enjoys a flexible mandate to move where the bargains are most compelling.

### **All Aboard the QE2 Economy**

During the quarter, the Fed announced a second-stage economy booster in the form of \$600 billion in quantitative easing (the oft-cited QE2). In addition, decisive political election results provided a counterforce to the growing threat of socialism. The extension of low tax rates also emboldened equity markets. The current macroeconomic environment is somewhat similar to 1994, when the country was recovering from a major financial stumble (Thrift Crisis). The Clinton Administration's strong push toward socialism and regulation was thwarted by landslide congressional mid-term victories in both Houses of Congress, moving the country back to the middle of the political spectrum. A strong three-year performance for large-cap U.S. stocks ensued. Another material positive back then was the "peace dividend" accruing from the reversal of Gulf War spending. Continuing U.S. withdrawal from Iraq should yield some beneficial savings too.

The stimulative backdrop has helped businesses restructure and survive the worst recession since the 1930s depression, yielding surprisingly strong profits and profit margins. Also rewarded are companies focused on providing exceptional value to customers via superior products or services (as contrasted with those utilizing creative financial engineering).

Education, oil drilling, health insurers and medical devices are among the industries burdened by proposed onerous government regulations. This had led to some bargain stock prices. Just as in 1994, a move toward the political center can mean a push back against regulation that hampers businesses and job growth. Gloomy headlines provide attractive entry points for stocks—especially when the companies are experiencing improving fundamentals and cash flows. The change in perception from "horrible" to just plain "bad" can be a very profitable trade.

### **Our Favorite Inflation Hedge**

Buying commodities at 30-year highs does not seem to us like a great inflation hedge at this time. Over the long term, commodities typically have traded close to their marginal cost of production as advances in technology have dramatically improved productive output. Copper currently trades at triple its cost of production. Much of the incremental demand has come from China, which mandated over \$1.6 trillion of lending into its \$5 trillion economy. Such a dramatic build-up in borrowed money is troublesome. Eventually rising inputs (steel prices are projected to rise over 40% this year *Financial Times*) spoil the party by leading to relaxed lending standards and deteriorating loan quality. Over \$500 billion has been channeled into commodity ETFs (*Trim Tabs Investment Research*). But as China tightens, that could turn around.

Money flowed into U.S. bond funds for 99 straight weeks in response to the Fed's zero rate policy—this in the face of a depreciating currency and deteriorating fundamentals (*Trim Tabs Investment Research*). The trend has recently reversed, with December showing some of the worst bond losses in years (*Standard & Poor's*). Markets will reward good behavior and also punish those that violate the laws of economics. Holding rates at zero for over 24 months now has led to market distortions in both bonds and commodities. Over the past century commodity markets have had a tendency to peak every thirty years: 1981, 1951, and 1921. The final stages are often marked by parabolic price rises. Contrary to the current consensus, if history is any guide, commodities may be too overpriced to provide a reliable inflation hedge.

We would rather bet on the bargain purchase of a mundane business that enjoys steady demand and inspired management. Ideally these businesses have low mandatory capital spending, rapid inventory turns, and high levels of free cash flow. Quality companies tend to go out-of-favor during periods of heightened speculation. Commodities pay no cash and will

suffer if the real return on bonds increases. Better to aim for a “double-play” investment, where a stock is purchased in times of panic or distress, then returns to a premium valuation, helping outstrip the ravages of inflation. Operational excellence is highly rewarded in today’s market.

### **Flip Side of Extreme Leverage**

Despite over \$300 billion in annual subsidies, the decline in U.S. housing prices since the 2006 peak recently exceeded the 1928-1933 bust. As of November, Phoenix homes were down 54 percent on average from the peak, Las Vegas down 57 percent, Miami down over 48 percent (*RealtyTrac*). No matter what the class of investment, the level of risk increases if you add extreme amounts of borrowed money. There is a misperception that government bonds can’t default. Not so, as states are facing shortfalls approaching \$1 trillion (*Moody’s*). All this underscores the need to aggressively monitor the balance sheets of your investments. Problems in housing remind us of the twin perils of excessive leverage plus distortions to supply and demand (where the free market is unable to clear excess inventory).

### **Opportunities in 2011 and Beyond**

High quality stocks should benefit from increasing dividend payout ratios and low relative valuations. In time, rising risk premiums on bonds should cool speculation, aiding investors focused on fundamentals and cash flow. As markets become more expensive we tend to gravitate toward defensive positions —special situations where the return is more dependent on, for example, managerial acumen than the general supply/demand fluctuations of markets. These include work-outs, breakups, spinoffs and post-bankruptcy IPOs (initial public offerings). As governments are forced to restructure in the face of ominous debt loads, there may be a generational buying opportunity ahead in the downtrodden municipal bonds. Bargains could abound because financial disclosure is scant and less than 20% of the \$2.8 trillion muni market is rated (*Moody’s*). Since the recent elections where Republicans at the state level had the biggest sweep in eighty years, there is a push for wider applications of the Chapter 9 Municipal Bankruptcy Code as a restructuring tool for states. The threat is whether California and Illinois fail to get their fiscal houses in order and need to be bailed out. Such a debacle could undermine the reserve status of the U.S. dollar and lead to a buying opportunity on par with the corporate bond fire-sale two years ago. Generally, rapid and unsustainable growth in liabilities —for any entity—leads to some form of crisis or panic. As long-term investors, we want to identify such imbalances and be prepared to act when the investment class becomes hopelessly out of favor. Stay tuned.

Sincerely,

Jeff Auxier

*There can be no guarantee of success with any technique, strategy, or investment. All investing involves risk, including the loss of principal. The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 widely held common stocks. One cannot invest directly in an index.*

*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, 2010**

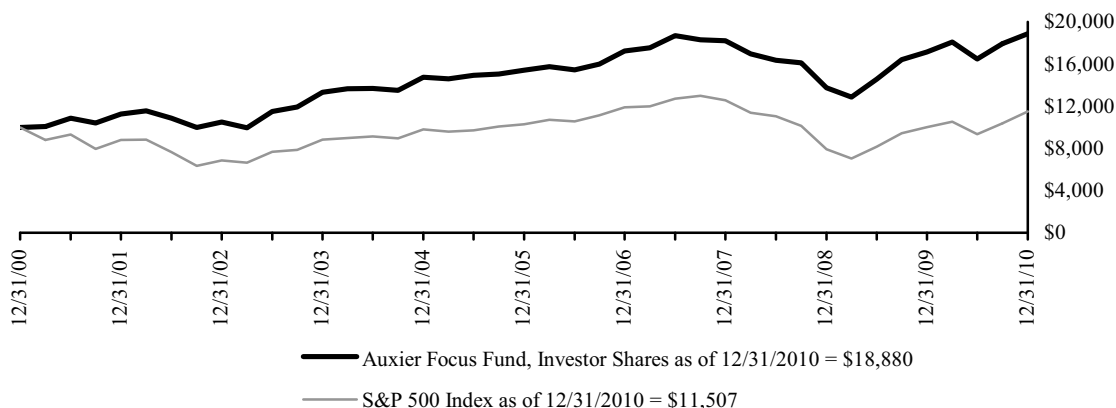
The following chart reflects the change in the value of a hypothetical \$10,000 investment in Investor Shares, including reinvested dividends and distributions, in the Auxier Focus Fund (the "Fund") compared with the performance of the benchmark Standard & Poor's 500 Index ("S&P 500"), over the past ten fiscal years. The S&P 500 is a market-value weighted index representing the performance of 500 widely held, publicly traded 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 reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the S&P 500 does not include expenses. The Fund is professionally managed while the S&P 500 is unmanaged and is not available for investment.

*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). As stated in the Fund's prospectus, the annual operating expense ratios (gross) for Investor Shares and A Shares are 1.25% and 1.50%, respectively. However, the Fund's adviser has agreed to contractually waive a portion of its fees and to reimburse expenses such that total operating expenses do not exceed 1.25% for Investor Shares and A Shares, which is in effect until October 31, 2011. 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.

Average Annual Total Return as of 12/31/10

|  | <u>1 Year</u> | <u>5 Years</u> | <u>10 Years</u> | <u>Since Inception<sup>(1)</sup></u> |
|--|---------------|----------------|-----------------|--------------------------------------|
| Investor Shares                                | 10.10%        | 4.14%          | 6.56%           | 6.33%                                |
| S&P500 Index (Since 07/09/99)                  | 15.06%        | 2.29%          | 1.41%           | 0.85%                                |
| A Shares (with sales charge) <sup>(2)(3)</sup> | 3.77%         | 2.90%          | 5.93%           | 5.78%                                |



- (1) Investor and A Shares commenced operations on July 9, 1999, and July 8, 2005, respectively.
- (2) 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.
- (3) For A 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.

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

| Shares                                | Security Description                        | Value      |
|---------------------------------------|---|------------|
| <b>Common Stock - 75.3%</b>           |   |            |
| <b>Communications - 0.1%</b>          |   |            |
| 10,000                                | News Corp., Class A                         | \$ 145,600 |
| <b>Consumer Discretionary - 17.1%</b> |   |            |
| 52,863                                | Apollo Group, Inc., Class A (a)             | 2,087,560  |
| 26,250                                | Bridgepoint Education, Inc. (a)             | 498,750    |
| 34,284                                | Career Education Corp. (a)                  | 710,707    |
| 57,100                                | Comcast Corp., Class A                      | 1,254,487  |
| 2,000                                 | Costco Wholesale Corp.                      | 144,420    |
| 50,650                                | CVS Caremark Corp.                          | 1,761,101  |
| 2,297                                 | Discovery Communications, Inc., Class A (a) | 95,785     |
| 2,297                                 | Discovery Communications, Inc., Class C (a) | 84,277     |
| 14,800                                | DR Horton, Inc.                             | 176,564    |
| 37,987                                | Gruma S.A.B. de C.V., ADR (a)               | 282,243    |
| 128,300                               | H&R Block, Inc.                             | 1,528,053  |
| 18,250                                | Home Depot, Inc.                            | 639,845    |
| 14,850                                | ITT Educational Services, Inc. (a)          | 945,797    |
| 28,197                                | Lincoln Educational Services Corp.          | 437,335    |
| 28,000                                | Lowe's Cos., Inc.                           | 702,240    |
| 12,800                                | McDonald's Corp.                            | 982,528    |
| 4,900                                 | NIKE, Inc., Class B                         | 418,558    |
| 15,250                                | Sally Beauty Holdings, Inc. (a)             | 221,583    |
| 1,738                                 | Strayer Education, Inc.                     | 264,558    |
| 21,028                                | The Andersons, Inc.                         | 764,368    |
| 40,870                                | The Interpublic Group of Cos., Inc. (a)     | 434,039    |
| 3,890                                 | Time Warner Cable, Inc.                     | 256,857    |
| 15,500                                | Time Warner, Inc.                           | 498,635    |
| 13,808                                | Universal Technical Institute, Inc. (a)     | 304,052    |
| 25,834                                | Value Line, Inc.                            | 373,301    |
| 53,700                                | Wal-Mart Stores, Inc.                       | 2,896,041  |
| 70,352                                | Weight Watchers International, Inc.         | 2,637,497  |
| 8,600                                 | Yum! Brands, Inc.                           | 421,830    |
|                                       |   | 21,823,011 |
| <b>Consumer Staples - 18.2%</b>       |   |            |
| 381,600                               | Alliance One International, Inc. (a)        | 1,617,984  |
| 35,150                                | Altria Group, Inc.                          | 865,393    |
| 15,100                                | British American Tobacco PLC, ADR           | 1,173,270  |
| 1,000                                 | China New Borun Corp., ADR (a)              | 10,400     |
| 6,304                                 | Columbia Sportswear Co.                     | 380,131    |
| 13,850                                | Diageo PLC, ADR                             | 1,029,471  |
| 47,450                                | Dr. Pepper Snapple Group, Inc.              | 1,668,342  |
| 16,862                                | Kraft Foods, Inc.                           | 531,322    |
| 12,700                                | Manpower, Inc.                              | 797,052    |
| 5,760                                 | National Beverage Corp. (a)                 | 75,686     |
| 3,000                                 | Nestle SA, ADR                              | 176,460    |
| 46,172                                | Paychex, Inc.                               | 1,427,177  |
| 26,550                                | PepsiCo, Inc.                               | 1,734,511  |
| 58,900                                | Philip Morris International, Inc.           | 3,447,417  |
| 500                                   | Pilgrim's Pride Corp. (a)                   | 3,545      |
| 1,721                                 | Ralcorp Holdings, Inc. (a)                  | 111,882    |
| 11,450                                | Safeway, Inc.                               | 257,511    |
| 67,885                                | Tesco PLC, ADR                              | 1,369,919  |
| 37,250                                | The Coca-Cola Co.                           | 2,449,932  |
| 84,950                                | The Kroger Co.                              | 1,899,482  |
| 41,380                                | The Western Union Co.                       | 768,427    |
| 44,700                                | Unilever NV, ADR                            | 1,403,580  |
|                                       |   | 23,198,894 |
| <b>Energy - 5.2%</b>                  |   |            |
| 26,850                                | BP PLC, ADR                                 | 1,185,964  |
| 16,750                                | Chevron Corp.                               | 1,528,437  |
| 15,600                                | ConocoPhillips                              | 1,062,360  |
| 11,200                                | Exxon Mobil Corp.                           | 818,944    |
| 1,200                                 | Gazprom Neft JSC, ADR                       | 25,140     |

| Shares                               | Security Description                    | Value      |
|--------------------------------------|---|------------|
| 800                                  | Lukoil OAO, ADR                         | \$ 45,776  |
| 2,500                                | PetroChina Co., Ltd., ADR               | 328,725    |
| 11,700                               | Petroleo Brasileiro SA, ADR             | 442,728    |
| 2,750                                | Surgutneftegas OJSC, ADR                | 29,425     |
| 9,250                                | Transocean, Ltd. (a)                    | 642,968    |
| 19,100                               | Valero Energy Corp.                     | 441,592    |
| 13,800                               | Willbros Group, Inc. (a)                | 135,516    |
|                                      |   | 6,687,575  |
| <b>Financials - 8.7%</b>             |   |            |
| 1,280                                | Ameriprise Financial, Inc.              | 73,664     |
| 75,783                               | Bank of America Corp.                   | 1,010,945  |
| 16,000                               | Berkshire Hathaway, Inc., Class B (a)   | 1,281,760  |
| 40,493                               | Citigroup, Inc. (a)                     | 191,532    |
| 2,000                                | First Mercury Financial Corp.           | 32,800     |
| 67,850                               | Marsh & McLennan Cos., Inc.             | 1,855,019  |
| 7,350                                | Mastercard, Inc., Class A               | 1,647,208  |
| 29,400                               | The Bank of New York Mellon Corp.       | 887,880    |
| 38,418                               | The Travelers Cos., Inc.                | 2,140,267  |
| 3,000                                | TNS, Inc. (a)                           | 62,400     |
| 10,324                               | Unum Group                              | 250,047    |
| 7,700                                | Visa, Inc., Class A                     | 541,926    |
| 24,950                               | Waddell & Reed Financial, Inc., Class A | 880,486    |
| 7,646                                | Washington Federal, Inc.                | 129,370    |
| 21,900                               | West Coast Bancorp (a)                  | 61,758     |
|                                      |   | 11,047,062 |
| <b>Health Care - 12.0%</b>           |   |            |
| 36,050                               | Abbott Laboratories                     | 1,727,155  |
| 21,950                               | Alkermes, Inc. (a)                      | 269,546    |
| 5,750                                | Amgen, Inc. (a)                         | 315,675    |
| 85,226                               | BioScrip, Inc. (a)                      | 445,732    |
| 500                                  | CareFusion Corp. (a)                    | 12,850     |
| 13,449                               | Coventry Health Care, Inc. (a)          | 355,054    |
| 5,820                                | Express Scripts, Inc. (a)               | 314,571    |
| 31,300                               | GlaxoSmithKline PLC, ADR                | 1,227,586  |
| 23,350                               | Johnson & Johnson                       | 1,444,197  |
| 3,200                                | Medco Health Solutions, Inc. (a)        | 196,064    |
| 52,352                               | Medtronic, Inc.                         | 1,941,736  |
| 17,150                               | Merck & Co., Inc.                       | 618,086    |
| 87,782                               | Pfizer, Inc.                            | 1,537,063  |
| 6,842                                | Quest Diagnostics, Inc.                 | 369,263    |
| 36,200                               | UnitedHealth Group, Inc.                | 1,307,182  |
| 28,221                               | WellPoint, Inc. (a)                     | 1,604,646  |
| 30,600                               | Zimmer Holdings, Inc. (a)               | 1,642,608  |
|                                      |   | 15,329,014 |
| <b>Industrials - 3.2%</b>            |   |            |
| 21,550                               | AGCO Corp. (a)                          | 1,091,723  |
| 3,000                                | Byd Co., Ltd., Class H                  | 15,870     |
| 25,000                               | General Electric Co.                    | 457,250    |
| 11,150                               | Granite Construction, Inc.              | 305,845    |
| 4,850                                | Illinois Tool Works, Inc.               | 258,990    |
| 1,000                                | POSCO, ADR (a)                          | 107,690    |
| 100                                  | Potash Corp. of Saskatchewan, Inc.      | 15,483     |
| 8,500                                | Raytheon Co.                            | 393,890    |
| 1,000                                | Smurfit-Stone Container Corp. (a)       | 25,600     |
| 3,500                                | Textainer Group Holdings, Ltd.          | 99,715     |
| 3,550                                | The Boeing Co.                          | 231,673    |
| 14,450                               | United Parcel Service, Inc., Class B    | 1,048,781  |
|                                      |   | 4,052,510  |
| <b>Information Technology - 3.3%</b> |   |            |
| 28,750                               | Automatic Data Processing, Inc.         | 1,330,550  |
| 46,350                               | Dell, Inc. (a)                          | 628,042    |
| 11,050                               | Intel Corp.                             | 232,382    |
| 70,114                               | Microsoft Corp.                         | 1,957,583  |
| 5,000                                | MoneyGram International, Inc. (a)       | 13,575     |

See Notes to Financial Statements.

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

| Shares                                    | Security Description                        | Value                    |
|---|---|--------------------------|
| 1,500                                     | Verisk Analytics, Inc., Class A (a)         | \$ 51,120                |
|   |   | <u>4,213,252</u>         |
| <b>Materials - 3.7%</b>                   |   |                          |
| 28,700                                    | E.I. du Pont de Nemours & Co.               | 1,431,556                |
| 7,000                                     | LyondellBasell Industries NV, Class A (a)   | 240,800                  |
| 7,100                                     | Precision Castparts Corp.                   | 988,391                  |
| 47,350                                    | The Dow Chemical Co.                        | 1,616,529                |
| 14,000                                    | Vale SA, ADR                                | 483,980                  |
|   |   | <u>4,761,256</u>         |
| <b>Telecommunications - 3.6%</b>          |   |                          |
| 27,300                                    | AT&T, Inc.                                  | 802,074                  |
| 5,196                                     | Frontier Communications Corp.               | 50,557                   |
| 49,150                                    | SK Telecom Co., Ltd., ADR (a)               | 915,664                  |
| 89,326                                    | Tele Norte Leste Participacoes SA, ADR      | 1,313,092                |
| 30,300                                    | Telefonos de Mexico SAB de CV, ADR, Class L | 489,042                  |
| 27,015                                    | Verizon Communications, Inc.                | 966,597                  |
|   |   | <u>4,537,026</u>         |
| <b>Utilities - 0.2%</b>                   |   |                          |
| 8,000                                     | FirstService Corp. (a)                      | 242,240                  |
| Total Common Stock<br>(Cost \$84,048,026) |   |                          |
|   |   | <u><b>96,037,440</b></u> |

| Shares                                    | Security Description                           | Rate  | Value                 |
|---|--|-------|-----------------------|
| <b>Preferred Stock - 0.2%</b>             |  |       |                       |
| <b>Utilities - 0.2%</b>                   |  |       |                       |
| 305                                       | AEP Texas Central Co.                          | 4.00% | 20,988                |
| 1,600                                     | FirstService Corp.                             | 7.00  | 39,568                |
| 300                                       | Indianapolis Power & Light Co.                 | 4.00  | 20,644                |
| 80  | MidAmerican Energy Co.                         | 3.90  | 5,903                 |
| 78  | MidAmerican Energy Co.                         | 3.30  | 5,021                 |
| 400                                       | Peco Energy Co., Series A                      | 3.80  | 27,840                |
| 800                                       | The Connecticut Light & Power Co., Series 1947 | 2.00  | 28,750                |
| 1,100                                     | The Connecticut Light & Power Co., Series 1947 | 1.90  | 37,572                |
| 300                                       | Westar Energy, Inc.                            | 4.25  | 22,575                |
|   |  |       | <u>208,861</u>        |
| Total Preferred Stock<br>(Cost \$143,897) |  |       |                       |
|   |  |       | <u><b>208,861</b></u> |

| Principal                      | Security Description             | Rate  | Maturity | Value            |
|--------------------------------|----------------------------------|-------|----------|------------------|
| <b>Corporate Bonds - 13.8%</b> |                                  |       |          |                  |
| <b>Consumer Staples - 3.8%</b> |                                  |       |          |                  |
| \$ 1,180,000                   | American Stores Co.              | 7.90% | 05/01/17 | 1,115,100        |
| 50,000                         | Constellation Brands, Inc.       | 7.25  | 05/15/17 | 53,188           |
| 265,000                        | Dr. Pepper Snapple Group, Inc.   | 6.12  | 05/01/13 | 292,384          |
| 535,000                        | Kraft Foods, Inc.                | 5.63  | 11/01/11 | 555,917          |
| 1,225,000                      | Smithfield Foods, Inc., Series B | 7.75  | 05/15/13 | 1,311,516        |
| 115,000                        | SUPERVALU, Inc.                  | 7.50  | 11/15/14 | 111,550          |
| 375,000                        | SUPERVALU, Inc.                  | 8.00  | 05/01/16 | 360,937          |
| 985,000                        | Tyson Foods, Inc.                | 8.25  | 10/01/11 | 1,034,250        |
|                                |                                  |       |          | <u>4,834,842</u> |

| Principal                 | Security Description                    | Rate  | Maturity | Value            |
|---------------------------|---|-------|----------|------------------|
| <b>Energy - 1.6%</b>      |   |       |          |                  |
| \$ 460,000                | BP Capital Markets PLC                  | 5.25% | 11/07/13 | \$ 498,516       |
| 190,000                   | El Paso Corp. (b)                       | 6.70  | 02/15/27 | 175,750          |
| 1,270,000                 | El Paso Performance-Linked Trust (c)    | 7.75  | 07/15/11 | 1,306,421        |
|                           |   |       |          | <u>1,980,687</u> |
| <b>Financials - 3.9%</b>  |   |       |          |                  |
| 75,000                    | American Express Credit Corp., Series C | 7.30  | 08/20/13 | 84,565           |
| 740,000                   | General Electric Capital Corp., MTN     | 5.63  | 09/15/17 | 812,550          |
| 455,000                   | Hartford Financial Services Group, Inc. | 5.25  | 10/15/11 | 468,508          |
| 2,370,000                 | Hartford Financial Services Group, Inc. | 5.50  | 10/15/16 | 2,462,390        |
| 182,000                   | Hartford Financial Services Group, Inc. | 6.30  | 03/15/18 | 194,096          |
| 345,000                   | Janus Capital Group, Inc.               | 6.95  | 06/15/17 | 359,895          |
| 620,000                   | Zions Bancorporation                    | 5.50  | 11/16/15 | 603,328          |
|                           |   |       |          | <u>4,985,332</u> |
| <b>Health Care - 1.3%</b> |   |       |          |                  |
| 540,000                   | Health Management Associates, Inc.      | 6.13  | 04/15/16 | 548,100          |
| 515,000                   | UnitedHealth Group, Inc.                | 4.88  | 03/15/15 | 550,965          |
| 430,000                   | WellPoint, Inc.                         | 5.00  | 12/15/14 | 466,947          |
| 130,000                   | WellPoint, Inc.                         | 5.25  | 01/15/16 | 143,098          |
|                           |   |       |          | <u>1,709,110</u> |
| <b>Industrials - 1.3%</b> |   |       |          |                  |
| 180,000                   | Johnson Controls, Inc.                  | 5.25  | 01/15/11 | 180,329          |
| 495,000                   | Johnson Controls, Inc.                  | 4.88  | 09/15/13 | 532,226          |
| 71,000                    | Waste Management, Inc.                  | 7.65  | 03/15/11 | 71,888           |
| 835,000                   | Waste Management, Inc.                  | 6.38  | 11/15/12 | 911,000          |
|                           |   |       |          | <u>1,695,443</u> |
| <b>Materials - 1.3%</b>   |   |       |          |                  |
| 895,000                   | The Dow Chemical Co.                    | 5.70  | 05/15/18 | 969,609          |
| 505,000                   | Weyerhaeuser Co.                        | 7.95  | 03/15/25 | 528,015          |
| 203,000                   | Willamette Industries, Inc.             | 9.00  | 10/01/21 | 227,133          |
|                           |   |       |          | <u>1,724,757</u> |
| <b>Utilities - 0.6%</b>   |   |       |          |                  |
| 100,000                   | Constellation Energy Group, Inc.        | 4.55  | 06/15/15 | 103,843          |
| 255,000                   | Energy Future Holdings Corp.            | 9.75  | 10/15/19 | 258,393          |



**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

| <u>Principal</u>   | <u>Security Description</u>                            | <u>Rate</u>  | <u>Maturity</u> | <u>Value</u>                 |
|--|--|--------------|-----------------|------------------------------|
| \$ 312,000   | Energy Future Intermediate Holding Co., LLC            | 9.75%        | 10/15/19        | \$ 316,151                   |
| 27,000   | Nevada Power Co., Series L                             | 5.88         | 01/15/15        | 30,135                       |
|  |  |              |                 | <u>708,522</u>               |
| Total Corporate Bonds<br>(Cost \$15,497,326)                     |  |              |                 | <u><b>17,638,693</b></u>     |
| <b>Foreign Municipal Bonds - 1.0%</b>                            |  |              |                 |                              |
| 356,000  | Ontario Hydro Residual Strip (Canada) (d)              | 5.47-5.65    | 11/27/20        | 234,141                      |
| 605,000  | Ontario Hydro Residual Strip (Canada) (d)              | 5.61         | 10/15/21        | 376,203                      |
| 235,000  | Ontario Hydro Residual Strip (Canada) (d)              | 5.75         | 08/18/22        | 140,121                      |
| 750,000  | Ontario Hydro Residual Strip (Canada), Series OC20 (d) | 5.51         | 10/01/20        | 497,581                      |
| Total Foreign Municipal Bonds<br>(Cost \$811,536)                |  |              |                 | <u><b>1,248,046</b></u>      |
| <u>Shares</u>  | <u>Security Description</u>                            | <u>Value</u> |                 |                              |
| <b>Money Market Fund - 0.0%</b>                                  |  |              |                 |                              |
| 31   | Schwab Government Money Fund, 0.01% (e) (Cost \$31)    | 31           |                 |                              |
| <b>Total Investments - 90.3%</b><br><b>(Cost \$100,500,816)*</b> |  |              |                 | <b>\$ 115,133,071</b>        |
| <b>Other Assets &amp; Liabilities, Net - 9.7%</b>                |  |              |                 | <u><b>12,407,990</b></u>     |
| <b>Net Assets - 100.0%</b>                                       |  |              |                 | <u><b>\$ 127,541,061</b></u> |

ADR American Depository Receipt  
 LLC Limited Liability Company  
 MTN Medium Term Note  
 PLC Public Limited Company

- (a) Non-income producing security.  
 (b) Security fair valued in accordance with procedures adopted by the Board of Trustees. At the period end, the value of these securities amounted to \$175,750 or 0.1% of net assets.  
 (c) Security exempt from registration under Rule 144A under the Securities Act of 1933. At the period end, the value of these securities amounted to \$1,306,421 or 1.0% of net assets.  
 (d) Zero coupon bond. Interest rate presented is yield to maturity.  
 (e) Variable rate security. Rate presented is as of December 31, 2010.

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

|                               |    |                          |
|-------------------------------|----|--------------------------|
| Gross Unrealized Appreciation | \$ | 20,258,809               |
| Gross Unrealized Depreciation |    | <u>(5,626,554)</u>       |
| Net Unrealized Appreciation   | \$ | <u><u>14,632,255</u></u> |

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2010**

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2010.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk 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 Note 2 - Security Valuation section in the accompanying Notes to Financial Statements.

|                                    | <u>Level 1</u>      | <u>Level 2</u>      | <u>Level 3</u>    | <u>Total</u>         |
|------------------------------------|---------------------|---------------------|-------------------|----------------------|
| <b>Investments At Value:</b>       |                     |                     |                   |                      |
| Common Stock                       |                     |                     |                   |                      |
| Communications                     | \$ 145,600          | \$ -                | \$ -              | \$ 145,600           |
| Consumer Discretionary             | 21,823,011          | -                   | -                 | 21,823,011           |
| Consumer Staples                   | 23,198,894          | -                   | -                 | 23,198,894           |
| Energy                             | 6,687,575           | -                   | -                 | 6,687,575            |
| Financials                         | 11,047,062          | -                   | -                 | 11,047,062           |
| Health Care                        | 15,329,014          | -                   | -                 | 15,329,014           |
| Industrials                        | 4,052,510           | -                   | -                 | 4,052,510            |
| Information Technology             | 4,213,252           | -                   | -                 | 4,213,252            |
| Materials                          | 4,761,256           | -                   | -                 | 4,761,256            |
| Telecommunications                 | 4,537,026           | -                   | -                 | 4,537,026            |
| Utilities                          | 242,240             | -                   | -                 | 242,240              |
| Preferred Stock – Utilities        | 39,568              | 169,293             | -                 | 208,861              |
| Corporate Bonds                    | -                   | 17,462,943          | 175,750           | 17,638,693           |
| Foreign Municipal Bonds            | -                   | 1,248,046           | -                 | 1,248,046            |
| Money Market Fund                  | -                   | 31                  | -                 | 31                   |
| <b>Total Investments at Value:</b> | <u>\$96,077,008</u> | <u>\$18,880,313</u> | <u>\$ 175,750</u> | <u>\$115,133,071</u> |

The following is a reconciliation of Level 3 assets (at either the beginning or ending of the period) for which significant unobservable inputs were used to determine fair value.

|  | <u>Corporate Bonds</u> |
|--|------------------------|
| <b>Balance as of 06/30/10</b>  | \$ 167,200             |
| Accrued Accretion / (Amortization)   | 344                    |
| Realized Gain / (Loss)   | -                      |
| Change in Unrealized Appreciation / (Depreciation)   | 8,206                  |
| Purchases  | -                      |
| Sales  | -                      |
| Transfers In / (Out)   | -                      |
| <b>Balance as of 12/31/10</b>  | <u>\$ 175,750</u>      |
| Net change in unrealized appreciation / (depreciation) from investments held as of 12/31/10 ** | <u>8,206</u>           |

\*\* The change in unrealized appreciation / (depreciation) is included in net change in unrealized appreciation / (depreciation) of investments in the accompanying Statement of Operations.

**PORTFOLIO HOLDINGS**

| <b>% of Net Assets</b>    |               |
|---------------------------|---------------|
| Common Stock              | 75.3%         |
| Preferred Stock           | 0.2%          |
| Corporate Bonds           | 13.8%         |
| Foreign Municipal Bonds   | 1.0%          |
| Money Market Fund         | 0.0%          |
| Cash and Other Net Assets | 9.7%          |
|                           | <u>100.0%</u> |

**AUXIER FOCUS FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2010**

**ASSETS**

|  |                    |
|--|--------------------|
| Total investments, at value (Cost \$100,500,816) | \$ 115,133,071     |
| Cash   | 11,861,081         |
| Receivables:                                     |                    |
| Fund shares sold                                 | 2,898,383          |
| Investment securities sold                       | 329,110            |
| Dividends and interest                           | 448,585            |
| Total Assets                                     | <u>130,670,230</u> |

**LIABILITIES**

|                                 |                  |
|---------------------------------|------------------|
| Payables:                       |                  |
| Investment securities purchased | 296,924          |
| Fund shares redeemed            | 337,333          |
| Distributions payable           | 2,386,620        |
| Accrued Liabilities:            |                  |
| Investment adviser fees         | 107,913          |
| Trustees' fees and expenses     | 350              |
| Other expenses                  | 29               |
| Total Liabilities               | <u>3,129,169</u> |

**NET ASSETS**

\$ 127,541,061

**COMPONENTS OF NET ASSETS**

|                                     |                       |
|-------------------------------------|-----------------------|
| Paid-in capital                     | \$ 112,879,167        |
| Undistributed net investment income | 36,253                |
| Accumulated net realized loss       | (6,614)               |
| Net unrealized appreciation         | 14,632,255            |
| <b>NET ASSETS</b>                   | <u>\$ 127,541,061</u> |

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

|                 |           |
|-----------------|-----------|
| Investor Shares | 8,398,844 |
| A Shares        | 9,238     |

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

|   |                 |
|---|-----------------|
| Investor Shares (based on net assets of \$127,400,954)                                    | <u>\$ 15.17</u> |
| A Shares (based on net assets of \$140,107)   | <u>\$ 15.17</u> |
| A Shares Maximum Public Offering Price Per Share (net asset value per share/(100%-5.75%)) | <u>\$ 16.10</u> |

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**AUXIER FOCUS FUND**  
STATEMENT OF OPERATIONS  
SIX MONTHS ENDED DECEMBER 31, 2010

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**INVESTMENT INCOME**

|  |                  |
|--|------------------|
| Dividend income (net foreign withholding taxes of \$9,939) | \$ 1,035,838     |
| Interest income  | 787,087          |
| Total Investment Income                                    | <u>1,822,925</u> |

**EXPENSES**

|                                     |                |
|-------------------------------------|----------------|
| Investment adviser fees             | 714,520        |
| Distribution fees:                  |                |
| A Shares                            | 185            |
| Trustees' fees and expenses         | 2,116          |
| Total Expenses                      | <u>716,821</u> |
| Fees waived and expenses reimbursed | <u>(2,301)</u> |
| Net Expenses                        | <u>714,520</u> |

**NET INVESTMENT INCOME**

1,108,405

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

|  |                      |
|--|----------------------|
| Net realized gain on investments                         | <u>97,086</u>        |
| Net change in unrealized appreciation (depreciation) on: |                      |
| Investments  | 14,086,078           |
| Foreign currency translations                            | 8,787                |
| Net change in unrealized appreciation (depreciation)     | <u>14,094,865</u>    |
| <b>NET REALIZED AND UNREALIZED GAIN</b>                  | <u>14,191,951</u>    |
| <b>INCREASE IN NET ASSETS FROM OPERATIONS</b>            | <u>\$ 15,300,356</u> |

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

|  | Six Months Ended<br>December 31, 2010 | Year Ended<br>June 30, 2010 |
|--|---------------------------------------|-----------------------------|
| <b>OPERATIONS</b>                                      |                                       |                             |
| Net investment income                                  | \$ 1,108,405                          | \$ 2,292,882                |
| Net realized gain                                      | 97,086                                | 696,183                     |
| Net change in unrealized appreciation (depreciation)   | 14,094,865                            | 7,745,953                   |
| Increase in Net Assets Resulting from Operations       | <u>15,300,356</u>                     | <u>10,735,018</u>           |
| <b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>              |                                       |                             |
| Net investment income:                                 |                                       |                             |
| Investor Shares  | (2,383,997)                           | (1,836,778)                 |
| A Shares   | (2,623)                               | (3,091)                     |
| Net realized gain:                                     |                                       |                             |
| Investor Shares  | (77,655)                              | -                           |
| A Shares   | (87)                                  | -                           |
| Total Distributions to Shareholders                    | <u>(2,464,362)</u>                    | <u>(1,839,869)</u>          |
| <b>CAPITAL SHARE TRANSACTIONS</b>                      |                                       |                             |
| Sale of shares:  |                                       |                             |
| Investor Shares  | 19,192,314                            | 19,500,648                  |
| A Shares   | -                                     | 17,906                      |
| Reinvestment of distributions:                         |                                       |                             |
| Investor Shares  | 2,396,475                             | 1,798,747                   |
| A Shares   | 2,710                                 | 3,091                       |
| Redemption of shares:                                  |                                       |                             |
| Investor Shares  | (7,719,854)                           | (14,133,080)                |
| A Shares   | (37,201)                              | (27,077)                    |
| Redemption fees  | 2,080                                 | 5,388                       |
| Increase in Net Assets from Capital Share Transactions | <u>13,836,524</u>                     | <u>7,165,623</u>            |
| Increase in Net Assets                                 | <u>26,672,518</u>                     | <u>16,060,772</u>           |
| <b>NET ASSETS</b>                                      |                                       |                             |
| Beginning of Period                                    | <u>100,868,543</u>                    | <u>84,807,771</u>           |
| End of Period (Including line (a))                     | <u>\$ 127,541,061</u>                 | <u>\$ 100,868,543</u>       |
| <b>SHARE TRANSACTIONS</b>                              |                                       |                             |
| Sale of shares:  |                                       |                             |
| Investor Shares  | 1,302,047                             | 1,392,563                   |
| A Shares   | -                                     | 1,257                       |
| Reinvestment of distributions:                         |                                       |                             |
| Investor Shares  | 157,948                               | 128,025                     |
| A Shares   | 179                                   | 220                         |
| Redemption of shares:                                  |                                       |                             |
| Investor Shares  | (528,370)                             | (1,013,829)                 |
| A Shares   | (2,579)                               | (1,988)                     |
| Increase in Shares                                     | <u>929,225</u>                        | <u>506,248</u>              |
| (a) Undistributed net investment income.               | <u>\$ 36,253</u>                      | <u>\$ 1,314,468</u>         |

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

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

|   | For the Six<br>Months<br>Ended<br>December 31,<br>2010 | For the Years Ended June 30, |          |           |           |           |
|---|--|------------------------------|----------|-----------|-----------|-----------|
|   |  | 2010                         | 2009(a)  | 2008      | 2007      | 2006      |
| <b>INVESTOR SHARES</b>                      |  |                              |          |           |           |           |
| <b>NET ASSET VALUE, Beginning of Period</b> |  |                              |          |           |           |           |
|   | \$ 13.49   | \$ 12.16                     | \$ 14.22 | \$ 17.06  | \$ 14.76  | \$ 14.64  |
| <b>INVESTMENT OPERATIONS</b>                |  |                              |          |           |           |           |
| Net investment income (b)                   | 0.14   | 0.32                         | 0.19     | 0.18      | 0.38      | 0.21      |
| Net realized and unrealized gain (loss)     | 1.84   | 1.27                         | (1.77)   | (2.24)    | 2.66      | 0.30      |
| Total from Investment Operations            | 1.98   | 1.59                         | (1.58)   | (2.06)    | 3.04      | 0.51      |
| <b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>   |  |                              |          |           |           |           |
| Net investment income                       | (0.29)   | (0.26)                       | (0.16)   | (0.31)    | (0.27)    | (0.18)    |
| Net realized gain                           | (0.01)   | —                            | (0.32)   | (0.47)    | (0.47)    | (0.21)    |
| Total Distributions to Shareholders         | (0.30)   | (0.26)                       | (0.48)   | (0.78)    | (0.74)    | (0.39)    |
| <b>REDEMPTION FEES (b)</b>                  | —(c)   | —(c)                         | —(c)     | —(c)      | —(c)      | —(c)      |
| <b>NET ASSET VALUE, End of Period</b>       | \$ 15.17   | \$ 13.49                     | \$ 12.16 | \$ 14.22  | \$ 17.06  | \$ 14.76  |
| <b>TOTAL RETURN</b>                         | 14.67%(d)  | 12.99%                       | (10.92)% | (12.56)%  | 21.11%    | 3.44%     |
| <b>RATIOS/SUPPLEMENTARY DATA</b>            |  |                              |          |           |           |           |
| Net Assets at End of Period (000's omitted) | \$127,401  | \$100,712                    | \$84,660 | \$103,664 | \$116,774 | \$103,642 |
| Ratios to Average Net Assets:               |  |                              |          |           |           |           |
| Net investment income                       | 1.94%(e)   | 2.29%                        | 1.53%    | 1.10%     | 2.40%     | 1.44%     |
| Net expense                                 | 1.25%(e)   | 1.30%                        | 1.35%    | 1.35%     | 1.35%     | 1.35%     |
| Gross expense (f)                           | 1.25%(e)   | 1.30%                        | 1.35%    | 1.36%     | 1.36%     | 1.36%     |
| <b>PORTFOLIO TURNOVER RATE</b>              | 11%(d)   | 15%                          | 24%      | 19%       | 16%       | 28%       |

(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) Less than \$0.01 per share.

(d) Not annualized.

(e) Annualized

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

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

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

|   | For the Six<br>Months<br>Ended | For the Years Ended June 30, |          |          |          | July 8, 2005(a)(b)<br>through<br>June 30, 2006 |
|---|--------------------------------|------------------------------|----------|----------|----------|--|
|   | December 31,<br>2010           | 2010                         | 2009     | 2008     | 2007     |  |
| <b>A SHARES</b>                             |                                |                              |          |          |          |  |
| <b>NET ASSET VALUE, Beginning of Period</b> | \$ 13.49                       | \$ 12.17                     | \$ 14.22 | \$ 17.07 | \$ 14.77 | \$ 14.81                                       |
| <b>INVESTMENT OPERATIONS</b>                |                                |                              |          |          |          |  |
| Net investment income (c)                   | 0.14                           | 0.32                         | 0.18     | 0.17     | 0.41     | 0.21   |
| Net realized and unrealized gain (loss)     | 1.84                           | 1.26                         | (1.75)   | (2.24)   | 2.63     | 0.14   |
| Total from Investment Operations            | 1.98                           | 1.58                         | (1.57)   | (2.07)   | 3.04     | 0.35   |
| <b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>   |                                |                              |          |          |          |  |
| Net investment income                       | (0.29)                         | (0.26)                       | (0.16)   | (0.31)   | (0.27)   | (0.18)   |
| Net realized gain                           | (0.01)                         | —                            | (0.32)   | (0.47)   | (0.47)   | (0.21)   |
| Total Distributions to Shareholders         | (0.30)                         | (0.26)                       | (0.48)   | (0.78)   | (0.74)   | (0.39)   |
| <b>REDEMPTION FEES (e)</b>                  | —(d)                           | —(d)                         | —(d)     | —(d)     | —(d)     | —(d)   |
| <b>NET ASSET VALUE, End of Period</b>       | \$ 15.17                       | \$ 13.49                     | \$ 12.17 | \$ 14.22 | \$ 17.07 | \$ 14.77                                       |
| <b>TOTAL RETURN (e)</b>                     | 14.67%(f)                      | 12.90%                       | (10.85)% | (12.61)% | 21.10%   | 2.32%(f)                                       |
| <b>RATIOS/SUPPLEMENTARY DATA</b>            |                                |                              |          |          |          |  |
| Net Assets at End of Period (000's omitted) | \$140                          | \$157                        | \$148    | \$208    | \$399    | \$392  |
| Ratios to Average Net Assets:               |                                |                              |          |          |          |  |
| Net investment income                       | 1.94%(g)                       | 2.29%                        | 1.49%    | 1.08%    | 2.59%    | 1.56%(g)                                       |
| Net expense                                 | 1.25%(g)                       | 1.30%                        | 1.35%    | 1.35%    | 1.35%    | 1.35%(g)                                       |
| Gross expense (h)                           | 1.51%(g)                       | 1.55%                        | 1.60%    | 1.60%    | 1.60%    | 1.61%(g)                                       |
| <b>PORTFOLIO TURNOVER RATE</b>              | 11%(f)                         | 15%                          | 24%      | 19%      | 16%      | 28%(f)   |

(a) Commencement of operations.

(b) 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 is for the period July 8, 2005, through June 30, 2006.

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

(d) Less than \$0.01 per share.

(e) Total return does not include the effect of front-end sales charges or contingent deferred sales charges.

(f) Not annualized.

(g) Annualized.

(h) 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 two classes of shares: Investor Shares and A 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 are not subject to a sales charge. Investor Shares and A Shares commenced operations on July 9, 1999 and July 8, 2005, 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 generally accepted accounting principles 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 period. 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 sixty 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. 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, 2010, 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 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 a 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 and discount is amortized and accreted in accordance with GAAP. 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: (i) assets and liabilities at the rate of exchange at the end of the respective period; and (ii) 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.

The Fund may enter into transactions to purchase or sell foreign currencies to protect the U.S. dollar value of its underlying portfolio securities against the effect of possible adverse movements in foreign exchange rates. Principal risks associated with such transactions include the movement in value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. Fluctuations in the value of such forward currency transactions are recorded daily as unrealized gain or loss; realized gain or loss includes net gain or loss on transactions that have terminated by settlement or by a fund entering into offsetting commitments. These instruments involve market risk, credit risk, or both kinds of risks, in excess of the amount recognized in the Statement of Assets and Liabilities. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

**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 qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all 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.

As of December 31, 2010, there are no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure. The Fund's federal tax returns filed in the three-year period ended June 30, 2010, remain subject to examination by the Internal Revenue Service.

**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. Advisory Fees, Servicing Fees and Other Transactions**

**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 1.25% of the Fund's average daily assets.

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**AUXIER FOCUS FUND**  
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DECEMBER 31, 2010

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Under the terms of the Investment Advisory Agreement, the Adviser provides investment advisory services to the Fund and is obligated to pay all expenses of the Fund except any expenses it is authorized to pay under Rule 12b-1, brokerage fees and commissions, borrowing costs, taxes, certain compensation expenses of the Trustees, and extraordinary and non-recurring expenses.

**Distribution** – Foreside Fund Services, LLC serves as the Fund’s distributor (the “Distributor”). The Distributor is not affiliated with the Adviser or with 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, 2010, there were no 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.

**Other Service Providers** – Atlantic provides fund accounting, fund administration, 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 \$40,000 for service to the Trust (\$60,000 for the Chairman). In addition, the Chairman receives a monthly stipend of \$500 to cover certain expenses incurred in connection with his duties to the Trust. 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, 2011, 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. These contractual waivers may be changed or eliminated at any time with consent of the Board. For the Period ended December 31, 2010, expenses reimbursed were \$2,301.

**Note 5. Security Transactions**

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments for the six months ended December 31, 2010, were \$17,906,513 and \$10,817,306, respectively.

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

As of June 30, 2010, distributable earnings (accumulated losses) on a tax basis were as follows:

|                               |    |                  |
|-------------------------------|----|------------------|
| Undistributed Ordinary Income | \$ | 1,314,360        |
| Capital and Other Losses      |    | (13,680)         |
| Unrealized Appreciation       |    | 525,220          |
| Total                         | \$ | <u>1,825,900</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.

**Note 7. Recent Accounting Pronouncements**

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2010-06 “Improving Disclosures about Fair Value Measurements.” ASU No. 2010-06 clarifies existing disclosure and requires additional disclosures regarding fair value measurements. Effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years, entities will need to disclose information about purchases, sales, issuances and settlements of Level 3 securities on a gross basis, rather than as a net number as currently required. Management is currently evaluating the impact ASU No. 2010-06 will have on financial statement disclosures.

**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.

### **Investment Advisory Agreement Approval**

At the December 2, 2010 Board meeting, the Board, including the Independent Trustees, considered the approval of the continuance of the investment advisory agreement pertaining to the Fund (the "Advisory Agreement"). In evaluating the Advisory Agreement for the Fund, the Board reviewed materials furnished by the Adviser and the administrator, including information regarding the Adviser, its personnel, operations and financial condition. Specifically, the Board considered, among other matters: (1) the nature, extent and quality of the services to be provided to the Fund by the Adviser, including information on the investment performance of the Adviser; (2) the costs of the services to be provided and profitability to the Adviser with respect to its relationship with the Fund; (3) the advisory fee and total expense ratio of the Fund compared to relevant peer groups of funds; (4) the extent to which economies of scale would be realized as the Fund grows and whether the advisory fee would enable the Fund's investors to share in the benefits of economies of scale; and (5) other benefits received by the Adviser from its relationship with the Fund. In their deliberations, the Board did not identify any particular information that was all-important or controlling and attributed different weights to the various factors. In particular, the Board focused on the factors discussed below.

#### *Nature, Extent and Quality of Services*

Based on a presentation from a senior representative of the Adviser and a discussion of the Adviser's personnel, operations and financial condition, the Board considered the quality of services to be provided by the Adviser under the Advisory Agreement. In this regard, the Board considered information regarding the experience, qualifications and professional background of the portfolio manager and other personnel at the Adviser with principal investment responsibility for the Fund's investments as well as the investment philosophy and decision-making processes of those professionals and the capability and integrity of the Adviser's senior management and staff. The Board considered the adequacy of the Adviser's resources and quality of services provided by the Adviser under the Advisory Agreement between the Trust and the Adviser. The Board also considered the quality of the Adviser's services with respect to regulatory compliance and compliance with client investment policies and restrictions as well as the financial condition and operational stability of the Adviser. The Board noted the Adviser's representation that the firm is financially stable and able to provide investment advisory services to the Fund. Based on this information, the Board concluded that the nature, extent and quality of services provided to the Fund under the Advisory Agreement were appropriate for the Fund in light of its investment objective and, thus, supported a decision to approve the Advisory Agreement.

#### *Costs of Services and Profitability*

The Board considered information provided by the Adviser regarding its costs of services and its profitability with respect to the Fund. In this regard, the Board considered the Adviser's resources devoted to the Fund as well as the Adviser's discussion of costs and profitability. Based on these and other applicable considerations, the Board concluded that the Adviser's profits attributable to management of the Fund were not excessive in light of the services provided by the Adviser on behalf of the Fund.

#### *Performance*

The Board reviewed performance of the Fund and the Adviser's discussion of its investment philosophy. The Board noted that the Fund had underperformed the benchmark for the 1-year period ended September 30, 2010 but had outperformed the benchmark for the 3-, 5- and 10-year periods (annualized). The Board also considered the Adviser's rationale for the Fund's recent underperformance and the Adviser's representation that the Fund has significantly outperformed its benchmark since inception. The Board concluded that the Fund's performance was reasonable in comparison to its peers and benchmark and that the Fund could benefit from the Adviser's management of the Fund.

#### *Compensation*

The Board considered the Adviser's compensation for providing advisory services to the Fund and analyzed comparative information on fee rates, expenses and performance of similar mutual funds. The Board noted that the Fund's actual advisory fee rate was the highest in its Lipper Inc. peer group. The Board recognized, however, that the fee rate effectively will be reduced by administration, transfer agency, fund accounting, compliance, custody and Trustee fees, all of which are paid by the Adviser. The Board also noted that the Fund's actual total expense ratio was higher than the median of its Lipper Inc. peer groups. The Board considered that under the Advisory Agreement the Adviser has agreed to limit contractually total annual fund operating expenses of the Fund through at least October 31, 2011 to 1.25% of average daily net assets. Based on the foregoing, the Board concluded that Auxier's advisory fee rate charged to the Fund appeared to be within a reasonable range in light of the services it provides to the Fund, including the payment of all Fund expenses.

#### *Economies of Scale*

The Board considered whether the Fund would benefit from any economies of scale. In this respect, the Board noted the Adviser's representation that the Fund is likely to experience economies of scale as assets grow in the future, but that it would be premature to

discuss the impact on the current fee structure at this time. The Board also considered that the Adviser has recently implemented a reduction of the contractual expense cap to 1.25% from 1.35% and, as a result, concluded that the Fund may already be benefiting from economies of scale and that it would not be necessary to consider the implementation of fee breakpoints at this time.

#### *Other Benefits*

The Board noted the Adviser's representation that, aside from its contractual advisory fees, it does not benefit in a material way from its relationship with the Fund. Based on the foregoing representation, the Board concluded that other benefits received by the Adviser from its relationship with the Fund were not a material factor to consider in approving the continuation of the Advisory Agreement.

#### *Conclusion*

The Board did not identify any single factor as being of paramount importance, and different Trustees may have given different weight to different factors. The Board reviewed a memorandum from Trust counsel discussing the legal standards applicable to its consideration of the Advisory Agreement. Based on its review, including consideration of each of the factors referenced above, the Board determined, in the exercise of its business judgment, that the advisory arrangement, as outlined in the Advisory Agreement, was fair and reasonable in light of the services performed, expenses incurred, and such other matters as the Board considered relevant in the exercise of its reasonable business judgment.

#### **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 SEC's 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. The Fund's Forms N-Q 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 1-800-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 (A Shares only), and (2) ongoing costs, including management fees, 12b-1 fees (A Shares only), 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, 2010, through December 31, 2010.

**Actual Expenses** – The first line under each share class in 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 balance or expenses you paid for the period. You may use this information to compare the ongoing cost 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.

**AUXIER FOCUS FUND**  
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**DECEMBER 31, 2010**

Please note that 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 (A Shares only). 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 had been included, your costs would have been higher.

|  | <b>Beginning Account Value<br/>July 1, 2010</b> | <b>Ending Account Value<br/>December 31, 2010</b> | <b>Expenses Paid<br/>During Period *</b> | <b>Annualized Expense<br/>Ratio *</b> |
|--|---|---|--|---------------------------------------|
| <b>Investor Shares</b>                         |   |   |  |                                       |
| Actual   | \$ 1,000.00                                     | \$ 1,146.72                                       | \$ 6.76                                  | 1.25%                                 |
| Hypothetical<br>(5% return before<br>expenses) | \$ 1,000.00                                     | \$ 1,018.90                                       | \$ 6.36                                  | 1.25%                                 |
| <b>A Shares</b>                                |   |   |  |                                       |
| Actual   | \$ 1,000.00                                     | \$ 1,146.72                                       | \$ 6.76                                  | 1.25%                                 |
| Hypothetical<br>(5% return before<br>expenses) | \$ 1,000.00                                     | \$ 1,018.90                                       | \$ 6.36                                  | 1.25%                                 |

\* Expenses are equal to the Fund's annualized expense ratio as indicated above 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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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.