

---

---

# **Auxier Focus Fund**

---

---

**Annual Report**

**June 30, 2009**

**Fund Adviser:**

Auxier Asset Management LLC

5285 Meadows Road

Suite 333

Lake Oswego, Oregon 97035

Toll Free: (877) 3AUXIER or (877) 328-9437

**AUXIER FOCUS FUND**  
A MESSAGE TO OUR SHAREHOLDERS  
JUNE 30, 2009

**AUXIER FOCUS FUND**  
**PERFORMANCE UPDATE**  
**June 30, 2009**

AUXFX RETURNS VS. S&P 500 INDEX

	<u>Auxier Focus Fund</u>	<u>S&amp;P 500 Index</u>	<u>Difference*</u>
03/31/09 – 06/30/09	13.12%	15.93%	-2.81
12/31/08 – 06/30/09	6.02%	3.16%	2.86
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	56.07%	-21.91%	77.98

\* in percentage points

<b>Average Annual Returns for the period ended 6/30/09</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>Since Inception</b>
<b>Auxier Focus Fund (Investor Shares)</b>	<b>(10.92)%</b>	<b>(1.92)%</b>	<b>1.24%</b>	<b>4.56% (7/9/99)</b>
<b>S&amp;P 500 Index</b>	<b>(26.21)%</b>	<b>(8.22)%</b>	<b>(2.24)%</b>	<b>(2.45)%</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 1.35%. The Fund's adviser has contractually agreed to maintain annual operating expenses at 1.35%, which is in effect until October 31, 2009. 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).

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 Class shares; returns for other share classes will vary. Performance for Investor Class shares for periods prior to December 10, 2004 reflects performance of the applicable share class of Auxier Focus Fund, a series of Unified Series Trust (the "Predecessor Fund"). Prior to January 3, 2003, the Predecessor Fund was a series of Ameriprime Funds. The performance of the Fund's Investor Class shares for the period prior to December 10, 2004 reflects the expenses of the Predecessor Fund.

**The Fund may invest in value and/or growth stocks. Investments in value stocks are subject to risk that their intrinsic value may never be realized and investments in growth stocks may be susceptible to rapid price swings, especially during periods of economic uncertainty. In addition, the Fund may invest in smaller companies which generally carry greater risk than is customarily associated with larger companies for various reasons such as narrower markets, limited financial resources and less liquid stock. 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.** Foreside Fund Services, LLC, distributor.

## **Market Commentary**

On July 9, Auxier Focus Fund celebrated its 10<sup>th</sup> birthday—and a major milestone. Over the 10 years to June 30, 2009, the most recent period for which data were available, the Fund delivered a cumulative 56% return, versus a corresponding -21.9% loss for the Standard & Poor's 500-stock index. So, we not only made money during a bear-mauled decade; we also beat the market by nearly 78 percentage points.

The Fund also excelled in the six months to June 30, returning 6.02% versus 3.16% for the S&P 500. For the twelve months to June 30 the Fund outperformed the S&P 500, returning -10.92% versus the S&P's -26.21%. For the second quarter of 2009, the Fund returned 13.12% against 15.93% for the S&P 500 Index.

After falling 57% from the 2007 peak through the March 2009 low, the S&P rebounded sharply in response to aggressive fiscal and monetary steps taken by the United States government. The U.S. stimulus so far authorized in this downturn is ten times greater than the average amount spent in recessions over this past century. It amounts to roughly 30% of Gross Domestic Product (GDP)—twelve times greater than the pump priming during the Great Depression. Back then, the cumulative decline in GDP was 27%. (Source: *Grants*) Today, we are nowhere near that level of economic decline, perhaps because total government payments now comprise over 25% of the economy. By contrast, there were virtually no safety nets such as social security in the early 1930s.

China also has been aggressively stimulating its economy to help increase domestic consumption and to offset weak exports. These actions, together with a more private market approach (versus nationalization) to treating U.S. banking ills, helped to loosen credit, stabilize industry and encourage risk taking.

## **Buy Cash Flow Cheap**

In an environment where it could take years to deleverage the accumulated mountain of debt, our focus has been to buy predictable cash flows when they are cheap. The capital structure of each individual business needs to be scrutinized, as there are times when it makes sense to be a creditor as opposed to a common shareholder. Too much emphasis has been put on asset appreciation and not on dependable underlying cash flows. Government policies that aim to help banks earn their way back to solvency could lead to a long period of low interest rates. So at the end of 2008 when corporate bond spreads widened dramatically (from 2.5 to 21 percentage points), we took advantage of the bargains. Corporate bonds were discounting a potential default factor of 50% when the absolute worst previous period—the 1930s—saw only 5% defaults. We bought shorter to intermediate-term senior debt securities with the goal of achieving equity type returns with less risk. Also targeted were common stocks with high free cash flow yields, strong balance sheets and above-average dividend yields. The goal is to make exceptional buys in entities that can throw off cash, rather than counting solely on a rising market for returns.

## **Know What You Own**

The investment industry has continued to come up with new innovations that take investors farther away from understanding what they own. Investing is the craft where cumulative years of intense study can add value in determining the odds of when to invest. Exchange-traded funds, derivatives, and hedge funds, to name a few, are promotions of short-term speculation in which leverage is often easy to disguise. Investors have continued to drift from long-term stock ownership to short-term speculation. When a financial genius is commonly characterized as one who uses “leverage in an up market,” you know the pendulum has swung too far.

Furthermore, the average 401k statement shows all kinds of funds that make it extremely difficult to quantify risk/reward. When it is time to invest, when prices are low and potential risk-adjusted returns are attractive, the average investor has no clue on the odds...and therefore no conviction to allocate when the time is right. In the current environment, it is hard to determine crucial variables such as the winning “drive” and asset allocation skill of management, balance sheet strength, etc. Without a strong balance sheet, a company can't endure downturns. I have owned or followed many investments we have in the Fund, both domestic and foreign, for over 25 years. As the “chief risk officer,” that cumulative knowledge is critically important to differentiate between those businesses that can provide superior returns.

### **Reflecting on Our First 10 Years**

We believe it is helpful to look back at some of the basic operating principles that may have contributed to the Fund beating the market by 78 percentage points.

- Pledging that the manager has a big personal stake locked in the Fund—now over 153,000 shares—and a top priority of persistent daily research.
- Having lots of humility. Understanding that anything can and will happen in the markets is vital to enduring tough times.
- Being wary of the dangers of “animal spirits,” controlling one’s emotions. Thinking critically and rationally are key to beating the market over time.
- Running smaller sums of money, which is a huge advantage when combined with a flexible mandate to exploit misappraisals over a broad range of asset classes.
- Sticking to the Benjamin Graham approach, which encourages a manager to wait for compelling bargains without the pressure to be fully invested all the time.
- Appreciating the power of compounding and the potential downside of each investment. To enjoy the fruits of compounding, it is important to avoid the blow-ups. A drop of 50% requires a gain of 100% just to break even. A plunge of 90% requires a corresponding, and nearly impossible, 1000% gain. To mitigate risk it is important to understand the basic laws of supply-demand, as well as the dangers of “bubble valuations” stemming from periods of easy money.

It is worth noting that fewer than 17% of all mutual funds have had a single manager over a ten-year period and that very few managers have a meaningful stake in the funds they manage. This may explain why over 80% of stock funds underperformed the market last year, when the S&P 500 lost over 38%. I strongly believe executives in a stewardship position should have their money locked up for their tenure of leadership, as I have. This forces managers to focus on the downside, as opposed to having a free ride to speculate with investors' hard earned money.

Another expensive misperception is that bigger is better in the investment field. There are over 34,000 publicly traded stocks globally, but large funds are unable to invest in 90% of them. Additionally, in bad markets the larger funds are inflexible and unable to protect principal. They can be locked into positions, unable to sell stocks without depressing prices. Yet, investors blindly pile into megafunds or companies whose size is definitely an anchor to performance. Too much attention is placed on getting bigger—not better.

### **Reasons for Optimism**

The S&P 500 Index was conceived 82 years ago. As of January 2009, we had witnessed the worst 10-year period in the index history—an average annual loss of 5.1%. The good news? When looking back, other poor 10-year periods (the 1970s and 1930s) were followed by 9-15% average annual gains in the decade following. In addition, the total stock market value as a percentage of GDP dropped to 75% in January, down from 190% in March of 2000 at the peak of the tech mania.

### **Final Thoughts**

A serious long-term investor seeks opportunity when volatility and emotion engulf a quality investment; when the lines between perception and reality are blurred. The result can be a compellingly cheap double-play opportunity. You don't need to go from good to great to enjoy above-average gains. Horrific to bad can serve the same purpose. It all depends on price.

Thank you for your continued trust.

Jeff Auxier

---

**AUXIER FOCUS FUND**  
A MESSAGE TO OUR SHAREHOLDERS  
JUNE 30, 2009

---

*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 can not 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**  
**JUNE 30, 2009**

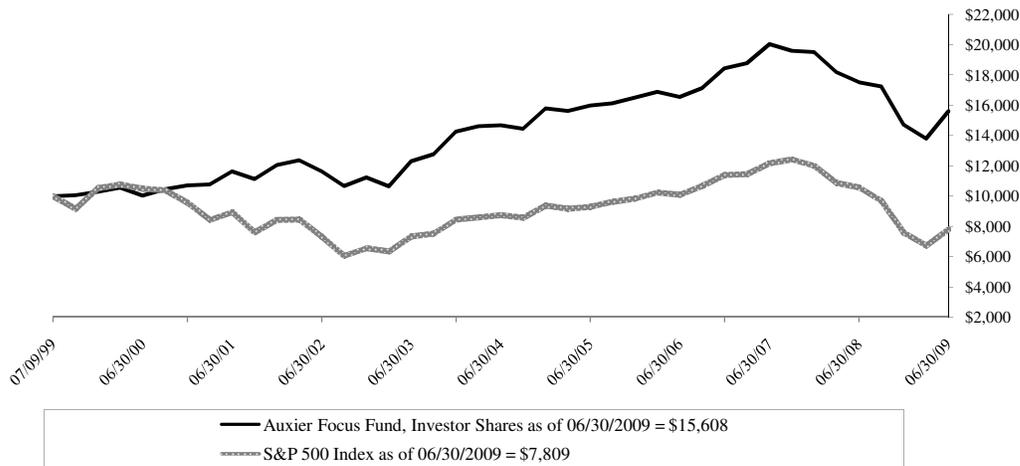
**COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT**

The following chart reflects the change in value since Auxier Focus Fund's (the "Fund") inception of a hypothetical \$10,000 investment, including reinvested dividends and distributions compared with a broad-based securities market index. The S&P 500 ("S&P") is a market weighted index composed of 500 large capitalization companies and reflects the reinvestment of dividends. The Fund is professionally managed while the S&P is unmanaged and is not available for investment. 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 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 performance of each class will differ due to different sales charges and expense structures. During the performance period shown, certain Fund fees were waived or expenses reimbursed; otherwise, total return would have been lower, for all share classes.

*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. 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). Returns greater than one year are annualized. Both Fund share classes charge a 2.00% redemption fee on shares redeemed within 180 days of purchase. As stated in the Fund's prospectus, the annual operating expense ratios (gross) for Investor Shares and A Shares are 1.35% and 1.60%, 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 1.35% for both classes of shares which is in effect until October 31, 2009. The graph and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.*

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.

<u>Average Annual Total Return as of 06/30/09</u>	<u>1 Year</u>	<u>5 Years</u>	<u>Since Inception <sup>(1)</sup></u>
Investor Shares	(10.92)%	1.24%	4.56%
S&P 500 Index (since 07/09/99)	(26.21)%	(2.24)%	(2.45)%
A Shares (with sales charge) <sup>(2)(3)</sup>	(15.97)%	0.07%	3.95%



(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 period and the since inception periods are blended average annual returns which include the returns of the Investor Shares prior to the commencement of operations of the A Shares.

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2009**

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
<b>Common Stock - 70.0%</b>		
<b>Consumer Discretionary - 17.3%</b>		
4,700	Alberto-Culver Co.	\$ 119,521
43,520	Andersons, Inc.	1,302,989
1,613	Apollo Group, Inc., Class A (a)	114,717
13,100	Bridgepoint Education, Inc. (a)	222,700
13,300	Career Education Corp. (a)	331,037
57,100	Comcast Corp., Class A	827,379
4,000	Costco Wholesale Corp.	182,800
31,050	CVS Caremark Corp.	989,563
2,297	Discovery Communications, Inc., Class A (a)	51,797
2,297	Discovery Communications, Inc., Class C (a)	47,157
14,800	D.R. Horton, Inc.	138,528
100	Ecolab, Inc.	3,899
13,000	FirstService Corp. (a)	153,790
37,987	Gruma S.A.B. de C.V., ADR (a)	149,289
18,250	Home Depot, Inc.	431,247
40,870	Interpublic Group of Cos., Inc. (a)	206,393
2,700	ITT Educational Services, Inc. (a)	271,782
20,197	Lincoln Educational Services Corp. (a)	422,723
28,000	Lowe's Cos., Inc.	543,480
5,000	McDonald's Corp.	287,450
23,100	Nike, Inc., Class B	1,196,118
15,250	Sally Beauty Holdings, Inc. (a)	96,990
67,885	Tesco PLC, ADR	1,182,557
3,890	Time Warner Cable, Inc.	123,196
15,500	Time Warner, Inc.	390,445
44,700	Unilever NV, ADR	1,080,846
30,508	Universal Technical Institute, Inc. (a)	455,484
13,234	Value Line, Inc.	435,002
49,550	Wal-Mart Stores, Inc.	2,400,202
8,000	Weight Watchers International, Inc.	206,160
8,600	Yum! Brands, Inc.	286,724
		<u>14,651,965</u>
<b>Consumer Staples - 17.6%</b>		
337,800	Alliance One International, Inc. (a)	1,283,640
35,150	Altria Group, Inc.	576,108
15,100	British American Tobacco PLC, ADR	842,580
37,250	Coca-Cola Co.	1,787,627
25,532	Columbia Sportswear Co.	789,449
16,800	Diageo PLC, ADR	961,800
91,050	Dr. Pepper Snapple Group, Inc. (a)	1,929,349
5,000	Helen of Troy, Ltd. (a)	83,950
29,862	Kraft Foods, Inc., Class A	756,703
62,050	Kroger Co.	1,368,202
12,700	Manpower, Inc.	537,718
8,760	National Beverage Corp. (a)	93,294
5,000	Nestle SA, ADR	188,100
7,500	Paychex, Inc.	189,000
58,900	Philip Morris International, Inc.	2,569,218
1,721	Ralcorp Holdings, Inc. (a)	104,843
11,450	Safeway, Inc.	233,237
39,580	Western Union Co.	649,112
		<u>14,943,930</u>

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2009**

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
<b>Energy - 3.7%</b>		
16,750	Chevron Corp.	\$ 1,109,687
15,600	ConocoPhillips	656,136
4,000	Exxon Mobil Corp.	279,640
1,200	Gazpromneft OAO, ADR	19,260
800	LUKOIL OAO, ADR	35,760
2,500	PetroChina Co., Ltd., ADR	276,200
7,800	Petroleo Brasileiro SA, ADR	319,644
2,750	Surgutneftegaz OAO, ADR	18,975
18,850	Valero Energy Corp.	318,377
8,800	Willbros Group, Inc. (a)	110,088
		<u>3,143,767</u>
<b>Financials - 7.0%</b>		
3,200	American Express Co.	74,368
1,280	Ameriprise Financial, Inc.	31,066
33,233	Bank of America Corp.	438,676
320	Berkshire Hathaway, Inc., Class B (a)	926,634
30,393	Citigroup, Inc.	90,267
81,850	Marsh & McLennan Cos., Inc.	1,647,641
6,400	Student Loan Corp.	238,080
38,418	Travelers Cos., Inc.	1,576,675
10,324	Unum Group	163,739
24,950	Waddell & Reed Financial, Inc., Class A	657,932
7,646	Washington Federal, Inc.	99,398
		<u>5,944,476</u>
<b>Health Care - 10.9%</b>		
500	Alkermes, Inc. (a)	5,410
5,750	Amgen, Inc. (a)	304,405
145,713	BioScrip, Inc. (a)	862,621
13,449	Coventry Health Care, Inc. (a)	251,631
3,710	Express Scripts, Inc. (a)	255,062
22,950	GlaxoSmithKline PLC, ADR	811,053
12,150	Johnson & Johnson	690,120
7,070	LifePoint Hospitals, Inc. (a)	185,588
17,150	Merck & Co., Inc.	479,514
53,200	Pfizer, Inc.	798,000
6,842	Quest Diagnostics, Inc.	386,094
36,200	UnitedHealth Group, Inc.	904,276
29,221	WellPoint, Inc. (a)	1,487,057
11,150	Wyeth	506,099
30,600	Zimmer Holdings, Inc. (a)	1,303,560
		<u>9,230,490</u>
<b>Industrials - 3.9%</b>		
21,550	AGCO Corp. (a)	626,458
11,127	Blount International, Inc. (a)	95,803
3,550	Boeing Co.	150,875
12,655	Burlington Northern Santa Fe Corp.	930,649
100	CF Industries Holdings, Inc.	7,414
28,000	General Electric Co.	328,160
4,850	Illinois Tool Works, Inc.	181,099
100	Mosaic Co.	4,430
4,300	Portland General Electric Co.	83,764
1,000	POSCO, ADR (a)	82,670
100	Potash Corp. of Saskatchewan, Inc.	9,305
100	Terra Nitrogen Co. LP	10,078
3,500	Textainer Group Holdings, Ltd.	40,495
14,450	United Parcel Service, Inc., Class B	722,356
		<u>3,273,556</u>

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2009**

<u>Shares</u>	<u>Security Description</u>		<u>Value</u>
<b>Information Technology - 2.2%</b>			
18,450	Automatic Data Processing, Inc.	\$	653,868
37,350	Dell, Inc. (a)		512,815
30,150	Microsoft Corp.		716,666
5,000	MoneyGram International, Inc. (a)		8,950
			<u>1,892,299</u>
<b>Materials - 3.0%</b>			
21,200	Alcoa, Inc.		218,996
47,350	Dow Chemical Co.		764,229
28,700	E.I. du Pont de Nemours & Co.		735,294
550	Plum Creek Timber Co., Inc., REIT		16,379
7,100	Precision Castparts Corp.		518,513
14,000	Vale SA, ADR		246,820
			<u>2,500,231</u>
<b>Telecommunications - 4.4%</b>			
27,300	AT&T, Inc.		678,132
49,150	SK Telecom Co., Ltd., ADR		744,623
13,760	Telecom Corp. of New Zealand, Ltd., ADR		119,850
30,300	Telefonos de Mexico SAB de CV, ADR		491,163
59,900	Tele Norte Leste Participacoes SA, ADR		890,713
59,000	Telmex International SAB de CV, ADR		746,350
			<u>3,670,831</u>
Total Common Stock (Cost \$67,291,204)			<u>59,251,545</u>
<b>Non-Convertible Preferred Stock - 0.7%</b>			
<b>Utilities - 0.7%</b>			
		<u>Rate</u>	
305	AEP Texas Central Co. (d)	4.00 %	18,681
1,500	Connecticut Light & Power, Series 1947	1.90	44,625
1,000	Connecticut Light & Power, Series 1947	2.00	30,563
1,500	Connecticut Light & Power, Series 1949	3.90	46,266
1,600	FirstService Corp.	7.00	27,200
1,210	Great Plains Energy, Inc.	4.50	95,772
4,000	Hawaiian Electric Co., Inc., Series C	4.25	59,875
300	Indianapolis Power & Light Co.	4.00	21,178
78	MidAmerican Energy Co.	3.30	4,212
80	MidAmerican Energy Holdings Co.	3.90	5,690
200	NSTAR Electric Co.	4.25	14,769
1,000	Pacific Enterprises, Series C	4.50	76,000
400	Peco Energy, Series 2	3.80	24,800
945	Public Service Electric & Gas, Series A	4.08	68,465
300	Westar Energy, Inc.	4.25	23,269
Total Non-Convertible Preferred Stock (Cost \$485,110)			<u>561,365</u>
<b>Exchange Traded Funds - 0.3%</b>			
10,000	iShares MSCI Germany Index Fund		179,800
2,000	ProShares UltraShort Lehman 20+ Year Treasury Bond Fund		101,840
Total Exchange Traded Funds (Cost \$183,864)			<u>281,640</u>
	<u>Principal</u>		<u>Maturity</u>
<b>Asset Backed Obligations - 0.0%</b>			
\$	2,154 Scotia Pacific Co., LLC, Series B (b) (d) (Cost \$1,944)	6.55	07/20/28
			<u>1,982</u>
<b>Corporate Bonds - 21.4%</b>			
<b>Consumer Discretionary - 0.4%</b>			
315,000	Time Warner, Inc.	6.88	05/01/12
			<u>337,186</u>

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2009**

	Principal	Security Description	Rate	Maturity	Value
<b>Consumer Staples - 7.8%</b>					
\$	300,000	Alliance One International, Inc.	11.00 %	05/15/12	\$ 315,000
	1,110,000	Dr. Pepper Snapple Group, Inc.	6.12	05/01/13	1,150,092
	350,000	General Mills, Inc.	5.70	02/15/17	368,998
	1,410,000	Kraft Foods, Inc.	5.63	11/01/11	1,498,906
	915,000	Safeway, Inc.	4.95	08/16/10	934,038
	320,000	Smithfield Foods, Inc.	8.00	10/15/09	321,600
	1,225,000	Smithfield Foods, Inc.	7.75	05/15/13	1,010,625
	985,000	Tyson Foods, Inc.	8.25	10/01/11	1,014,527
					<u>6,613,786</u>
<b>Energy - 1.4%</b>					
	100,000	Constellation Energy Group, Inc.	4.55	06/15/15	86,784
	190,000	El Paso Corp.	6.70	02/15/27	127,241
	970,000	The Williams Co., Inc.	7.13	09/01/11	989,745
					<u>1,203,770</u>
<b>Financials - 3.0%</b>					
	75,000	American Express Credit Corp.	7.30	08/20/13	78,047
	173,278	Finova Group, Inc. (b)	7.50	11/15/09	14,295
	455,000	Hartford Financial Services Group, Inc.	5.25	10/15/11	439,983
	2,370,000	Hartford Financial Services Group, Inc.	5.50	10/15/16	1,901,067
	182,000	Hartford Financial Services Group, Inc.	6.30	03/15/18	148,230
					<u>2,581,622</u>
<b>Health Care - 1.5%</b>					
	137,000	UnitedHealth Group, Inc.	4.13	08/15/09	137,213
	515,000	UnitedHealth Group, Inc.	4.88	03/15/15	494,532
	121,000	Wellpoint, Inc.	4.25	12/15/09	122,451
	430,000	Wellpoint, Inc.	5.00	12/15/14	419,755
	130,000	Wellpoint, Inc.	5.25	01/15/16	123,331
					<u>1,297,282</u>
<b>Industrials - 4.6%</b>					
	1,442,000	Church & Dwight Co., Inc.	6.00	12/15/12	1,442,000
	740,000	General Electric Capital Corp. Series MTN	5.63	09/15/17	709,356
	180,000	Johnson Controls, Inc.	5.25	01/15/11	182,018
	495,000	Johnson Controls, Inc.	4.88	09/15/13	476,624
	94,000	Waste Management, Inc.	7.38	08/01/10	97,979
	71,000	Waste Management, Inc.	7.65	03/15/11	72,552
	835,000	Waste Management, Inc.	6.38	11/15/12	887,344
					<u>3,867,873</u>
<b>Materials - 2.1%</b>					
	895,000	Dow Chemical Co.	5.70	05/15/18	792,257
	410,000	Weyerhaeuser	6.75	03/15/12	410,397
	203,000	Weyerhaeuser	9.00	10/01/21	185,866
	505,000	Weyerhaeuser	7.95	03/15/25	419,104
					<u>1,807,624</u>
<b>Utilities - 0.6%</b>					
	27,000	Nevada Power Co.	5.88	01/15/15	27,692
	790,000	Texas Competitive Electric Holdings Co, LLC Series A	10.25	11/01/15	495,725
					<u>523,417</u>
Total Corporate Bonds (Cost \$17,843,818)					<u>18,232,560</u>
<b>Foreign Municipal Bonds - 1.5% (c)</b>					
	1,500,000	Ontario Hydro Generic Residual Strip (Canada) Series OC20	5.51	10/01/20	724,111
	356,000	Ontario Hydro Generic Residual Strip (Canada)	5.47-5.65	11/27/20	169,866
	605,000	Ontario Hydro Generic Residual Strip (Canada)	5.61	10/15/21	269,432
	235,000	Ontario Hydro Generic Residual Strip (Canada)	5.75	08/18/22	99,302
Total Foreign Municipal Bonds (Cost \$1,015,896)					<u>1,262,711</u>

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2009**

<u>Principal</u>	<u>Security Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Value</u>
<b>Municipal Bonds - 0.2%</b>				
\$ 190,000	California State Refunding Bonds (Cost \$188,190)	5.00 %	03/01/18	\$ 189,987
<b>US Treasury Securities - 0.8%</b>				
315,000	US Treasury Note	3.88	07/15/10	325,915
355,000	US Treasury Note	2.63	05/31/10	361,975
Total US Treasury Securities (Cost \$668,217)				<u>687,890</u>
Total Investments - 94.9% (Cost \$87,678,243)*				\$ 80,469,680
Cash - 4.8%				4,037,323
Other Assets & Liabilities, Net - 0.3%				300,768
<b>NET ASSETS - 100.0%</b>				<u><u>\$ 84,807,771</u></u>

ADR American Depositary Receipt.  
MTN Medium Term Note.  
PLC Public Limited Company.  
REIT Real Estate Investment Trust.

- (a) Non-income producing security.  
(b) Security is currently in default on scheduled principal or interest payments.  
(c) Zero coupon bond. Interest rate presented is yield to maturity.  
(d) Security fair valued in accordance with procedures adopted by the Board of Trustees.  
At the period end, the value of these securities amounted to \$20,663 or 0.02% of net assets.

\* Cost for Federal income tax purposes is \$87,689,046 and net unrealized appreciation (depreciation) consists of:

Gross Unrealized Appreciation	\$ 8,448,610
Gross Unrealized Depreciation	(15,667,976)
Net Unrealized Appreciation (Depreciation)	<u><u>\$ (7,219,366)</u></u>

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2009**

The following is a summary of the inputs used to value the Fund's net assets as of June 30, 2009:

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 table 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>
Common Stocks				
Consumer Discretionary	\$ 14,651,965	\$ -	\$ -	\$ 14,651,965
Consumer Staples	14,943,930	-	-	14,943,930
Energy	3,143,767	-	-	3,143,767
Financials	5,944,476	-	-	5,944,476
Health Care	9,230,490	-	-	9,230,490
Industrials	3,273,556	-	-	3,273,556
Information Technology	1,892,299	-	-	1,892,299
Materials	2,500,231	-	-	2,500,231
Telecommunications	3,670,831	-	-	3,670,831
Preferred Stock - Utilities	542,684	-	18,681	561,365
Exchange Traded Funds	281,640	-	-	281,640
Asset Backed Obligations	-	-	1,982	1,982
Corporate Bonds	-	18,232,560	-	18,232,560
Foreign Municipal Bonds	-	1,262,711	-	1,262,711
Municipal Bonds	-	189,987	-	189,987
US Treasury Securities	-	687,890	-	687,890
<b>TOTAL</b>	<b>\$ 60,075,869</b>	<b>\$ 20,373,148</b>	<b>\$ 20,663</b>	<b>\$ 80,469,680</b>

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>Preferred Stock</u>	<u>Asset-Backed Obligations</u>	<u>Total</u>
<b>Balance as of 06/30/08</b>	\$ -	\$ 5,638	\$ 5,638
Accrued Accretion / (Amortization)	-	-	-
Realized Gain (Loss)	-	388	388
Change in Unrealized Appreciation / (Depreciation)	991	(70)	921
Net Purchase / (Sales)	-	(3,974)	(3,974)
Transfers In / (Out)	17,690	-	17,690
<b>Balance as of 06/30/09</b>	<b>\$ 18,681</b>	<b>\$ 1,982</b>	<b>\$ 20,663</b>
Net change in unrealized appreciation/depreciation from investments held as of 6/30/09 **	\$ 991	\$ 38	\$ 1,029

\*\* The unrealized appreciation/depreciation is included in net change in unrealized appreciation/depreciation of investments in the accompanying statement of operations.

**PORTFOLIO HOLDINGS**

**% of Net Assets**

Common Stocks	70.0%
Preferred Stocks	0.7%
Exchange Traded Funds	0.3%
Asset Backed Obligations	0.0%
Corporate Bonds	21.4%
Foreign Municipal Bonds	1.5%
Municipal Bonds	0.2%
US Treasury Securities	0.8%
Cash and Other Net Assets	5.1%
	<u>100.0%</u>

---

**AUXIER FOCUS FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**JUNE 30, 2009**

---

**ASSETS**

Investments, at value (Cost \$87,678,243)	\$ 80,469,680
Cash	4,037,323
Receivables:	
Fund shares sold	28,415
Dividends and interest	492,028
Total Assets	<u>85,027,446</u>

**LIABILITIES**

Payables:	
Fund shares redeemed	20,416
Investment securities purchased	111,559
Accrued Liabilities:	
Investment adviser fees	87,580
Trustees' fees and expenses	90
Distribution fees	30
Total Liabilities	<u>219,675</u>

**NET ASSETS**

\$ 84,807,771

**COMPONENTS OF NET ASSETS**

Paid-in capital	\$ 91,877,128
Undistributed net investment income	777,620
Accumulated net realized loss on investments and foreign currency transactions	(638,414)
Net unrealized depreciation on investments and foreign currency translations	<u>(7,208,563)</u>

**NET ASSETS**

\$ 84,807,771

**SHARES OF BENEFICIAL INTEREST AT \$0.000 PAR VALUE (UNLIMITED SHARES AUTHORIZED)**

Investor Shares	6,960,460
A Shares	12,149

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

Investor Shares (based on net assets of \$84,659,931)	<u>\$ 12.16</u>
A Shares (based on net assets of \$147,840)	<u>\$ 12.17</u>
A Shares Maximum Public Offering Price Per Share (net asset value per share/94.25%)	<u>\$ 12.91</u>

---

**AUXIER FOCUS FUND**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED JUNE 30, 2009**

---

**INVESTMENT INCOME**

Dividend income (net of foreign taxes withheld of \$22,478)	\$ 1,767,199
Interest income	726,121
Total Investment Income	<u>2,493,320</u>

**EXPENSES**

Investment adviser fees	1,168,879
Distribution fees:	
A Shares	420
C Shares	223
Trustees' fees and expenses	3,266
Total Expenses	<u>1,172,788</u>
Expenses waived	<u>(3,909)</u>
Net Expenses	<u>1,168,879</u>

**NET INVESTMENT INCOME**

1,324,441

**NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS  
AND FOREIGN CURRENCY TRANSACTIONS**

Net realized loss on investments and foreign currency transactions	(628,109)
Net change in unrealized depreciation on investments and foreign currency translations	<u>(12,207,055)</u>

**NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS  
AND FOREIGN CURRENCY TRANSACTIONS**

(12,835,164)

**DECREASE IN NET ASSETS FROM OPERATIONS**

\$ (11,510,723)

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

	Year Ended June 30, 2009	Year Ended June 30, 2008
<b>OPERATIONS</b>		
Net investment income	\$ 1,324,441	\$ 1,237,534
Net realized gain (loss) on investments and foreign currency transactions	(628,109)	3,514,197
Net change in unrealized depreciation on investments	<u>(12,207,055)</u>	<u>(19,651,807)</u>
Decrease in Net Assets from Operations	<u>(11,510,723)</u>	<u>(14,900,076)</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>		
Net investment income:		
Investor Shares	(1,100,100)	(2,236,759)
A Shares	(2,270)	(5,400)
C Shares	-	(264)
Net realized gains:		
Investor Shares	(2,232,463)	(3,280,115)
A Shares	(4,702)	(9,142)
C Shares	-	(906)
Total Distributions to Shareholders	<u>(3,339,535)</u>	<u>(5,532,586)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Sale of shares:		
Investor Shares	12,832,552	18,525,072
A Shares	-	3,418
C Shares	-	82,336
Contributions from share reclassification:		
Investor Shares (Note 1)	38,065	-
Reinvestment of distributions:		
Investor Shares	3,261,809	5,380,512
A Shares	6,972	14,542
C Shares	-	1,170
Redemption of shares:		
Investor Shares	(20,340,642)	(16,674,439)
A Shares	(32,769)	(157,318)
C Shares	(59,684)	(17,986)
Redemptions from share reclassification:		
C Shares (Note 1)	(38,065)	-
Redemption fees	13,358	28,398
Increase (Decrease) From Capital Transactions	<u>(4,318,404)</u>	<u>7,185,705</u>
Decrease in Net Assets	<u>(19,168,662)</u>	<u>(13,246,957)</u>
<b>NET ASSETS</b>		
Beginning of Year	103,976,433	117,223,390
End of Year (a)	<u>\$ 84,807,771</u>	<u>\$ 103,976,433</u>
 (a) Amount includes undistributed net investment income	 <u>\$ 777,620</u>	 <u>\$ 556,398</u>

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

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

	Beginning Net Asset Value Per Share	Net Investment Income (b)	Net Realized and Unrealized Gain (Loss)	Total from Investment Operations	Distributions			Redemption Fees (b)		Ending Net Asset Value Per Share
					From Net Investment Income	From Net Realized Gains	Total Distributions to Shareholders			
<b>Investor Shares</b>										
Year Ended June 30, 2009 (i)	\$ 14.22	\$ 0.19	\$ (1.77)	\$ (1.58)	\$(0.16)	\$ (0.32)	\$ (0.48)	\$ -	(f)	\$ 12.16
Year Ended June 30, 2008	17.06	0.18	(2.24)	(2.06)	(0.31)	(0.47)	(0.78)	-	(f)	14.22
Year Ended June 30, 2007	14.76	0.38	2.66	3.04	(0.27)	(0.47)	(0.74)	-	(f)	17.06
Year Ended June 30, 2006	14.64	0.21	0.30	0.51	(0.18)	(0.21)	(0.39)	-	(f)	14.76
Year Ended June 30, 2005	13.74	0.15	1.08	1.23	(0.08)	(0.25)	(0.33)	-	(f)	14.64
<b>A Shares</b>										
Year Ended June 30, 2009	14.22	0.18	(1.75)	(1.57)	(0.16)	(0.32)	(0.48)	-	(f)	12.17
Year Ended June 30, 2008	17.07	0.17	(2.24)	(2.07)	(0.31)	(0.47)	(0.78)	-	(f)	14.22
Year Ended June 30, 2007	14.77	0.41	2.63	3.04	(0.27)	(0.47)	(0.74)	-		17.07
July 8, 2005 through June 30, 2006 (g) (h)	14.81	0.21	0.14	0.35	(0.18)	(0.21)	(0.39)	-		14.77

(a) Annualized for periods less than one year.

(b) Calculated based on average shares outstanding for the period.

(c) Not annualized for periods less than one year.

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

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

(f) Less than \$0.01 per share.

(g) 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.

(h) A shares commenced operations on July 8, 2005.

(i) 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.

**AUXIER FOCUS FUND**  
 FINANCIAL HIGHLIGHTS (continued)

	<u>Total</u>	<u>Net Assets at</u>	<u>Ratios to Average</u>			<u>Portfolio</u>
			<u>End of Period</u>	<u>Net</u>	<u>Net</u>	
	<u>Return (c) (d)</u>	<u>(000's Omitted)</u>	<u>Investment</u>	<u>Expenses</u>	<u>Expenses (e)</u>	<u>Turnover</u>
			<u>Income</u>			<u>Rate (c)</u>
<b>Investor Shares</b>						
Year Ended June 30, 2009 (i)	(10.92)%	\$ 84,660	1.53%	1.35%	1.35%	24%
Year Ended June 30, 2008	(12.56)%	103,664	1.10%	1.35%	1.36%	19%
Year Ended June 30, 2007	21.11%	116,774	2.40%	1.35%	1.36%	16%
Year Ended June 30, 2006	3.44%	103,642	1.44%	1.35%	1.36%	28%
Year Ended June 30, 2005	9.01%	96,395	1.09%	1.35%	1.35%	28%
<b>A Shares</b>						
Year Ended June 30, 2009	(10.85)%	148	1.49%	1.35%	1.60%	24%
Year Ended June 30, 2008	(12.61)%	208	1.08%	1.35%	1.60%	19%
Year Ended June 30, 2007	21.10%	399	2.59%	1.35%	1.60%	16%
July 8, 2005 through June 30, 2006 (g) (h)	2.32%	392	1.56%	1.35%	1.61%	28%

**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. As of June 30, 2009, the Trust had twenty-seven investment portfolios. 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 a 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 achieve long-term capital appreciation.

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

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

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increase and decrease in net assets from operations during the fiscal 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 asked price. 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 asked 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. Short-term instruments 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 net asset value (“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 June 30, 2009, 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 practical after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium 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** – 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 the 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 its taxable income. 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 June 30, 2009, 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, 2009, 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 a management agreement, the Adviser receives an advisory fee from the Fund at an annual rate of 1.35% of the Fund’s average daily net assets.

Under the terms of the management 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 (“Atlantic”) or their affiliates. The Fund has adopted a distribution plan for A Shares and C Shares of the Fund in accordance with Rule 12b-1 of the Act (“Distribution plan”). Under the Distribution plan, the Fund pays the Distributor and any other entity as authorized by the Board a fee of 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 year ended June 30, 2009, there were no front-end or CDSC sales charges assessed on the sale of A Shares.

**Other Service Providers** – Atlantic provides administration, fund accounting and transfer agency services to the Fund.

Atlantic provides a Principal Executive Officer, Principal Financial Officer, 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 \$16,000 for service to the Trust (\$20,000 for the chairman), plus \$1,500 for each regular Board meeting attended (\$2,500 for the chairman), \$500 for each short special Board meeting attended (\$750 for the chairman) and \$1,500 for each major special Board meeting attended (\$2,250 for the chairman). In addition, a \$3,000 annual stipend will be paid to each Trustee that serves as Chairman of one or more Board Committees. 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**

The Adviser has contractually agreed to waive a portion of its fees and reimburse expenses through October 31, 2009, to the extent necessary to maintain the total operating expenses at 1.35% 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 year ended June 30, 2009, expenses waived were \$3,909.

---

**AUXIER FOCUS FUND**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

---

**Note 5. Security Transactions**

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments, for the year ended June 30, 2009, was \$28,019,448 and \$16,469,654, respectively.

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

Distributions during the fiscal years ended as noted were characterized for tax purposes as follows:

	<u>2009</u>	<u>2008</u>
Ordinary Income	\$1,275,234	\$2,435,408
Long-Term Capital Gain	2,064,301	3,097,178
Total	<u>\$3,339,535</u>	<u>\$5,532,586</u>

As of June 30, 2009, distributable earnings (accumulated loss) on a tax basis were as follows:

Undistributed Ordinary Income	\$ 777,620
Unrealized Appreciation (Depreciation)	(7,219,366)
Capital and Other Losses	(627,611)
Total	<u><u>\$(7,069,357)</u></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.

For tax purposes, the current year post-October loss was \$569,525. This loss will be recognized for tax purposes on the first business day of the Fund's next year.

As of June 30, 2009, the Fund had capital loss carryforwards to offset future capital gains of \$58,086, expiring in 2017.

On the Statement of Assets and Liabilities, as a result of permanent book to tax differences, certain amounts have been reclassified for the year ended June 30, 2009. The following reclassification was the result of real estate investment trust and partnership adjustments and has no impact on the net assets of the Fund.

Accumulated Net Investment Income (Loss)	\$(849)
Undistributed Net Realized Gain (Loss)	741
Paid-in-Capital	108

**AUXIER FOCUS FUND**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

**Note 7. Share Transactions**

Share transactions for the Fund were as follows:

	<u>Year Ended June 30, 2009</u>	<u>Year Ended June 30, 2008</u>
Sales of Shares:		
Investor Shares	1,070,517	1,184,559
A Shares	-	204
C Shares	-	5,349
Reinvestment of distributions:		
Investor Shares	283,722	332,972
A Shares	605	898
C Shares	-	72
Contributions from share reclassification:		
Investor Shares	3,090	-
Redemption of shares:		
Investor Shares	(1,689,078)	(1,069,704)
A Shares	(3,064)	(9,844)
C Shares	(4,267)	(1,069)
Redemption from share reclassification:		
C Shares	(3,051)	-
Increase (decrease) from share transactions	<u>(341,526)</u>	<u>443,437</u>

**Note 8. Change in Independent Registered Public Accounting Firm**

The Board, with the approval and recommendation of the Audit Committee, selected Briggs, Bunting & Dougherty, LLP (“BBD”) to replace Deloitte & Touche, LLP (“D&T”), as the Fund’s independent registered public accounting firm for the Fund’s fiscal year ending June 30, 2009. D&T resigned subsequent to the Board’s approval of BBD. Throughout D&T’s tenure, including the Fund’s two most recent fiscal periods, the Fund had no disagreements with D&T on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, and there were no reportable events of the kind described in Item 304(a)(1)(v) of Regulation S-K under the Securities Exchange Act of 1934. With respect to the Fund, D&T’s audit opinions, including the past two fiscal periods, have not contained either an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. Further, there were no disagreements between the Fund and D&T on accounting principles, financial statement disclosure or audit scope, which, if not resolved to the satisfaction of D&T would have caused D&T to make reference to the disagreement in D&T report. During the last two fiscal years of the Fund, neither the Fund nor anyone on its behalf has consulted BBD on items concerning the application of accounting principles to a specified transaction (either completed or proposed) or the type of audit opinion that might be rendered on the Fund’s financial statements, or concerning the subject of a disagreement of the kind described in Item 304(a)(1)(iv) of Regulation S-K or reportable events of the kind described in Item 304(a)(1)(v) of Regulation S-K.

**Note 9. Recent Accounting Pronouncement**

In June 2009, the Financial Accounting Standards Board (“FASB”) issued FASB Statement No. 168, “The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162” (“SFAS 168”). On the effective date of this standard, FASB Accounting Standards Codification™ (“Codification”) will become the source of authoritative U.S. accounting and reporting standards for nongovernmental entities, in addition to guidance issued by the Securities and Exchange Commission. All guidance contained in the Codification carries an equal level of authority. On the effective date of SFAS 168, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-

---

**AUXIER FOCUS FUND**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

---

grandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. Management is currently evaluating the impact the adoption of SFAS 168 will have on the reporting of the Fund's financial statements.

**Note 10. Subsequent Events**

Subsequent events occurring after the date of this report have been evaluated for potential impact to this report through August 24, 2009, and the Fund has noted no such events.

---

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

---

**To the Board of Trustees of Forum Funds  
and the Shareholders of Auxier Focus Fund**

We have audited the accompanying statement of assets and liabilities of the Auxier Focus Fund, a series of shares of beneficial interest in the Forum Funds, including the schedule of investments, as of June 30, 2009, and the related statement of operations, the statement of changes in net assets and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The statement of changes in net assets for the year ended June 30, 2008 and the financial highlights for each of the years or periods in the four-year period then ended were audited by other auditors whose report dated August 25, 2008, expressed an unqualified opinion on such financial statement and financial highlights.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2009 by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Auxier Focus Fund as of June 30, 2009, and the results of its operations, the changes in its net assets and its financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



**BRIGGS, BUNTING & DOUGHERTY, LLP**

**Philadelphia, Pennsylvania  
August 24, 2009**

---

**AUXIER FOCUS FUND**

ADDITIONAL INFORMATION (Unaudited)

JUNE 30, 2009

---

**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, and exchange fees; and (2) ongoing costs, including management fees, 12b-1 fees, and other Fund expenses.

This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The following example is based on \$1,000 invested at the beginning of the period and held for the entire period from January 1, 2009, through June 30, 2009.

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

Please note that 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) for certain share classes, redemption fees or exchange fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs had been included, your costs would have been higher.

---

**AUXIER FOCUS FUND**

ADDITIONAL INFORMATION (Unaudited)

JUNE 30, 2009

---

	<u>Beginning Account Value January 1, 2009</u>	<u>Ending Account Value June 30, 2009</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>
<b>Investor Shares</b>				
Actual	\$1,000.00	\$1,060.16	\$6.90	1.35%
Hypothetical (5% return before expenses)	\$1,000.00	\$1,018.10	\$6.76	1.35%
<b>A Shares</b>				
Actual	\$1,000.00	\$1,060.10	\$6.90	1.35%
Hypothetical (5% return before expenses)	\$1,000.00	\$1,018.10	\$6.76	1.35%

\*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 most recent fiscal half-year divided by 365 to reflect the half-year period.

**Federal Tax Status of Dividends Declared During the Tax Year**

**Income Dividends** – For Federal income tax purposes, dividends from short-term capital gains are classified as ordinary income. The Fund designates 93.10% of its income dividend distributed as qualifying for the corporate dividends-received deduction (DRD) and 100.00% for the qualified dividend rate (QDI) as defined in Section 1(h)(11) of the Internal Revenue Code. The Fund also designates 22.76% as qualified interest income exempt from U.S. tax for foreign shareholders (QII) and 100.00% as qualified short-term capital gain (QSD).

**Trustees and Officers of the Trust**

The Board is responsible for oversight of the management of the Trust's business affairs and of the exercise of all the Trust's powers except those reserved for shareholders. The following table provides information about each Board member and certain officers of the Trust. The Trustees listed below also serve in the capacities noted below for Monarch Funds. Mr. Keffer is considered an Interested Trustee due to his affiliation with Atlantic. Mr. Keffer is also an Interested Director of Wintergreen Fund, Inc. Each Trustee and officer holds office until the person resigns, is removed, or is replaced. Unless otherwise noted, the persons have held their principal occupations for more than five years. The address for all Trustees and officers is Three Canal Plaza, Suite 600, Portland, Maine, 04101, unless otherwise indicated. Each Trustee oversees twenty-seven portfolios in the Trust. The Fund's Statement of Additional Information includes additional information about the Trustees and is available, without charge and upon request, by calling (877) 328-9437.

---

**AUXIER FOCUS FUND**

ADDITIONAL INFORMATION (Unaudited)

JUNE 30, 2009

---

<b>Name and Year of Birth</b>	<b>Position with the Trust</b>	<b>Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years</b>
<b>Independent Trustees</b>			
J. Michael Parish Born: 1943	Chairman of the Board; Trustee; Chairman, Compliance Committee, Nominating Committee and Qualified Legal Compliance Committee	Trustee since 1989 (Chairman since 2004)	Retired; Partner, Wolf, Block, Schorr and Solis-Cohen, LLP (law firm) 2002 – 2003; Partner, Thelen Reid & Priest LLP (law firm) 1995 – 2002.
Costas Azariadis Born: 1943	Trustee; Chairman, Valuation Committee	Since 1989	Professor of Economics, Washington University (effective 2006); Professor of Economics, University of California-Los Angeles 1992 – 2006.
James C. Cheng Born: 1942	Trustee; Chairman, Audit Committee	Since 1989	President, Technology Marketing Associates (marketing company for small- and medium-sized businesses in New England) since 1991.
<b>Interested Trustee</b>			
John Y. Keffer <sup>1</sup> Born: 1942	Trustee; Chairman, Contracts Committee	Since 1989	Chairman, Atlantic Fund Administration, LLC since 2008; President, Forum Foundation (a charitable organization) since 2005; President, Forum Trust, LLC (a non-depository trust company) since 1997; President, Citigroup Fund Services, LLC (Citigroup) 2003 – 2005; President, Forum Financial Group, LLC (“Forum”) (a fund services company acquired by Citibank, N.A.) 1986 – 2003.

---

**AUXIER FOCUS FUND**

ADDITIONAL INFORMATION (Unaudited)

JUNE 30, 2009

---

<b>Officers</b>			
Stacey E. Hong Born: 1966	President; Principal Executive Officer	Since 2008	President, Atlantic Fund Administration, LLC since 2008; Director, Consulting Services, Foreside Fund Services, January 2007 - September 2007; Elder Care June 2005 – December 2006; Director, Fund Accounting, Citigroup December 2003 – May 2005; Director/Senior Manager/Manager, Accounting, Forum Financial Group April 1992 – November 2003; Auditor, Ernst & Young May 1988 – March 1992.
Karen Shaw Born: 1972	Treasurer; Principal Financial Officer	Since 2008	Senior Manager, Atlantic Fund Administration, LLC since 2008; Section Manager/Vice President, Enterprise Support Services, Citigroup December 2003–July 2008; Senior Manager, Support and Fund Accounting, Forum Financial Group, August 1994-December 2003.
David Faherty Born: 1970	Vice President	Since April 2009	Senior Counsel, Atlantic Fund Administration, LLC since February 2009; Vice President, Citi Fund Services Ohio, Inc. June 2007 – February 2009; Associate Counsel, Investors Bank & Trust Company August 2006 – June 2007; employee of FDIC January 2005 – September 2005; employee of IKON Office Solutions, Inc. September 1998 – January 2001.
Lina Bhatnagar Born: 1971	Secretary	Since 2008	Senior Administration Specialist, Atlantic Fund Administration, LLC since May 2008; Regulatory Administration Specialist, Citigroup, June 2006 – May 2008; Money Market/Short Term Trader, Wellington Management, 1996 – 2002.

---

<sup>1</sup> Since 1997, John Y. Keffer has been president and owner of Forum Trust, LLC. Atlantic Fund Administration, LLC, is a subsidiary of Forum Trust, LLC.

---

---

# Auxier Focus Fund

---

---

## FOR MORE INFORMATION

P.O. Box 588  
Portland, ME 04112  
(877) 3AUXIER  
(877) 328-9437

### **INVESTMENT ADVISOR**

Auxier Asset Management LLC  
5285 Meadows Road  
Suite 333  
Lake Oswego, Oregon 97035

### **TRANSFER AGENT**

Atlantic Fund Administration, LLC  
P.O. Box 588  
Portland, ME 04112

### **DISTRIBUTOR**

Foreside Fund Services, LLC  
Three Canal Plaza, Suite 100  
Portland, Maine 04101  
[www.foreside.com](http://www.foreside.com)

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.