AAM AUXIER-ASSET MANAGEMENT LLC

Auxier REPORT

5000 SW Meadows Road, Suite 410, Lake Oswego, OR 97035 Phone 503.885.8807 1.800.835.9556 Fax 503.885.8607 Email info@auxierasset.com

J. Jeffrey Auxier

AUXIER FOCUS FUND
PERFORMANCE UPDATE
SEPTEMBER 30, 2004

AUXFX RETURNS VS. S&P 500 INDEX

	AUXIER FOCUS FUND	S&P 500 INDEX	DIFFERENCE
06/30/04 – 09/30/04	-1.46%	-1.87%	0.41%
12/31/03 – 09/30/04	1.42%	1.51%	-0.09%
09/30/03 – 09/30/04	13.27%	13.87%	-0.60%
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	44.59%	-14.17%	58.76%

Average Annual Returns for the period ended 12/31/04	1 Year	3 Year	5 Year	Since Inception
Auxier Focus Fund	13.27%	9.09%	7.50%	7.32% (7/9/99)
S&P 500 Index	13.87%	4.05%	-1.31%	-2.88%

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 call (877) 328-9437 or visit the Fund's website at www.auxierasset.com. Fund returns assume the reinvestment of all dividends and capital gain distributions. The Fund charges a 2.0% redemption fee on shares purchased after October 11, 2004 and redeemed within six months of purchase.

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.

As a non-diversified fund, the Fund will be subject to substantially more investment risk and potential for volatility than a diversified fund because its portfolio may at times focus on a limited number of companies. The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. One cannot invest directly in an index. Forum Fund Services, LLC, distributor. (12/04)

Management's Discussion of Fund Performance

The Auxier Focus Fund ended the 3rd quarter with a decline of 1.46%, compared to a decline of 1.87% for the S&P 500.

Commodities and Natural Resources

Oil prices have topped $55 a barrel, which is up over 70% for the past 12 months. Commodities, as measured by the Commodities Research Bureau (CRB), trade close to a 23-year high. Supply disruptions in oil, together with a rebound in global economies—especially China—have led to a stubbornly high price.

Living on a farm for the past 15 years, I am very familiar with the natural resource sector and the risks. In today's world, given the advances in technology and global investment flows, it is hard to sustain pricing in any industry for very long. Often companies don't earn their cost of capital, making a buy and hold strategy difficult unless you own the low cost producer. One is forced to trade in order to make a decent return. According to the US Census of Agriculture, only 2.1 million farms and ranches produce $207 billion in crops and livestock each year, which currently feeds much of the world's population. Technology allows production to come on line so fast one can easily be blindsided. A lower risk way to play commodities is to buy bonds of countries that are commodity-based, like Canada. Or timberlands, where tree growth can mitigate lumber price declines (e.g., Plum Creek Timber: PCL).

Scandals and Opportunities

New York Attorney General Eliot Spitzer has recently taken on the insurance industry, investigating brokers as well as property casualty, life, health, and disability insurers. This stigma is leading to indiscriminate selling. Companies are guilty in the market—as evidenced by billions of dollars in lost market values—until proven innocent. If managements come clean and balance sheets are strong, the severe price drops can present bargain buys.

Back in the late 1980s, Salomon Inc. had a massive government bond trading scandal that slammed the stock from $38 to $16. It later recovered to prices north of $60. The key was Warren Buffett cleaning house immediately and restoring uncompromising ethical standards. Freddie Mac dropped from $105 to $33 in a short period during the 1990s thrift crisis. It later recovered to trade over $200. PepsiCo suffered from a Mexican accounting scandal in the early 1980s, leading to a compelling entry point followed by a dramatic recovery. Investors tend to be unduly influenced by the most recent headlines and tend to place permanence on the latest news. Conversely, the long-term investor gravitates toward pessimism because of the low prices that result. It does take courage to acquire assets that others disdain. When emotion displaces reason, investment opportunity can arise.

The Insurance Biz

This $12 trillion sector employs over 2.2 million people. Some positives:

- It does not become obsolete.
- It is in constant demand.
- It is often mandated by law.
- Its diversified investment portfolios cushion against periods of tough operating fundamentals.

Going back 200 years in Europe, some of the most enduring companies are in insurance. It can be profitable to search for great managements in a dull field. Like Peter Lynch says, "You are looking for inspired management in an uninspiring industry". I am finding a number of attractive insurance franchises priced between 6 to10 times 2005 estimated earnings, selling at low price-to-book ratios, and offering good dividend yields.

Global Quality on Sale

In the late 1990s, investors paid a premium for so-called quality stocks, superior business models, high returns on equity, substantial free cash flow, and strong balance sheets. But not today. Companies like Citigroup, Coca-Cola, AIG and Nestle are suffering from poor headlines and operational miscues that are fixable, but mask very strong global franchises that would be difficult to replicate. With the backdrop of a weak US dollar, together with their discount in valuation, these multinationals appear to be one of the areas worthy of attention in the current investment environment.

Reregulation Revisited

It is fairly typical after a bubble burst to have regulation increase. After the 1929 crash we saw the formation of the Securities and Exchange Commission. For shareholders the recent SEC and Attorney General actions help to accelerate the cleansing needed in executive compensation, transparency of financial statements, conflicts of interest and poor disclosure practices.

Final Thoughts

John Train, author of The Money Masters, says it's crucial to remember that investing is "the craft of the specific." It is important to focus on facts that are "knowable." Wall Street and the press tend to have a preoccupation with the market, economy, interest rates—"the unknowable." To minimize risk it is necessary to quantify risk and odds. This results from understanding the operating realities and fundamentals better than the investing public . . . from knowing what price represents true value.

We appreciate your trust and support.

Jeff Auxier

As of 9/30/04, the Auxier Focus Fund held the following percent positions in securities mentioned above: Plum Creek Timber, 0.9%; Citigroup, 2.6%; Coca-Cola, 2.3%; American International Group (AIG), 0.9%; Nestle, 0.2%; PepsiCo, 0%; Freddie Mac, 1.4%; Salomon Inc., 0%.