AAM AUXIER•ASSET MANAGEMENT LLC

Auxier REPORT

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AUXIER FOCUS FUND
PERFORMANCE UPDATE
June 30, 2009

AUXFX RETURNS VS. S&P 500 INDEX

	Auxier Focus Fund	S&P 500 Index	Difference*
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

Average Annual Returns for the period ended 6/30/09	1 Year	3 Year	5 Year	Since Inception
Auxier Focus Fund (Investor Shares)	**(10.92)%**	**(1.92)%**	**1.24%**	**4.56% (7/9/99)**
S&P 500 Index	**(26.21)%**	**(8.22)%**	**(2.24)%**	**(2.45)%**

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.

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.

Summer 2009

Market Commentary

On July 9, Auxier Focus Fund celebrated its 10th 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 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 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 (ETFs), 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. 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 Gross Domestic Product (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

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.