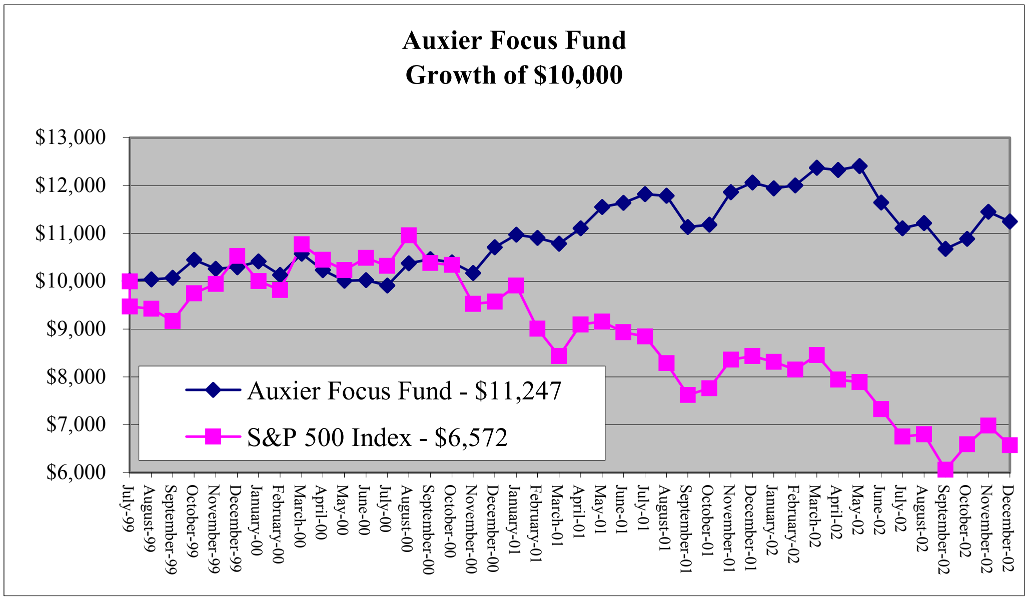
AUXIER FOCUS FUND
PERFORMANCE UPDATE
DECEMBER 31, 2002

The table below summarizes the performance for the quarter, six months, and year ended December 31, 2002.

	3 Months Cumulative Return	6 Months Cumulative Return	1 Year Average Annual Total Return	Average Annual Total Return Since Inception (July 9, 1999)
Auxier Focus Fund	-5.32%	-3.42%	-6.79%	3.43%
S&P 500 Stock Index	-8.44%	-10.29%	-22.10%	-11.36%



This graph, prepared in accordance with SEC regulations, shows the value of a hypothetical initial investment of $10,000 in the Fund and the S&P 500 Index on July 9, 1999 (inception of the Fund) and held through December 31, 2002. The S&P 500 Index is a widely recognized unmanaged index of common stock prices and is representative of a broader market and range of securities than is found in the Fund portfolio. Individuals cannot invest directly in the index. Performance figures reflect the change in value of the stocks in the index, and reinvestment of dividends. The index returns do not reflect expenses, which have been deducted from the Fund's return. The performance of the Fund is computed on a total return basis, which includes reinvestment of all dividends. THE FUND'S RETURN REPRESENTS PAST PERFORMANCE AND DOES NOT PREDICT FUTURE RESULTS. Investment returns and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

For a prospectus and more information, including charges and expenses, call toll free 1-877-328-9437. The prospectus should be read carefully before investing. Past performance does not guarantee future results. Shares when redeemed may be worth more or less than their original cost.

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Management Discussion of Fund Performance

Dear Shareholders:

The General Stock Market in 2002

The U.S. stock market as measured by the Standard and Poor's 500 declined 22% in 2002, a decline of approximately $2.6 trillion. The average mutual fund declined 22% as well, the worst showing since 1974. The US market has now experienced three consecutive down years. Over the past 200 years, there have been only two periods where the markets dropped four consecutive years: 1836-39 and 1929-32. The largest single year percentage gain in the past 100 years was registered in 1933 when the Dow Jones average appreciated over 54%.

While our focus is fundamental valuation of securities, it is also critical to study past market and economic history to help minimize risk. It appears that with every major technological advance, capital is sacrificed for the betterment of society. In the 1830s canals were the rage, in the 1870s railroads. The 1920s brought radio, electricity and autos to the masses. All were great for the standard of living but terrible, ultimately, for shareholders.

Results in 2002

Our performance versus the major stock averages is likely to be better in a flat to down market. Our long-term goal is to outperform the S&P 500 Index while taking substantially lower risk. The outperformance should come generally in bad markets with the hope of matching returns in the up markets. This has been the case this past year.

Typical Situation

We approach investing like farming. There is a time to plant and a time to harvest. The time to plant is when pessimism is rampant and the investment community is negative. We aim to harvest at the height of optimism and euphoria, the enemies of the rational investor. The buy list will include securities that are often misunderstood and mispriced due to a temporary or surmountable problem. A price decline due to a massive flood of easy money is not the ideal bet. If the risk/reward on individual stocks does not appear compelling, we look for alternative parking spots that are somewhat insulated from market declines. These investments tend to be more dependent upon specific corporate actions, as opposed to market supply and demand relationships, and therefore are more defensive. This past year we have been moving more money into the senior debt of companies taking aggressive measures to shore up their balance sheets. The value we try to add is in quantifying the risk of each investment and monitoring the day-to-day operating fundamentals. When the fundamentals turn up and the price is right, we are in a position to move fast.

Current Situation

The past year we have put an increased research emphasis on the liability side of corporate balance sheets. Since 1995, off-balance sheet debt has grown in excess of 250%. Under-funded pension charges for S&P companies could exceed $15 billion in 2003 alone. Source: Mercer. Last July, Moody's reported that 771 investment grade companies had disclosed only 22% of 2,819 conditions that could cause a drop in their credit rating. In the late 1990s many industries attracted huge inflows of cheap capital that fueled an unprecedented capital spending boom and a rapidly accelerating credit cycle. This trend is now reversing. Companies are being forced to slash soaring debt levels, both on- and off-balance sheet, as their asset values have plummeted. Today, 45% of S&P 500 companies are one notch from losing their investment grade ratings. Source: Merrill Lynch. This is prompting companies to aggressively address the problem, enhancing the value of bank and senior debt while potentially diluting the common stock. An added positive is that the issuance of lower rated corporate bonds dropped to $58.2 billion in

2002, down from $78.2 billion in 2001. This declining supply, coupled with historically wide spreads over treasuries and a redirecting of cash flow to restore balance sheet health, makes the senior corporate bond sector attractive. In particular, the electric utility industry is struggling with over $800 billion in debt, which is leading to some very interesting situations as the industry restructures. Senior claims on pipelines or transmission assets provide strong security, yet these bonds offer equity-type upside with much lower risk. Now, more than ever it is important to quantify the risk in each security. This requires scrutiny of the entire business. Looking at a couple of benchmarks or screens just is not sufficient. After three years of market declines, I am getting much more enticed by the price points of some high quality businesses.

Hidden risks in seemingly low-risk bonds

Money has been flowing into government bonds for the past three years. Historically, when a currency has been tied to a fixed standard like the US dollar was to gold in the 1930s, it is very difficult to reverse deflationary trends. However, when a currency has been allowed to float, like the dollar is now, central banks have been able to "reflate" their economies through the use of monetary and fiscal policies. The broad basket of commodity prices as measured by the CRB index is up over 30% this past year, reflecting this stimulus. The printing of money, increased deficit spending and a depreciating currency all increase the risk of rising rates. The implication to holders of long-term government debt could be painful with current interest so low. A one to two percentage point rise in the 30-year treasury could mean principal losses of over 15%.

A Final Thought

With a potential conflict in the Middle East pending and "uncertainty" the dominating headline, it might be helpful to revisit some words of wisdom from Warren Buffett. He has been the primary driver of Berkshire Hathaway's share price appreciation from $80 in 1972 to $75,000 in 2002 . . . "We will continue to ignore political and economic forecasts, which are an expensive distraction for many investors and businessmen. Thirty years ago, no one could have foreseen the huge expanse of the Vietnam War, wage and price controls, two oil shocks, the resignation of a president, the dissolution of the Soviet Union, a one-day drop of the Dow of 568 points or treasury bill yields fluctuating between 2.8% and 17.4%. But, surprise—none of these blockbuster events made the slightest dent in Ben Graham's investment principles. Nor did they render unsound the negotiated purchases of fine businesses at sensible prices. Imagine the cost to us, then, if we had let a fear of unknowns cause us to defer or alter the deployment of capital. Indeed, we have usually made our best purchases when apprehensions about some macro event were at a peak. Fear is the foe of the faddist but the friend of the fundamentalist."

Thank you!

Jeff Auxier
1/31/03