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# **Auxier Focus Fund**

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## **Semi-Annual Report**

**December 31, 2014**  
**(Unaudited)**

### **Fund Adviser:**

Auxier Asset Management LLC  
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Suite 333  
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**AUXIER FOCUS FUND**  
**PERFORMANCE UPDATE**  
**December 31, 2014**

**ANNUALIZED**

	<b>Inception *</b>	<b>Ten Year</b>	<b>Five Year</b>	<b>Three Year</b>	<b>One Year</b>
Auxier Focus Fund Investor Class Shares	7.55%	6.93%	10.93%	13.05%	7.34%
S&P 500 Index	4.46%	7.67%	15.45%	20.41%	13.69%

**CUMULATIVE**

	<b>Inception *</b>	<b>Ten Year</b>	<b>Five Year</b>	<b>Three Year</b>	<b>One Year</b>
Auxier Focus Fund Investor Class Shares	208.50%	95.42%	67.95%	44.50%	7.34%
S&P 500 Index	96.39%	109.47%	105.14%	74.60%	13.69%

\* Fund inception: July 9, 1999

*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 Investor Class Share's annual operating expense ratio (gross) is 1.26%. The Fund's adviser has contractually agreed to waive a portion of its fee and/or reimburse Fund expenses to limit total annual operating expenses (excluding all taxes, interest, portfolio transaction expenses, dividend expenses on short sales, and extraordinary expenses) to 1.25%, which is in effect until October 31, 2015. Other share classes may vary. The Fund charges a 2.0% redemption fee on shares redeemed within 180 days of purchase. For the most recent month-end performance, please call (877)328-9437 or visit the Advisor's website at [www.auxierasset.com](http://www.auxierasset.com). The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future.*

**Year End 2014 Commentary**

As of December 31, 2014, Auxier Focus Fund was comprised of 77.73% U.S. equities, 13.87% foreign stocks, 0.2% fixed income, and 8.2% cash. The Fund returned 4.40% in the fourth quarter of 2014. The Fund's stock portfolio had a corresponding 5.17% gain, versus 4.93% for Standard & Poor's 500 Stock Index. For the year, the Fund returned 7.34% (stocks up 10%), versus the S&P 500's 13.69%. By comparison, the Dow Jones Industrial Average rose 5.2% for the quarter and 10% for the year. Foreign stocks in developed countries generally declined 4.5% in 2014 (MSCI EAFE Index). The Thomson Reuters CRB Index showed commodities continued to correct, losing over 16%.

**Portfolio Highlights**

Our performance in 2014 was undermined in part by the U.S. dollar's sharp rise in value. Reason: an appreciating greenback dilutes profits earned overseas by the Fund's many multinational and foreign holdings, detracting from favorable returns in the more defensive domestic healthcare, insurance, drugstore, food and beverage names. The energy sector was hit hard due to the steep declines in crude oil, but that represents less than 4.7% of the portfolio. Overall, the Fund has typically done well in a period of weaker commodity price inputs. Bargain purchases made in Europe are starting to improve fundamentally and should be a more positive contributor in 2015. We continue to place greater emphasis on health, wellness and nutrition. Quality ingredients are being demanded by consumers as concepts like farm-to-table gain broader acceptance. People are willing to pay more to benefit from the connection between nutrition, the immune system and

<b>Top Holdings on 12/31/2014</b>	<b>% Assets</b>
<b>Molson Coors Brewing</b>	<b>4.5</b>
<b>Pepsico</b>	<b>3.3</b>
<b>Bank of New York Mellon</b>	<b>3.2</b>
<b>Kroger</b>	<b>2.6</b>
<b>Microsoft</b>	<b>2.5</b>
<b>Medtronic</b>	<b>2.4</b>
<b>UnitedHealth Group</b>	<b>2.2</b>
<b>America Movil</b>	<b>2.2</b>
<b>Philip Morris</b>	<b>2.2</b>
<b>Corning</b>	<b>2.2</b>

health. We have always invested along the food chain, especially in difficult economic conditions. To sustain high compounded returns, you need enduring products and services that don't eventually become obsolete. You could say that we prefer potato chips to memory chips. For example, we first invested in Pepsico in 1983 in the midst of a mania for newly issued personal computer stocks. Today we still own Pepsico and its spinoff Yum Brands (Kentucky Fried Chicken, Pizza Hut, Taco Bell). But the majority of PC makers that went public back then no longer exist. In fact, the Bureau of Economic Analysis just reported that PC prices have dropped 99.9 percent since 1980.

### **Capitalizing on Today's Oil Sheik-Out**

A 50% decline in oil prices since June is a material change in the investment equation. Such energy price swings have been a meaningful factor in past market valuations. The cheapest stock markets we have seen in the past 50 years resulted from major oil shocks in 1973-74 (prices tripled) and 1979-80 (prices doubled). When oil crashed in 1986—down 67% in four months—we saw price-to-earnings multiples on the market expand over 25% to 22 in 1987. The oil price decline to \$10 a barrel in 1998 contributed to bubble valuations in blue chips like Coca-Cola, which traded over 50 times earnings. In fact, over the past 30 years, when oil prices have declined by 30% or more in a six month time frame, the S&P 500 has been higher twelve months later—over 10% higher on four of six occasions. At current energy price levels, the typical family could pocket \$750 to \$1,000 this year from savings on gasoline, heating oil and natural gas. Adding to the energy glut, global production capacity of liquefied natural gas (LNG) appears likely to jump the most in four years in 2015. Over the past five years, oil and gas companies have taken on over \$1.2 trillion in new borrowings. (Source: Dealogic) This volatile combination of too much supply and debt will likely lead to tremendous corporate blow ups—and resulting energy sector bargains. We are researching for long-term opportunities in both debt and equity. We are watching closely for an anticipated catalyst, perhaps in the form of mergers to put more of a floor under stock values, before investing in a major way. However, the portfolio still stands to benefit from the positive impact of lower energy costs on our core holdings.

### **Harnessing Technology's Exponential Advances**

EOG Resources, Inc. is a well-managed U.S. leader in shale-based oil and gas. EOG has reduced drilling days from 14.2 in 2012 to 4.3 days recently dramatically lowering their cost of production. They now believe they can achieve a 10% return when oil is as low as \$40 a barrel in the South Texas Eagle Ford. Venture capitalist Andreessen Horowitz notes that Apple's iPhone 6, unveiled in September 2014, sports a processor with 625 times more transistors than a 1995 Pentium CPU then common in PCs. On the iPhone 6's launch weekend, Apple sold 25 times more CPU transistors than were in all the PCs worldwide in 1995. More and better data is supercharging innovation and improving management of resources; if you can't measure it, you can't manage it. Due in large part to these advances, especially in mobile, Bill Gates has recently commented that, "by 2035 there will be almost no poor countries left in the world." We are constantly seeking out management and companies that can apply these advances to dull and mundane businesses, while enhancing the value proposition for customers in the form of superior products and services. As technology enlightens and emboldens individuals around the globe, businesses focused on product quality will flourish and reward their owners, perhaps exponentially.

According to Wall Street sage Jim Grant, "The current roster of 70 "billion dollar" startups globally is nearly twice as large as the number during the boom years in 1999 and 2000." These high prices are unleashing a torrent of brainpower seeking the prize. Biotech is enjoying a similar boom. Cures for cancer may be in sight through immunotherapy. However, as we have seen with the commodity bust (beginning in 2011), and crude oil's 50% tank in six months, high prices, good times and booms don't last forever. Free markets are great at purging bad behavior and poor capital allocation into popular fads. In the face of soaring prices, investors' brains consistently seem to disengage about supply and demand, investment odds and the normal cyclicity and volatility of developed economies. Where markets are free to function, however, lower prices usually result through competition and greater supply. What happens where governments intervene? Look to Venezuela, which sits on the largest oil reserves on earth. Heavy handed government interventions have altered the free market mechanism. Inflation is soaring 60% annually and store lines for basic necessities are stretching up to 1,500 people at a time.

### **Outlook 2015**

Consumer spending accounts for close to 70% of the U.S. economy, where recent trends are the most promising since 2006. The sharp decline in most energy prices, together with improving employment trends, provide a tailwind for domestic companies. We continue to see selective opportunities among large companies that typically are downsizing and energized by small teams armed with rapidly advancing technology. Like noted anthropologist Margaret Mead said, "Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed it is the only thing that ever has."

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**AUXIER FOCUS FUND**  
A MESSAGE TO OUR SHAREHOLDERS  
DECEMBER 31, 2014

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We appreciate your trust.

Sincerely,

Jeff Auxier

**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 mid-sized companies which generally carry greater risk than is customarily associated with larger companies. Moreover, if the Fund's portfolio is overweighted in a sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector. An increase in interest rates typically causes a fall in the value of a debt security (Fixed-Income Securities Risk) with corresponding changes to the Fund's value.

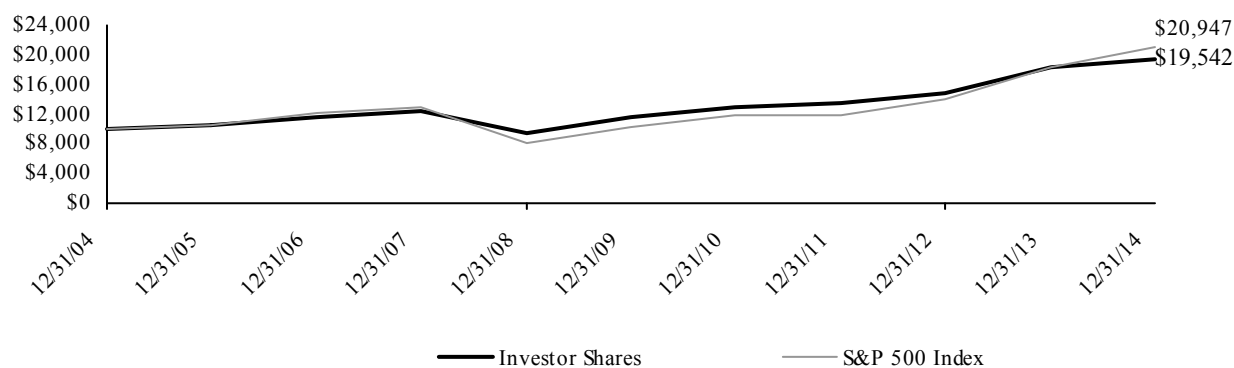
*The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 widely held common stocks. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. Thomson Reuters Core Commodity CRB Index currently consists of 19 commodities and acts as a representative indicator of today's global commodity markets. The MSCI EAFE Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises the MSCI country indices that represent developed markets outside of North America: Europe, Australasia and the Far East. One cannot invest directly in an index or average.*

*The views in this shareholder letter were those of the Fund Manager as of the letter's publication date and may not reflect his views on the date this letter is first distributed or anytime thereafter. These views are intended to assist readers in understanding the Fund's investment methodology and do not constitute investment advice.*

**AUXIER FOCUS FUND**  
**PERFORMANCE CHART AND ANALYSIS**  
**DECEMBER 31, 2014**

The following chart reflects the change in the value of a hypothetical \$10,000 investment in Investor Shares, including reinvested dividends and distributions, in the Fund compared with the performance of the benchmark, the S&P 500 Index ("S&P 500"), over the past ten fiscal years. The S&P 500 is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The total return of the Fund's classes includes the maximum sales charge of 5.75% (A Shares only) and operating expenses that reduce returns, while the total return of the S&P 500 does not include the effect of sales charges and expenses. A Shares are subject to a 1.00% contingent deferred sales charge on shares purchased without an initial sales charge and redeemed less than one year after purchase. The total return of the S&P 500 includes the reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the S&P 500 does not include expenses. The Fund is professionally managed while the S&P 500 is unmanaged and is not available for investment.

**Comparison of Change in Value of a \$10,000 Investment  
Investor Shares vs. S&P 500 Index**



Average Annual Total Returns Periods Ended December 31, 2014:	1 Year	5 Years	10 Years	Since Inception <sup>(1)</sup>
Investor Shares	7.34%	10.93%	6.93%	7.55%
S&P 500 Index (Since July 9, 1999)	13.69%	15.45%	7.67%	4.46%
A Shares (with sales charge) <sup>(2)(3)</sup>	1.18%	9.62%	6.30%	7.14%
Institutional Shares <sup>(3)</sup>	7.66%	11.07%	7.00%	7.59%

<sup>(1)</sup> Investor, A Shares and Institutional Shares commenced operations on July 9, 1999, July 8, 2005, and May 9, 2012, respectively.

<sup>(2)</sup> 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.

<sup>(3)</sup> For A Shares and Institutional Shares, performance for the 10-year and since inception periods are blended average annual returns which include the returns of the Investor Shares prior to commencement of operations of the A Shares and Institutional Shares. For Institutional Shares, performance for the 5-year period is a blended average annual which includes the return of the Investor Shares prior to commencement of operations of the Institutional Shares.

**Performance data quoted represents past performance and is no guarantee of future results.** Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please visit the website of the Fund's investment adviser at [www.auxierasset.com](http://www.auxierasset.com) or call (877) 328-9437. As stated in the Fund's prospectus, the annual operating expense ratios (gross) for Institutional Shares, Investor Shares and A Shares are 1.47%, 1.26% and 1.62%, respectively. However, the Fund's adviser has contractually agreed to waive a portion of its fees and/or to reimburse expenses to limit total annual fund operating expenses (excluding all taxes, interest, portfolio transaction expenses, dividend expenses on short sales, and extraordinary expenses) to 1.00%, 1.25% and 1.25% for Institutional Shares, Investor Shares and A Shares, respectively through October 31, 2015. Shares redeemed within 180 days of purchase will be charged a 2.00% redemption fee. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized.

Performance for Investor Shares for periods prior to December 10, 2004, reflects performance and expenses of Auxier Focus Fund, a series of Unified Series Trust (the "Predecessor Fund"). Prior to January 3, 2003, the Predecessor Fund was a series of Ameriprime Funds.

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2014**

Shares	Security Description	Value	Shares	Security Description	Value
<b>Common Stock - 91.7%</b>			<b>Energy - 4.1%</b>		
<b>Communications - 4.8%</b>			10,235	Apache Corp.	\$ 641,427
289,525	America Movil SAB de CV, ADR	\$ 6,421,664	144,810	BP PLC, ADR	5,520,157
23,834	Cisco Systems, Inc.	662,943	16,750	Chevron Corp.	1,879,015
6,499	DIRECTV (a)	563,463	15,600	ConocoPhillips	1,077,336
1,100	eBay, Inc. (a)	61,732	9,200	Exxon Mobil Corp.	850,540
399,086	Telefonica SA, ADR	5,671,008	800	Lukoil OAO, ADR	31,840
13,500	Twenty-First Century Fox, Inc., Class A	518,468	7,800	Phillips 66	559,260
3,000	Viacom, Inc., Class B	225,750	2,175	Royal Dutch Shell PLC, ADR	145,616
		<u>14,125,028</u>	22,550	Transocean, Ltd.	413,342
			19,100	Valero Energy Corp.	945,450
					<u>12,063,983</u>
<b>Consumer Discretionary - 12.0%</b>			<b>Financials - 16.6%</b>		
128,379	Apollo Education Group, Inc., Class A (a)	4,379,008	42,250	Aflac, Inc.	2,581,052
56,266	Arcos Dorados Holdings, Inc., Class A	304,399	39,000	American International Group, Inc.	2,184,390
39,380	Coach, Inc.	1,479,113	1,280	Ameriprise Financial, Inc.	169,280
37,860	Comcast Corp., Class A	2,196,259	208,649	Bank of America Corp.	3,732,731
16,020	CST Brands, Inc.	698,632	16,000	Berkshire Hathaway, Inc., Class B (a)	2,402,400
51,490	CVS Health Corp.	4,959,002	570	Capital One Financial Corp.	47,054
1,547	Discovery Communications, Inc., Class A (a)	53,294	76,724	Central Pacific Financial Corp.	1,649,566
4,641	Discovery Communications, Inc., Class C (a)	156,495	23,650	Citigroup, Inc.	1,279,701
16,250	General Motors Co.	567,287	130,068	Credit Suisse Group AG, ADR	3,262,105
164,150	H&R Block, Inc.	5,528,572	80,175	Franklin Resources, Inc.	4,439,290
263,976	Lincoln Educational Services Corp.	744,412	24,900	Legg Mason, Inc.	1,328,913
20,050	Lowe's Cos., Inc.	1,379,440	50,390	Marsh & McLennan Cos., Inc.	2,884,324
10,750	McDonald's Corp.	1,007,275	60,950	MasterCard, Inc., Class A	5,251,452
3,250	Sally Beauty Holdings, Inc. (a)	99,905	3,145	Mercury General Corp.	178,227
1,176	The Andersons, Inc.	62,493	500	The Allstate Corp.	35,125
4,725	The Home Depot, Inc.	495,983	227,600	The Bank of New York Mellon Corp.	9,233,732
290	Time Warner Cable, Inc.	44,097	38,418	The Travelers Cos., Inc.	4,066,545
12,650	Time Warner, Inc.	1,080,563	7,350	U.S. Bancorp	330,383
24,135	Vitamin Shoppe, Inc. (a)	1,172,478	8,149	Unum Group	284,237
58,050	Wal-Mart Stores, Inc.	4,985,334	7,900	Visa, Inc., Class A	2,071,380
116,102	Weight Watchers International, Inc. (a)	2,883,974	23,000	Waddell & Reed Financial, Inc., Class A	1,145,860
8,600	Yum! Brands, Inc.	626,510	500	Wells Fargo & Co.	27,410
		<u>34,904,525</u>			<u>48,585,157</u>
<b>Consumer Staples - 28.4%</b>			<b>Health Care - 15.0%</b>		
3,400	Alkermes PLC (a)	199,104	42,600	Abbott Laboratories	1,917,852
411,378	Alliance One International, Inc. (a)	649,977	23,700	Becton Dickinson and Co.	3,298,092
62,500	Altria Group, Inc.	3,079,375	65,005	GlaxoSmithKline PLC, ADR	2,778,314
27,221	Anthem, Inc.	3,420,863	50,950	Johnson & Johnson	5,327,841
19,200	Baxter International, Inc.	1,407,168	1,100	Laboratory Corp. of America Holdings (a)	118,690
15,100	British American Tobacco PLC, ADR	1,628,082	97,003	Medtronic, Inc.	7,003,617
13,200	Coca-Cola HBC AG, ADR (a)	250,008	105,610	Merck & Co., Inc.	5,997,592
21,580	Community Health Systems, Inc. (a)	1,163,594	63,782	Pfizer, Inc.	1,986,809
54,435	ConAgra Foods, Inc.	1,974,902	50,267	Quest Diagnostics, Inc.	3,370,905
8,785	Diageo PLC, ADR	1,002,281	63,674	UnitedHealth Group, Inc.	6,436,805
35,050	Dr. Pepper Snapple Group, Inc.	2,512,384	49,400	Zimmer Holdings, Inc.	5,602,948
47,424	Express Scripts Holding Co. (a)	4,015,390			<u>43,839,465</u>
64,242	Hospira, Inc. (a)	3,934,822	<b>Industrials - 3.6%</b>		
20,100	Kelly Services, Inc., Class A	342,102	21,550	AGCO Corp.	974,060
176,232	Molson Coors Brewing Co., Class B	13,132,809	12,030	Brady Corp., Class A	328,900
12,600	Monster Beverage Corp. (a)	1,365,210	276,750	Corning, Inc.	6,345,877
102,260	PepsiCo, Inc.	9,669,705	12,500	Raytheon Co.	1,352,125
78,660	Philip Morris International, Inc.	6,406,857	3,500	Textainer Group Holdings, Ltd.	120,120
517,921	Tesco PLC, ADR	4,503,323	2,550	The Boeing Co.	331,449
72,300	The Coca-Cola Co.	3,052,506	8,515	United Parcel Service, Inc., Class B	946,613
2,200	The JM Smucker Co.	222,156			<u>10,399,144</u>
119,084	The Kroger Co.	7,646,384	<b>Information Technology - 4.5%</b>		
42,925	The Procter & Gamble Co.	3,910,038	100	Google, Inc., Class C (a)	52,640
212,090	The Western Union Co.	3,798,532	52,325	Intel Corp.	1,898,874
90,400	Unilever NV, ADR	3,529,216			
		<u>82,816,788</u>			

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**DECEMBER 31, 2014**

<b>Shares</b>	<b>Security Description</b>	<b>Value</b>
159,114	Microsoft Corp.	\$ 7,390,845
82,320	Oracle Corp.	3,701,931
		<u>13,044,290</u>
<b>Materials - 2.2%</b>		
28,050	E.I. du Pont de Nemours & Co.	2,074,017
7,000	LyondellBasell Industries NV, Class A	555,730
6,400	Precision Castparts Corp.	1,541,632
47,350	The Dow Chemical Co.	2,159,634
14,000	Vale SA, ADR	114,520
		<u>6,445,533</u>
<b>Telecommunications - 0.4%</b>		
27,300	AT&T, Inc.	917,007
7,335	Verizon Communications, Inc.	343,131
		<u>1,260,138</u>
<b>Utilities - 0.1%</b>		
5,616	FirstService Corp.	285,630
<b>Total Common Stock</b> (Cost \$174,261,378)		
		<u><b>267,769,681</b></u>
<b>Rights - 0.0%</b>		
310,867	Community Health Systems, Inc. (a)(Cost \$0)	7,772
<b>Total Equity Securities</b> (Cost \$174,261,378)		
		<u><b>267,777,453</b></u>
<b>Principal</b>	<b>Rate</b>	<b>Maturity</b>
<b>Corporate Non-Convertible Bonds - 0.1%</b>		
<b>Materials - 0.1%</b>		
\$ 200,000	Newmont Mining Corp. (Cost \$188,453)	3.50% 03/15/22
		<u>188,126</u>
<b>Municipal Bonds - 0.1%</b>		
<b>Ohio - 0.1%</b>		
550,000	Buckeye Tobacco Settlement Financing Authority (Cost \$377,506)	5.88 06/01/47
		<u>449,080</u>
<b>Total Fixed Income Securities</b> (Cost \$565,959)		
		<u><b>637,206</b></u>
<b>Total Investments - 91.9%</b> (Cost \$174,827,337)*		
		<u><b>\$ 268,414,659</b></u>
<b>Other Assets &amp; Liabilities, Net - 8.1%</b>		
		<u><b>23,691,161</b></u>
<b>Net Assets - 100.0%</b>		
		<u><b>\$ 292,105,820</b></u>
ADR	American Depositary Receipt	
PLC	Public Limited Company	
(a)	Non-income producing security.	

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

Gross Unrealized Appreciation	\$ 104,737,635
Gross Unrealized Depreciation	(11,150,313)
Net Unrealized Appreciation	<u>\$ 93,587,322</u>

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2014.

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments At Value</b>				
<b>Common Stock</b>				
Communications	\$ 14,125,028	\$ -	\$ -	\$ 14,125,028
Consumer Discretionary	34,904,525	-	-	34,904,525
Consumer Staples	82,816,788	-	-	82,816,788
Energy	12,063,983	-	-	12,063,983
Financials	48,585,157	-	-	48,585,157
Health Care	43,839,465	-	-	43,839,465
Industrials	10,399,144	-	-	10,399,144
Information Technology	13,044,290	-	-	13,044,290
Materials	6,445,533	-	-	6,445,533
Telecommunications	1,260,138	-	-	1,260,138
Utilities	285,630	-	-	285,630
<b>Corporate Non-Convertible Bonds</b>				
Bonds	-	188,126	-	188,126
<b>Municipal Bonds</b>				
Municipal Bonds	-	449,080	-	449,080
Rights	7,772	-	-	7,772
<b>Total Assets</b>	<u><b>\$267,777,453</b></u>	<u><b>\$637,206</b></u>	<u><b>\$ -</b></u>	<u><b>\$268,414,659</b></u>

The Fund utilizes the end of period methodology when determining transfers. There were no transfers among Level 1, Level 2 and Level 3 for the year ended December 31, 2014.

**PORTFOLIO HOLDINGS**

<b>% of Net Assets</b>	
Common Stock	91.7%
Corporate Non-Convertible Bonds	0.1%
Municipal Bonds	0.1%
Rights	0.0%
Cash and Other Net Assets	8.1%
	<u>100.0%</u>



**AUXIER FOCUS FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2014**

**ASSETS**

Total investments, at value (Cost \$174,827,337)	\$ 268,414,659
Cash	23,543,304
Receivables:	
Fund shares sold	232,953
Investment securities sold	580,000
Dividends and interest	487,582
Prepaid expenses	21,233
<b>Total Assets</b>	<b>293,279,731</b>

**LIABILITIES**

Payables:	
Investment securities purchased	129,186
Fund shares redeemed	634,031
Distributions payable	105,747
Accrued Liabilities:	
Investment adviser fees	244,640
Trustees' fees and expenses	158
Fund services fees	31,290
Other expenses	28,859
<b>Total Liabilities</b>	<b>1,173,911</b>

**NET ASSETS**

**\$ 292,105,820**

**COMPONENTS OF NET ASSETS**

Paid-in capital	\$ 199,367,340
Distributions in excess of net investment income	(22,706)
Accumulated net realized loss	(826,136)
Net unrealized appreciation	93,587,322
<b>NET ASSETS</b>	<b>\$ 292,105,820</b>

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

Investor Shares	13,506,886
A Shares	270,672
Institutional Shares	420,435

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

Investor Shares (based on net assets of \$277,764,825)	\$ 20.56
A Shares (based on net assets of \$5,604,703)	\$ 20.71
A Shares Maximum Public Offering Price Per Share (net asset value per share/(100%-5.75%))	\$ 21.97
Institutional Shares (based on net assets of \$8,736,292)	\$ 20.78

\* Shares redeemed or exchanged within 180 days of purchase are charged a 2.00% redemption fee.

**AUXIER FOCUS FUND**  
**STATEMENT OF OPERATIONS**  
**SIX MONTHS ENDED DECEMBER 31, 2014**

**INVESTMENT INCOME**

Dividend income (Net of foreign withholding taxes of \$22,114)	\$ 2,995,684
Interest income	13,201
Total Investment Income	<u>3,008,885</u>

**EXPENSES**

Investment adviser fees	1,472,791
Fund services fees	180,261
Transfer agent fees:	
Investor Shares	39,586
A Shares	884
Institutional Shares	84
Distribution fees:	
A Shares	6,396
Custodian fees	14,874
Registration fees:	
Investor Shares	9,069
A Shares	2,188
Institutional Shares	6,786
Professional fees	25,127
Trustees' fees and expenses	7,506
Miscellaneous expenses	112,991
Total Expenses	<u>1,878,543</u>
Fees waived and expenses reimbursed	<u>(56,792)</u>
Net Expenses	<u>1,821,751</u>

**NET INVESTMENT INCOME**

1,187,134

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

Net realized gain on investments	1,345,680
Net change in unrealized appreciation (depreciation) on investments	5,912,147

**NET REALIZED AND UNREALIZED GAIN**

7,257,827

**INCREASE IN NET ASSETS RESULTING FROM OPERATIONS**

\$ 8,444,961

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

	<u>For the Six Months Ended December 31, 2014</u>		<u>For the Year Ended June 30, 2014</u>	
		<u>Shares</u>		<u>Shares</u>
<b>OPERATIONS</b>				
Net investment income	\$ 1,187,134		\$ 3,014,250	
Net realized gain	1,345,680		9,328,055	
Net change in unrealized appreciation (depreciation)	5,912,147		30,624,138	
Increase in Net Assets Resulting from Operations	<u>8,444,961</u>		<u>42,966,443</u>	
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>				
Net investment income:				
Investor Shares	(2,637,509)		(3,247,269)	
A Shares	(39,538)		(30,251)	
Institutional Shares	(70,657)		(66,782)	
Net realized gain:				
Investor Shares	(7,849,090)		(6,549,711)	
A Shares	(148,394)		(73,681)	
Institutional Shares	(238,876)		(149,889)	
Total Distributions to Shareholders	<u>(10,984,064)</u>		<u>(10,117,583)</u>	
<b>CAPITAL SHARE TRANSACTIONS</b>				
Sale of shares:				
Investor Shares	14,444,339	695,231	39,233,303	1,999,149
A Shares	531,231	25,327	2,512,274	127,528
Institutional Shares	713,075	33,612	2,223,679	110,806
Reinvestment of distributions:				
Investor Shares	10,140,585	499,068	9,563,734	488,464
A Shares	177,386	8,692	95,499	4,869
Institutional Shares	309,533	15,098	216,672	11,017
Redemption of shares:				
Investor Shares	(29,475,104)	(1,423,786)	(72,978,455)	(3,681,662)
A Shares	(174,849)	(8,374)	(62,884)	(3,204)
Institutional Shares	(228,944)	(10,930)	(470,453)	(23,897)
Redemption fees	4,178	-	14,278	-
Decrease in Net Assets from Capital Share Transactions	<u>(3,558,570)</u>	<u>(166,062)</u>	<u>(19,652,353)</u>	<u>(966,930)</u>
Increase (Decrease) in Net Assets	<u>(6,097,673)</u>		<u>13,196,507</u>	
<b>NET ASSETS</b>				
Beginning of Period	<u>298,203,493</u>		<u>285,006,986</u>	
End of Period (Including line (a))	<u>\$ 292,105,820</u>		<u>\$ 298,203,493</u>	
(a) Undistributed (distributions in excess of) net investment income	<u>\$ (22,706)</u>		<u>\$ 1,537,864</u>	

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

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

	For the Six Months Ended	For the Years Ended June 30,				
	December 31, 2014	2014	2013	2012	2011	2010
<b>INVESTOR SHARES</b>						
<b>NET ASSET VALUE, Beginning of Period</b>	\$ 20.75	\$ 18.59	\$ 16.49	\$ 16.45	\$ 13.49	\$ 12.16
<b>INVESTMENT OPERATIONS</b>						
Net investment income (a)	0.08	0.20	0.21	0.22	0.26	0.32
Net realized and unrealized gain	0.53	2.63	2.23	0.20(b)	3.00	1.27
Total from Investment Operations	0.61	2.83	2.44	0.42	3.26	1.59
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>						
Net investment income	(0.20)	(0.22)	(0.22)	(0.16)	(0.29)	(0.26)
Net realized gain	(0.60)	(0.45)	(0.12)	(0.23)	(0.01)	—
Total Distributions to Shareholders	(0.80)	(0.67)	(0.34)	(0.39)	(0.30)	(0.26)
<b>REDEMPTION FEES (a)</b>	—(c)	—(c)	—(c)	0.01	—(c)	—(c)
<b>NET ASSET VALUE, End of Period</b>	\$ 20.56	\$ 20.75	\$ 18.59	\$ 16.49	\$ 16.45	\$ 13.49
<b>TOTAL RETURN</b>	2.99%(d)	15.43%	15.06%	2.84%	24.35%	12.99%
<b>RATIOS/SUPPLEMENTARY DATA</b>						
Net Assets at End of Period (000's omitted)	\$277,765	\$285,094	\$277,536	\$243,366	\$163,699	\$100,712
Ratios to Average Net Assets:						
Net investment income	0.80%(e)	1.00%	1.22%	1.36%	1.68%	2.29%
Net expenses	1.24%(e)	1.24%	1.25%	1.25%	1.25%	1.30%
Gross expenses (f)	1.27%(e)	1.26%	1.28%	1.27%	1.25%	1.30%
<b>PORTFOLIO TURNOVER RATE</b>	1%(d)	9%	11%	8%	20%	15%

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

(b) The net realized and unrealized gain (loss) per share does not correlate to the aggregate of the net realized and unrealized loss in the Statement of Operations for the year ended June 30, 2012, primarily due to the timing of the sales and repurchases of the Fund's shares in relation to fluctuating market values for the Fund's portfolio.

(c) Less than \$0.01 per share.

(d) Not annualized.

(e) Annualized.

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

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

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

	For the Six Months Ended	For the Years Ended June 30,				
	December 31, 2014	2014	2013	2012	2011	2010
<b>A SHARES</b>						
<b>NET ASSET VALUE, Beginning of Period</b>	\$ 20.85	\$ 18.63	\$ 16.49	\$ 16.45	\$ 13.49	\$ 12.17
<b>INVESTMENT OPERATIONS</b>						
Net investment income (a)	0.08	0.20	0.21	0.22	0.25	0.32
Net realized and unrealized gain	0.53	2.64	2.24	0.21(b)	3.01	1.26
Total from Investment Operations	0.61	2.84	2.45	0.43	3.26	1.58
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>						
Net investment income	(0.15)	(0.17)	(0.19)	(0.16)	(0.29)	(0.26)
Net realized gain	(0.60)	(0.45)	(0.12)	(0.23)	(0.01)	—
Total Distributions to Shareholders	(0.75)	(0.62)	(0.31)	(0.39)	(0.30)	(0.26)
<b>REDEMPTION FEES (a)</b>	—(c)	—(c)	—(c)	—(c)	—(c)	—(c)
<b>NET ASSET VALUE, End of Period</b>	\$ 20.71	\$ 20.85	\$ 18.63	\$ 16.49	\$ 16.45	\$ 13.49
<b>TOTAL RETURN (d)</b>	2.98%(e)	15.45%	15.06%	2.84%	24.35%	12.90%
<b>RATIOS/SUPPLEMENTARY DATA</b>						
Net Assets at End of Period (000's omitted)	\$5,605	\$5,108	\$2,158	\$1,694	\$660	\$157
Ratios to Average Net Assets:						
Net investment income	0.80%(f)	1.02%	1.22%	1.39%	1.61%	2.29%
Net expenses	1.25%(f)	1.25%	1.25%	1.25%	1.25%	1.30%
Gross expenses (g)	1.57%(f)	1.62%	1.62%	1.52%	1.50%	1.55%
<b>PORTFOLIO TURNOVER RATE</b>	1%(e)	9%	11%	8%	20%	15%

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

(b) The net realized and unrealized gain (loss) per share does not correlate to the aggregate of the net realized and unrealized loss in the Statement of Operations for the year ended June 30, 2012, primarily due to the timing of the sales and repurchases of the Fund's shares in relation to fluctuating market values for the Fund's portfolio.

(c) Less than \$0.01 per share.

(d) Total Return does not include the effect of front end sales charge or contingent deferred sales charge.

(e) Not annualized.

(f) Annualized.

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

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


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

	For the Six Months Ended December 31, 2014	For the Years Ended June 30,		May 9, 2012 (a) through June 30, 2012
		2014	2013	
<b>INSTITUTIONAL SHARES</b>				
<b>NET ASSET VALUE, Beginning of Period</b>	\$ 20.91	\$ 18.66	\$ 16.50	\$ 16.27
<b>INVESTMENT OPERATIONS</b>				
Net investment income (b)	0.11	0.25	0.26	0.04
Net realized and unrealized gain	0.53	2.64	2.22	0.19
Total from Investment Operations	0.64	2.89	2.48	0.23
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>				
Net investment income	(0.17)	(0.19)	(0.20)	—
Net realized gain	(0.60)	(0.45)	(0.12)	—
Total Distributions to Shareholders	(0.77)	(0.64)	(0.32)	—
<b>REDEMPTION FEES (b)</b>	—(c)	—(c)	—(c)	—(c)
<b>NET ASSET VALUE, End of Period</b>	\$ 20.78	\$ 20.91	\$ 18.66	\$ 16.50
<b>TOTAL RETURN</b>	3.12%(d)	15.73%	15.28%	1.41%(d)
<b>RATIOS/SUPPLEMENTARY DATA</b>				
Net Assets at End of Period (000's omitted)	\$8,736	\$8,001	\$5,313	\$1,230
Ratios to Average Net Assets:				
Net investment income	1.05%(e)	1.25%	1.48%	1.62%(e)
Net expenses	1.00%(e)	1.00%	1.00%	1.10%(e)
Gross expenses (f)	1.41%(e)	1.47%	1.55%	1.50%(e)
<b>PORTFOLIO TURNOVER RATE</b>	1%(d)	9%	11%	8%(d)

(a) Commencement of operations.

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

(c) Less than \$0.01 per share.

(d) Not annualized.

(e) Annualized.

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

### **Note 1. Organization**

The Auxier Focus Fund (the “Fund”) is a diversified portfolio of Forum Funds (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940 (the “Act”), as amended. Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund’s shares of beneficial interest without par value.

The Fund currently offers three classes of shares: Investor Shares, A Shares and Institutional Shares. A Shares are offered at net asset value plus a maximum sales charge of 5.75%. A Shares are also subject to contingent deferred sales charge (“CDSC”) of 1.00% on purchases without an initial sales charge and redeemed less than one year after they are purchased. Investor Shares and Institutional Shares are not subject to a sales charge. Investor Shares, A Shares and Institutional Shares commenced operations on July 9, 1999, July 8, 2005 and May 9, 2012, respectively. The Fund’s investment objective is to provide long-term capital appreciation.

### **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 increases and decreases in net assets from operations during the fiscal year. 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 trade or official closing price, provided by independent pricing services as of the close of trading on the market or exchange for which they are primarily traded, on each Fund business day. In the absence of a sale, such securities are valued at the mean of the last bid and ask price provided by independent pricing services. Non-exchange traded securities for which quotations are available are valued using the last quoted sales price, or in the absence of a sale, at the mean of the last bid and ask prices provided by independent pricing services. Debt securities may be valued at prices supplied by a fund’s pricing agent based on broker or dealer supplied valuations or matrix pricing, a method of valuing securities by reference to the value of other securities with similar characteristics such as rating, interest rate and maturity. Shares of open-end mutual funds are valued at net asset value (“NAV”). Short-term investments that mature in 60 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. The Trust’s Valuation Committee, as defined in the Fund’s registration statement, performs certain functions as they relate to the administration and oversight of the Fund’s valuation procedures. Under these procedures, the Valuation Committee convenes on a regular and ad-hoc basis to review such investments and considers a number of factors, including valuation methodologies and significant unobservable inputs, when arriving at fair value.

The Valuation Committee may work with the adviser to provide valuation inputs. In determining fair valuations, inputs may include market-based analytics which may consider related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant investment information. Adviser inputs may include an income-based approach in which the anticipated future cash flows of the investment are discounted in determining fair value. Discounts may also be applied based on the nature or duration of any restrictions on the disposition of the investments. The Valuation Committee performs regular reviews of valuation methodologies, key inputs and assumptions, disposition analysis and market activity.

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 and liabilities

Level 2 — other significant observable inputs (including quoted prices of similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 — significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The aggregate value by input level, as of December 31, 2014, 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 the trade date. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after 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 is amortized and discount is accreted using the effective interest method. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

**Foreign Currency Translations** – Foreign currency amounts are translated into U.S. dollars as follows: (1) assets and liabilities at the rate of exchange at the end of the respective period; and (2) 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.

**Distributions to Shareholders** – Distributions to shareholders of net investment income and net capital gains, if any, are declared and paid at least annually. Distributions to shareholders are recorded on the ex-dividend date. 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 continue to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code and to distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all of 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. The Fund files a U.S. federal income and excise tax return as required. A fund's federal income tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed. As of December 31, 2014, there are no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure.

**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 shares within 180 days of purchase will incur a redemption fee of 2.00% of the current net asset value of shares redeemed, 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. Cash – Concentration in Uninsured Account**

For cash management purposes the Fund may concentrate cash with the Fund’s custodian. This typically results in cash balances exceeding the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. As of December 31, 2014, the Fund held \$23,293,304 as cash reserves at MUFG Union Bank, N.A. that exceeded the FDIC insurance limit.

**Note 4. Fees and Expenses**

**Investment Adviser** – Auxier Asset Management LLC (the “Adviser”), is the investment adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee from the Fund at an annual rate of 1.00% of the Fund’s average daily assets.

**Distribution** – Foreside Fund Services, LLC serves as the Fund’s distributor (the “Distributor”). The Distributor is not affiliated with the Adviser or Atlantic Fund Administration, LLC (d/b/a Atlantic Fund Services) (“Atlantic”) or their affiliates. The Fund has adopted a Distribution Plan (the “Plan”) for A Shares of the Fund in accordance with Rule 12b-1 of the Act. Under the Plan, the Fund pays the Distributor and/or any other entity as authorized by the Board a fee of up to 0.25% of the average daily net assets of A Shares. The Distributor has no role in determining the investment policies or which securities are to be purchased or sold by the Trust or its Funds.

For the period ended December 31, 2014, there were \$14,465 in front-end sales charges assessed on the sale of A Shares and no contingent deferred sales charges were assessed on the sale of A Shares. The Distributor received \$0 of the total front-end sales charges. Such amounts are set aside by the Distributor and used solely for distribution-related expenses.

**Other Service Providers** – Atlantic provides fund accounting, fund administration, compliance and transfer agency services to the Fund. Atlantic also provides certain shareholder report production, and EDGAR conversion and filing services. Atlantic provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer, and an Anti-Money Laundering Officer to the Fund, as well as certain additional compliance support functions.

**Trustees and Officers** – The Trust pays each independent Trustee an annual retainer fee of \$45,000 for service to the Trust (\$66,000 for the Chairman). The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees’ fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

**Note 5. Expense Reimbursements and Fees Waived**

The Adviser has contractually agreed to waive a portion of its fees and reimburse expenses through October 31, 2015, to the extent necessary to maintain the total operating expenses (excluding all taxes, interest, portfolio transaction expenses, dividend expenses on short sales, and extraordinary expenses) at 1.25% of average daily net assets of the Investor Shares and A Shares and 1.00% of average daily net assets of Institutional Shares. These contractual waivers may only be raised or eliminated with consent of the Board. Other fund service providers have voluntarily agreed to waive a portion of their fees. These voluntary reductions may be reduced or eliminated at any time. For the period ended December 31, 2014, fees waived and expenses reimbursed were as follows:

<u>Investment Adviser Expenses Reimbursed</u>	<u>Other Waivers</u>	<u>Total Fees Waived and Expenses Reimbursed</u>
\$ 23,365	\$ 33,427	\$ 56,792

**Note 6. Security Transactions**

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments during the period ended December 31, 2014, were \$3,190,659 and \$13,291,688, respectively.

**Note 7. Federal Income Tax**

As of June 30, 2014, distributable earnings (accumulated loss) on a tax basis were as follows:

Undistributed Ordinary Income	\$	1,561,515
Undistributed Long-Term Gain		6,044,103
Unrealized Appreciation		87,671,965
Total	\$	<u>95,277,583</u>

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to wash sales.

**Note 8. Subsequent Events**

Subsequent events occurring after the date of this report through the date these financial statements were issued have been evaluated for potential impact and the Fund has had no such events.

### **Investment Advisory Agreement Approval**

At the December 12, 2014 Board meeting, the Board, including the Independent Trustees, considered the approval of the continuance of the investment advisory agreement between the Adviser and the Trust pertaining to the Fund (the "Advisory Agreement"). In preparation for its deliberations, the Board requested and reviewed written responses from the Adviser to a due diligence questionnaire circulated on the Board's behalf. The Board also discussed the materials with Independent Trustee counsel and, as necessary, with the Trust's administrator, Atlantic Fund Services. During its deliberations, the Board received an oral presentation from the Adviser, and was assisted by the advice of Independent Trustee counsel.

In evaluating the Advisory Agreement for the Fund, the Board reviewed written materials furnished by the Adviser and the administrator, including information regarding the Adviser's personnel, operations and financial condition. In addition, the Board recognized that the evaluation process with respect to the Adviser is an ongoing one and, in this regard, the Board considered information provided at regularly scheduled meetings during the past year, including, among other things, information concerning the Fund's performance and services provided by the Adviser.

At the meeting, the Board reviewed, among other matters: (1) the nature, extent and quality of the services provided to the Fund by the Adviser, including information on the investment performance of the Fund and Adviser; (2) the costs of the services provided and profitability to the Adviser of its relationship with the Fund; (3) the advisory fee and total expense ratio of the Fund compared to a relevant peer group of funds; (4) the extent to which economies of scale may be realized as the Fund grows and whether the advisory fee enables the Fund's investors to share in the benefits of economies of scale; and (5) other benefits received by the Adviser from its relationship with the Fund.

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

Based on written materials received, a presentation from a senior representative of the Adviser and a discussion with the Adviser about the Adviser's personnel, operations and financial condition and with the Trust's CCO about the Adviser, the Board considered the quality of services provided by the Adviser under the Advisory Agreement. In this regard, the Board considered information regarding the experience, qualifications and professional background of the portfolio manager at the Adviser with principal responsibility for the Fund, as well as the investment philosophy and decision-making process of the portfolio manager and the capability and integrity of the Adviser's senior management and staff.

The Board considered also the adequacy of the Adviser's resources. The Board noted the Adviser's representations that the firm is in strong financial condition, that the firm is able to meet expense reimbursement obligations, and that the firm's financial condition would not impair its ability to provide high-quality advisory services to the Fund. Based on the presentation and the materials provided by the Adviser in connection with the Board's consideration of the renewal of the Advisory Agreement, the Board concluded that, overall, it was satisfied with the nature, extent and quality of services to be provided to the Fund under the Advisory Agreement.

#### *Performance*

In connection with a presentation by the Adviser regarding its approach to managing the Fund, the Board reviewed the performance of the Fund compared to its benchmark. The Board observed that the Fund underperformed the S&P 500, the Fund's primary benchmark, for the one-year, three-year, and five-year periods ended September 30, 2014. The Board also considered the Fund's performance relative to its Lipper, Inc. ("Lipper") peer group, noting that, based on the information provided by Lipper, the Fund underperformed the median of its Lipper peer group for the one-year, three-year, and five year periods ended September 30, 2014. The Board noted the Adviser's representation that the Fund's investment approach is to protect capital and seek consistent results, including based on compounding, over the long-term. The Board also noted the Adviser's representation that the Fund's efforts to protect capital result in a somewhat conservative approach to asset allocation that tends to outperform in bear markets and lag or achieve parity in bull markets. The Board also noted the Adviser's view that the last several years had been bull markets and that the Fund's 10-year performance for the period ending September 30, 2014, was much closer to that of the S&P 500 Index. In particular, the Board noted the Adviser's representation that the Fund had outperformed the S&P 500 since the Fund's inception on July 9, 1999, and achieved a cumulative return in excess of the return for the S&P 500 Index. Based on the Adviser's investment style and the foregoing, the Board determined that the Adviser's management of the Fund could benefit the Fund and its shareholders.

### *Compensation*

The Board evaluated the Adviser's compensation for providing advisory services to the Fund and analyzed comparative information on "actual" advisory fee rates and actual total expenses of the relevant Lipper peer group of the Fund. Thus, the Board reviewed peer data both on a gross basis and net of applicable waivers. The Board noted that the Adviser's actual advisory fee rate and actual total expenses for the Fund were each slightly higher than the median of its Lipper peer group. The Board also considered the compensation rates paid to the Adviser by other types of investment vehicles and clients and concluded that varying types of client accounts require different services that involve different regulatory and entrepreneurial risks than the management of the Fund and, therefore, were not a material consideration in connection with the renewal of the Advisory Agreement. Based on the foregoing, the Board concluded that the Adviser's advisory fee rate charged to each Fund was reasonable.

### *Cost of Services and Profitability*

The Board considered information provided by the Adviser regarding the costs of services and its profitability with respect to the Fund. In this regard, the Board considered the Adviser's resources devoted to the Fund, as well as the Adviser's discussion of the costs and profitability of its Fund activities. Based on these and other applicable considerations, the Board concluded that the Adviser's profits attributable to management of the Fund were reasonable in the context of all factors considered.

### *Economies of Scale*

The Board considered whether the Fund would benefit from any economies of scale. In this respect, the Board noted the Adviser's representation that the Fund could benefit from economies of scale as assets grow, but that the Adviser had determined that breakpoints were not appropriate at this time, particularly in light of the payments that the Adviser was making under the expense cap. Based on the foregoing information, the Board concluded that economies of scale were not a material factor in approving the continuation of the Advisory Agreement.

### *Other Benefits*

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

### *Conclusion*

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

### **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 U.S. Securities and Exchange Commission's (the "SEC") 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. These filings 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 (800) SEC-0330.

**Shareholder Expense Example**

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments on certain classes, redemption fees, exchange fees, and CDSC fees, 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 example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from July 1, 2014, through December 31, 2014.

**Actual Expenses** – The first line under each share class of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) on purchase payments on certain classes, redemption fees, exchange fees, and CDSC fees. 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 were included, your costs would have been higher.

	Beginning Account Value July 1, 2014	Ending Account Value December 31, 2014	Expenses Paid During Period*	Annualized Expense Ratio*
<b>Investor Shares</b>				
Actual	\$ 1,000.00	\$ 1,029.91	\$ 6.34	1.24%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,018.95	\$ 6.31	1.24%
<b>A Shares</b>				
Actual	\$ 1,000.00	\$ 1,029.80	\$ 6.40	1.25%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,018.90	\$ 6.36	1.25%
<b>Institutional Shares</b>				
Actual	\$ 1,000.00	\$ 1,031.25	\$ 5.12	1.00%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,020.16	\$ 5.09	1.00%

\* Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year divided by 365 to reflect the half-year period.

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# Auxier Focus Fund

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## FOR MORE INFORMATION

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