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# **Auxier Focus Fund**

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## **Annual Report**

**June 30, 2002**  
(Unaudited)

### **Fund Advisor:**

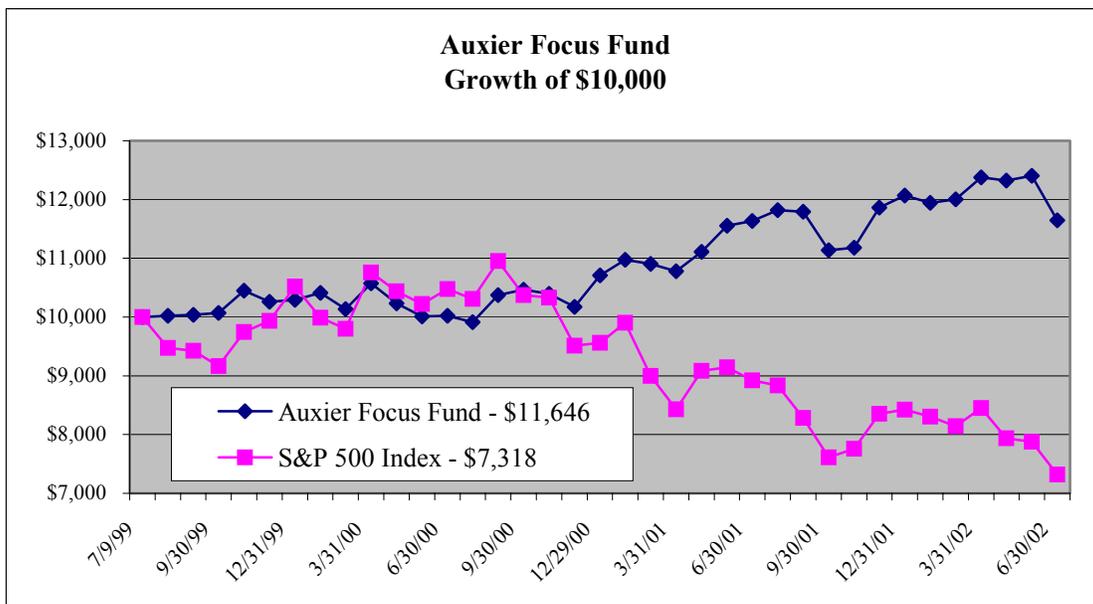
**Auxier Asset Management, LLC**  
**8050 S. W. Warm Springs St.**  
**Suite 130**  
**Tualatin, OR 97062**

**Toll Free: 877-3Auxier or (877) 328-9438**

**AUXIER FOCUS FUND  
PERFORMANCE UPDATE  
JUNE 30, 2002**

The table below summarizes the performance for the quarter, six months, and year ended June 30, 2002.

	<b>3 Months Cumulative Return</b>	<b>6 Months Cumulative Return</b>	<b>1 Year Average Annual Total Return</b>	<b>Average Annual Total Return Since Inception (July 9, 1999)</b>
Auxier Focus Fund	-5.90%	-3.49%	0.07%	5.25%
S&P 500 Stock Index	-13.39%	-13.15%	-17.97%	-9.97%



*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 June 30, 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 returns shown do not reflect deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. 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.*

*As of June 30, 2002, the Auxier Focus Fund held a 2.5% position in Guidant Corp. (GDT) and a 0.7% position in Philip Morris Cos. (MO).*

*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.*

*Distributed by Unified Financial Securities, Inc, 431 N. Pennsylvania St. Indianapolis, IN 46204. Member NASD, SIPC*

## Management Discussion of Fund Performance

Dear Shareholders:

As I write this letter, the market as measured by the S&P 500 has dropped over 42% from its high reached in 2000. This compares to a 42.4% drop in 1973-74. In 1975 the market recovered 31.5%. The good news is that after the sharpest decline in 28 years, and one of the longest bear markets on record, a number of high quality companies are finally coming down to price points that represent interesting risk/reward opportunities.

Our equity strategy for the Fund is to invest when exceptional companies become available at bargain prices. This strategy requires patience, as exceptional companies do not frequently become available at these prices. When the general price level is high (like the past 3-4 years) we have put a higher percentage of money to work in bonds, cash, or “work-out” situations. A “work-out” is an arbitrage situation with a definite timetable that tends to be shorter term in nature. When prices drop, and the “margin of safety” improves, we move funds into quality undervalued common stocks. This price/value discipline drives the allocation process. I am more willing to take a time risk, than a price risk. Due to the powerful positive effect of steady compounding an investor is wise to look down first. Priority one, what can we lose? In this environment the primary objective is to identify improving fundamentals where the price is down due to irrational emotional selling that does not appear to be related to the prospects of the business.

Today’s rising measures of investor fear and pessimism are encouraging. The bullish sentiment has recently declined below 30%. The volatility index that measures fear in the market (VIX Index) recently hit a level not seen since the 1987 crash. It is a much better time to be shopping for investments when the mood is dour and expectations are low. This is where solid research and knowing current underlying operating trends allows an investor to be able to appraise the asset better than the market. The day-to-day research effort throughout the year is vital because when prices drop you need conviction to decide whether the drop is temporary or long-term in nature. In a post-bubble environment investors tend to revisit the fundamentals of investing and seek benchmarks that were ignored in the bubble. Basics like cash flow, dividends, conservative accounting, price-to-sales, price-to-earnings etc. grow in importance over price momentum. Investors reverse course from the fear/optimism sentiment and begin valuing companies based on the cash the business generates, as opposed to the “hype” or excitement behind a story.

We are currently in such a reversion to the mean where your stock purchases should be stringently researched and scrutinized top-to-bottom. Fortunately, value investors perform much better in this type of climate than in a speculative mania. Deciphering misappraisals and mistakes by the market will be a key to above-average returns going forward. There are no new eras, so one must diligently monitor market prices vs. private market values and replacement values of the companies in the portfolio to insure against the potential of permanent capital loss.

### AREAS OF CONCERN

Balance sheet analysis takes on increased importance now that corporate debt levels are hovering around historical highs, roughly 45% of GDP (and quite possibly understated due to numerous creative financing techniques). According to Moody’s, over 771 US companies have not disclosed the “ratings triggers” clauses that materially benefit the senior creditors or banks if a company’s credit rating is cut. This can seriously impact the financial health of a business in the event of a debt downgrade to junk status. Furthermore, as corporations work to clean up their debt/equity ratios, the risk of dilution to the common shareholder is magnified.

The level of personal debt as a percentage of the economy is still close to 75% vs. 63% in the last recession (SOURCE: Financial Times). Excessive debt levels here can negatively impact growth as at some point consumers need to stop spending beyond their means and start saving. This could remove potential buying power from the economy. Deregulation is another worry – it is great for consumers but terrible for shareholders. As an investor you ideally want a de facto monopoly or at least a company whose industry has formidable barriers - not hundreds of competitors bankrolled by the bubble’s incessant stock offerings.

For example, Philip Morris has consistently enriched shareholders over the past 50 years. One reason: the company was so maligned by critics of smoking that there has never been enough excitement on Wall Street to create an oversupply of stock. Still, Philip Morris prospers with relatively constant demand, high barriers to entry, few competitors, and government mandated price increases. The \$2.32 dividend today is more than the 1982 share price (adjusted for stock splits). With a projected dividend increase in August the yield approaches 6%. Contrast that with the 1996 deregulation

of telecom and electric utilities, two industries that were subsequently swamped with capital and new entrants, setting the stage for some breathtaking bankruptcies.

Looking forward, we are entering a period where the good companies are being thrown out with the bad. Typically, in the later stages of a bear market, price declines are frightening with nearly all companies subjected to tremendous selling pressure. This is the “wash out” stage and should be viewed as an opportunity to buy the world’s greatest businesses “on sale.” It is a time to upgrade in quality. Again, we are looking for those businesses that enjoy improving operating trends, yet their shares are being tossed out because of investors’ fear and irrational behavior. This is still an environment that requires careful selectivity. The valuations of many large companies are too expensive if you properly expense stock options, use realistic pension-fund projections with normalized profit margins and sales growth. Excessive stock-option compensation has fueled the incentive to inflate earnings aggressively in order to cash out quickly on share price moves. While most proxy statements are still disappointing in this regard, more and more abusive compensation issues are being publicized.

#### EXAMPLE OF A BUSINESS REPRESENTING OUR INVESTMENT CRITERIA

Guidant Corp. (ticker GDT), a top holding of the Fund, represents the investment criteria we look for. For starters, the Indianapolis-based maker of medical devices for the heart has a strong balance sheet consisting of very little debt (17.4% long-term debt to stockholder’s equity), a solid current ratio of 2.33 (current assets divided by current liabilities), and holds \$2.25 in cash per diluted share. When Guidant released second quarter earnings on July 18<sup>th</sup>, they reported double-digit sales and earnings growth across all product groups, and projected double-digit sales and earnings growth for the second half of 2002. This marked the 33<sup>rd</sup> quarter out of the last 34 quarters Guidant has reported earnings in-line with, or greater than expectations. Despite this consistency, the company trades at a forward PE multiple of only 14.3, a far cry from its five-year low PE of 23.8. Finally, Guidant’s business model does not require a high amount of capital expenditures (the investment necessary to continue daily operations). Thus the company produces a high amount of free cash flow. With the combination of a strong balance sheet, consistent earnings numbers, favorable business prospects, a cash-flow friendly business model and a purchase price representing a margin of safety, we believe Guidant has the potential to produce above-average returns for shareholders.

#### IN SUMMARY

In these rough seas it is very important to have an enduring investment philosophy to rely on. In order to finish and win the race you have to first stay in the race. It has been my experience that investors need to adhere to a systematic, low-risk approach to investing while striving toward predictability in returns. Otherwise, it can be difficult to stay the course.

Thank you for your support!

**Auxier Focus Fund**  
**Schedule of Investments - June 30, 2002**

<b>Common Stocks - 60.4%</b>	<b>Shares</b>	<b>Value</b>
<b>Accident &amp; Health Insurance - 1.8%</b> AFLAC, Inc.	9,250	<u>\$ 296,000</u>
<b>Aircraft - 0.7%</b> Boeing Co.	2,500	<u>112,500</u>
<b>Bottled &amp; Canned Soft Drinks Carbonated Waters - 0.1%</b> National Beverage Corp. (a)	1,000	<u>14,000</u>
<b>Cable &amp; Other Pay Television Services - 0.5%</b> Liberty Media Corp., Class A (a)	9,000	<u>90,000</u>
<b>Chemicals &amp; Allied Products - 0.3%</b> Dow Chemical Co.	1,400	<u>48,132</u>
<b>Cigarettes - 0.7%</b> Philip Morris Companies, Inc.	2,500	<u>109,200</u>
<b>Commercial Banks - 1.6%</b> City Bank Golden State Bancorp, Inc.	1,700 6,000	<u>54,400</u> <u>217,500</u> <u>271,900</u>
<b>Construction, Mining &amp; Materials</b> <b>Handling Machinery &amp; Equip. - 0.7%</b> Dover Corp.	3,100	<u>108,500</u>
<b>Crude Petroleum &amp; Natural Gas - 1.1%</b> Burlington Resources, Inc.	5,000	<u>190,000</u>
<b>Electric &amp; Other Services Combined - 0.0%</b> Sierra Pacific Resources (a)	1,000	<u>7,800</u>
<b>Electric Housewares &amp; Fans - 0.3%</b> Helen of Troy Ltd. (a)	4,000	<u>46,560</u>
<b>Electronic Computers - 0.2%</b> Ceridian Corp. (a)	2,000	<u>37,960</u>
<b>Federal &amp; Federally - Sponsored Credit Agencies - 2.2%</b> Federal Home Loan Mortgage Corp.	6,000	<u>367,200</u>
<b>Finance Services - 1.3%</b> American Express Co. Morgan Stanley Dean Witter & Co.	5,500 300	<u>199,760</u> <u>12,924</u> <u>212,684</u>

**Fire, Marine & Casualty Insurance - 2.9%**

Chubb Corp.	2,500	177,000
SAFECO Corp.	600	18,534
Travelers Property Casualty Corp. (a)	16,000	283,200
		<u>478,734</u>

**Auxier Focus Fund****Schedule of Investments - June 30, 2002 (continued)****Common Stocks - 60.4% (continued)****Fire, Marine, Casualty Insurance - 1.6%**

Berkshire Hathaway, Inc. - Class B (a)	120	<u>\$ 267,960</u>
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**Food & Kindred Products - 1.4%**

British American Tobacco Plc. (c)	11,200	<u>239,680</u>
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**Iron & Steel Foundries - 0.6%**

Precision Castparts Corp.	3,200	<u>105,600</u>
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**Laboratory Analytical Instruments - 1.0%**

Waters Corp. (a)	6,000	<u>160,200</u>
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**Life Insurance - 0.4%**

Prudential Financial, Inc.	2,000	<u>66,720</u>
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**Miscellaneous Shopping Goods Stores - 0.3%**

Office Depot, Inc. (a)	3,000	<u>50,400</u>
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**Motor Vehicle Parts & Accessories - 0.2%**

Delphi Corp.	1,000	13,200
Visteon Corp.	1,500	21,300
		<u>34,500</u>

**Motor Vehicles & Passenger Car Bodies - 0.8%**

General Motors Corp.	2,375	<u>126,944</u>
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**National Commercial Banks - 6.1%**

Bank One Corp.	200	7,696
Citigroup, Inc.	3,493	135,354
FleetBoston Financial Corp.	13,400	433,490
J.P. Morgan Chase & Co.	300	10,176
MBNA Corp.	8,000	264,560
U.S. Bancorp	6,745	157,496
		<u>1,008,772</u>

**Newspapers: Publishing Or Publishing & Printing - 0.5%**

Gannett, Inc.	100	7,590
Knight Ridder, Inc.	1,300	81,835
		<u>89,425</u>

**Operative Builders - 0.6%**

D.R. Horton, Inc.	4,050	<u>105,421</u>
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<b>Paper board containers &amp; boxes - 0.5%</b>		
Longview Fibre Co. (a)	8,000	<u>75,360</u>
<b>Pharmaceutical Preparations - 5.9%</b>		
Bristol-Myers Squibb, Co.	3,300	84,810
Merck & Co., Inc.	5,600	283,584
Pfizer Inc.	8,000	280,000
Schering-Plough, Corp.	14,000	<u>344,400</u>
		<u>992,794</u>
<b>Auxier Focus Fund</b>		
<b>Schedule of Investments - June 30, 2002 (continued)</b>		
<b>Common Stocks - 60.4% (continued)</b>		
<b>Radio &amp; TV Broadcasting &amp; Communications Equipment - 0.4%</b>		
Motorola, Inc.	5,000	<u>\$ 72,100</u>
<b>Real Estate Investment Trusts - 0.7%</b>		
Plum Creek Timber Co., Inc.	4,000	<u>122,400</u>
<b>Refuse Systems - 1.1%</b>		
Waste Management, Inc.	6,900	<u>179,745</u>
<b>Retail - Drug Stores &amp; Proprietary Stores - 0.4%</b>		
CVS Corp.	2,300	<u>70,380</u>
<b>Retail - Eating Places - 2.2%</b>		
McDonald's Corp.	12,900	<u>367,005</u>
<b>Retail - Family Clothing Stores - 0.1%</b>		
Gap, Inc.	1,600	<u>22,720</u>
<b>Retail - Grocery Stores - 3.1%</b>		
Albertson's, Inc.	5,350	162,961
Kroger Co. (a)	16,400	326,360
Safeway, Inc. (a)	1,000	<u>29,190</u>
		<u>518,511</u>
<b>Retail - Jewelry Stores - 0.0%</b>		
Tiffany & Co.	100	<u>3,520</u>
<b>Savings Institutions, Not Federally Chartered - 2.8%</b>		
Washington Mutual, Inc.	12,450	<u>462,019</u>
<b>Semiconductors &amp; Related Devices - 0.1%</b>		
TriQuint Semiconductor, Inc. (a)	3,000	<u>19,230</u>
<b>Services - Business Services - 3.0%</b>		
eFunds Corp. (a)	38,200	362,480
Viad Corp.	5,000	<u>130,000</u>
		<u>492,480</u>
		<u>                    </u>
		<u>                    </u>

<b>Services - Commercial Physical &amp; Biological Research - 0.1%</b>		
Edwards Lifesciences Corp. (a)	500	<u>11,460</u>
<b>Services - Computer Programming, Data Processing - 0.4%</b>		
AOL Time Warner, Inc. (a)	4,500	<u>66,195</u>
<b>Services - Educational Services - 0.1%</b>		
ITT Educational Services, Inc. (a)	900	<u>19,620</u>
<b>Services - Management Consulting Services - 1.3%</b>		
MAXIMUS, Inc. (a)	7,000	<u>221,900</u>
<b>Auxier Focus Fund</b>		
<b>Schedule of Investments - June 30, 2002 (continued)</b>		
<b>Common Stocks - 60.4% (continued)</b>		
<b>Services - Packaged Software - 0.1%</b>		
Equifax, Inc.	500	<u>\$ 13,500</u>
<b>Services - Personal Services - 0.1%</b>		
H & R Block, Inc.	200	<u>9,230</u>
<b>Services - Prepackaged Software - 0.8%</b>		
Openwave Systems, Inc. (a)	4,000	22,440
Novell, Inc. (a)	35,300	<u>113,313</u>
		<u>135,753</u>
<b>Services-Advertising Agencies - 0.7%</b>		
The Interpublic Group of Cos., Inc.	2,000	49,520
TMP Worldwide, Inc. (a)	2,800	<u>60,200</u>
		<u>109,720</u>
<b>Services-Computer Processing &amp; Data Preparation - 2.2%</b>		
IMS Health, Inc.	20,000	<u>359,000</u>
<b>Services-Educational Services - 0.7%</b>		
Learning Tree International, Inc. (a)	6,600	<u>122,364</u>
<b>Specialty Outpatient Facilities - 0.7%</b>		
SeraCare Life Sciences, Inc. (a)	18,500	<u>108,595</u>
<b>State Commercial Banks - 0.2%</b>		
Bank of New York Co., Inc.	1,000	<u>33,750</u>
<b>Surgical &amp; Medical Instruments &amp; Apparatus - 3.3%</b>		
Guidant Corp.	13,600	411,128
Utah Medical Products, Inc.	9,000	<u>142,830</u>
		<u>553,958</u>
<b>Telephone Communications (No Radiotelephone) - 0.5%</b>		
CenturyTel, Inc.	1,200	35,400
Sprint FON Group	4,300	<u>45,623</u>
		<u>81,023</u>

<b>Television Broadcasting Stations - 0.9%</b>		
Grupo Televisa, S.A. (a) (c)	3,900	<u>145,782</u>
<b>Water Transportation - 0.1%</b>		
Carnival Corp.	300	<u>8,307</u>
<b>TOTAL COMMON STOCKS (Cost \$10,303,807)</b>		<u>10,045,213</u>

<b>Unit Investment Trust - 0.1%</b>	<b>Shares</b>	<b>Value</b>
AMEX Financial Select Sector SPDR Fund	500	12,550
<b>TOTAL UNIT INVESTMENT TRUST (Cost \$12,885)</b>		<u>12,550</u>

**Auxier Focus Fund**  
**Schedule of Investments - June 30, 2002 (continued)**

	<b>Shares</b>	<b>Value</b>
<b>Preferred Stocks - 2.5%</b>		
Boston Edison Co. 4.25%	200	\$ 12,300
Central Power & Light Co. 4.00%	305	19,520
Cincinnati Gas & Electric Co. 4.00%	400	34,800
Cincinnati Gas & Electric Co. 4.75%	300	19,050
Dayton Power & Light Co. 3.90%	1,500	105,750
Hawaiian Electric Inc. 4.25%	4,000	44,125
Indianapolis Power and Light Co. 4.00%	300	16,941
Monongahela Power Co. 4.40%	100	6,920
Pacific Enterprises Co. 4.50%	1,000	64,250
Peco Energy Co. 3.80%	400	22,860
Public Service Electric & Gas Co. 4.08%	945	63,055
Westar Energy Inc. 4.25%	300	<u>16,650</u>
<b>TOTAL PREFERRED STOCK (Cost \$426,416)</b>		<u>426,221</u>

<b>Corporate Notes &amp; Bonds - 15.6%</b>		
Crown Cork & Seal Co. Unsecured Notes 7.125% 9/01/2002	170,000	167,450
Crown Cork & Seal Co. 6.75% 4/15/2003	100,000	91,000
Finova Group, Inc., 7.50% 11/15/2009	26,000	8,710
Fort James Group, Inc. Senior Notes 6.625% 9/15/2004	40,000	38,992

Fruit of the Loom 7.375% 11/15/2023 (d)	50,000	35,750
GATX Capital Corp. 8.25% 09/01/2003	360,000	364,478
Georgia Pacific Corp. Debentures, 7.70% 6/15/2015	70,000	62,118
GMAC Medium Term Notes 5.75% 10/15/2006	100,000	100,175
GMAC Notes, 6.875% 09/15/2011	200,000	198,898
GMAC Smart Notes, 7.50% 01/15/2012	40,000	40,605
Hilton Hotels Corp. Subordinated Notes 5.00% 05/15/2006	150,000	141,375
Nevada Power Co. Senior Notes 6.20% 04/15/2004	65,000	59,829
Pacific Gas & Electric Co. First Mortgage / Refunding Series 93 G 6.25% 3/01/2004	130,000	128,700
Pacific Gas & Electric Co. First Mortgage / Refunding Series 93E 5.88% 10/01/2005	125,000	121,250
Pacific Gas & Electric Co. First Mortgage / Refunding Series 92 D 8.25% 11/01/2022	60,000	60,300
Pacific Gas & Electric Co. First Mortgage / Refunding Series 93F 6.75% 10/01/2023	21,000	19,320
So. California Edison Co. Notes 6.375% 1/15/2006	50,000	47,250
So. California Edison Co. First Mortgage / Refunding Series 93I, 6.90% 10/1/2018	100,000	92,500
WMX Technologies Inc. Notes 6.38% 12/01/2003	170,000	173,963
WMX Technologies Inc. 7.00% 05/15/2005	51,000	53,452
Waste Management Inc. Senior Notes 7.375% 08/01/2010	154,000	160,149
Waste Management Inc. Debentures 7.65% 03/15/2011	401,000	<u>425,073</u>
<b>TOTAL CORPORATE BONDS (Cost \$2,572,568)</b>		<u>2,591,337</u>
		<b>Principal Value</b>
<b>Money Market Securities - 19.9%</b>		
Huntington Money Market Fund - Investment A, 0.76%, (Cost \$3,318,173) (b)	3,318,173	<u>3,318,173</u>
<b>TOTAL INVESTMENTS - 98.5% (Cost \$16,633,849)</b>		16,393,494
<b>Other assets less liabilities - 1.5%</b>		<u>244,709</u>
		\$
<b>TOTAL NET ASSETS - 100.0%</b>		<u><u>16,638,203</u></u>

(a) Non-income producing.

(b) Variable rate security; the coupon rate shown represents the rate at June 30, 2002.

(c) American Depositary Receipt

(d) Non-income producing security - issuer is in default

**Auxier Focus Fund**  
**Statement of Assets and Liabilities**  
**June 30, 2002**

**Assets**

	\$	
Investments in securities, at value (cost \$16,633,849)	16,393,494	
Cash	27,104	
Interest receivable	45,439	
Dividends receivable	15,315	
Receivable for investments sold	262,506	
Receivable for fund shares sold	114,346	
<b>Total assets</b>	<u>16,858,204</u>	

**Liabilities**

Accrued advisory fees	19,508	
Payable for investments purchased	200,493	
<b>Total liabilities</b>	<u>220,001</u>	

	\$	
<b>Net Assets</b>	<u>16,638,203</u>	16,638,203

**Net Assets consist of:**

Paid in capital	16,556,538	
Accumulated undistributed net investment income (loss)	43,485	
Accumulated net realized gain (loss) on investments	278,535	
Net unrealized appreciation (depreciation) on investments	<u>(240,355)</u>	

	\$	
Net Assets, for 1,469,121 shares	<u>16,638,203</u>	16,638,203

**Net Asset Value**

	\$	
Offering price and redemption price per share (\$16,638,203 / 1,469,121)	<u>11.33</u>	

**Auxier Focus Fund**  
**Statement of Operations**  
**for the year ended June 30, 2002**

**Investment Income**

Dividend income	\$ 109,162
Interest income	117,997
<b>Total Income</b>	<u>227,159</u>

**Expenses**

Investment advisor fee	147,525
Trustee expenses	2,222
<b>Total Expenses</b>	<u>149,747</u>
Reimbursed expenses	<u>(2,222)</u>
Total operating expenses	<u>147,525</u>
<b>Net Investment Income (Loss)</b>	<u>79,634</u>

**Realized & Unrealized Gain (Loss)**

Net realized gain (loss) on investment securities	303,257
Change in net unrealized appreciation (depreciation) on investment securities	<u>(682,921)</u>
Net realized and unrealized gain (loss) on investment securities	<u>(379,664)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u><u>\$ (300,030)</u></u>

**Auxier Focus Fund**  
**Statement of Changes in Net Assets**

	<u>Year ended June 30, 2002</u>	<u>Year ended June 30, 2001</u>	<u>Year ended June 30, 2000 (a)</u>
<b>Increase (Decrease) in Net Assets</b>			
<b>Operations</b>			
Net investment income (loss)	\$ 79,634	\$ 51,443	\$ 14,099
Net realized gain (loss) on investment securities	303,257	(6,003)	5,975
Change in net unrealized appreciation (depreciation)	<u>(682,921)</u>	<u>497,474</u>	<u>(54,908)</u>
Net increase (decrease) in net assets resulting from operations	<u>(300,030)</u>	<u>542,914</u>	<u>(34,834)</u>
<b>Distributions to shareholders</b>			
From net investment income	(71,862)	(26,392)	(3,437)
From net realized gain	<u>(18,729)</u>	<u>(5,965)</u>	<u>-</u>
Total distributions	<u>(90,591)</u>	<u>(32,357)</u>	<u>(3,437)</u>
<b>Share Transactions</b>			
Net proceeds from shares sold	10,074,386	5,255,592	1,370,891
Shares issued in reinvestment of distributions	90,185	32,294	3,437
Shares redeemed	<u>(219,862)</u>	<u>(50,370)</u>	<u>(15)</u>
<b>Net increase (decrease) in net assets resulting from share transactions</b>	<u>9,944,709</u>	<u>5,237,516</u>	<u>1,374,313</u>
<b>Total increase (decrease) in net assets</b>	<u>9,554,088</u>	<u>5,748,073</u>	<u>1,336,042</u>
<b>Net Assets</b>			
Beginning of period	<u>7,084,115</u>	<u>1,336,042</u>	<u>0</u>
End of period [including accumulated undistributed net investment income of \$43,485, and \$35,713, respectively]	<u>\$ 16,638,203</u>	<u>\$ 7,084,115</u>	<u>\$ 1,336,042</u>
<b>Shares of capital stock of the Fund sold and redeemed:</b>			
Shares sold	860,061	488,135	133,350
Shares reinvested	7,863	3,080	337
Shares redeemed	<u>(18,835)</u>	<u>(4,869)</u>	<u>(1)</u>
<b>Net increase (decrease) in number of shares outstanding</b>	<u>849,089</u>	<u>486,346</u>	<u>133,686</u>

**Auxier Focus Fund  
Financial  
Highlights**

	<u>Year ended June 30, 2002</u>	<u>Year ended June 30, 2001</u>	<u>Period ended June 30, 2000 (c)</u>	
<b>Selected Per Share Data</b>				
Net asset value, beginning of period	\$ 11.43	\$ 9.99	\$ 10.00	
Income from investment operations				
Net investment income	0.08	0.17	0.18	
Net realized and unrealized gain (loss)	(0.07)	1.43	(0.16)	
Total from investment operations	0.01	1.60	0.02	
Less distributions:				
Distributions from net investment income	(0.09)	(0.13)	(0.03)	
Distributions from net realized gains	(0.02)	(0.03)	0.00	
Total distributions	(0.11)	(0.16)	(0.03)	
Net asset value, end of period	<u>\$ 11.33</u>	<u>\$ 11.43</u>	<u>\$ 9.99</u>	
<b>Total Return</b>	0.07%	16.11%	0.23%	(a)
<b>Ratios and Supplemental Data</b>				
Net assets, end of period (000)	\$ 16,638	\$ 7,084	\$ 1,336	
Ratio of expenses to average net assets	1.35%	1.35%	1.35%	(b)
Ratio of expenses to average net assets before reimbursement	1.37%	1.41%	1.62%	(b)
Ratio of net investment income to average net assets	0.73%	1.56%	1.84%	(b)
Ratio of net investment income to average net assets before reimbursement	0.71%	1.50%	1.57%	(b)
Portfolio turnover rate	55.72%	41.46%	187.85%	

(a) For a period of less than a full year, the total return is not annualized.

(b) Annualized.

(c) For the period July 9, 1999 (commencement of operations) through June 30, 2000.

**Auxier Focus Fund**  
**Notes to Financial Statements**  
**June 30, 2002**

**NOTE 1. ORGANIZATION**

The Auxier Focus Fund (the “Fund”) was organized as a non-diversified series of the AmeriPrime Funds (the “Trust”) on February 2, 1999 and commenced operations on July 9, 1999. The Trust is established under the laws of Ohio by an Agreement and Declaration of Trust dated August 8, 1995 (the “Trust Agreement”). The Agreement permits the Board of Trustees (the “Board”) to issue an unlimited number of shares of beneficial interest of separate series without par value. The Fund is one of the series of funds currently authorized by the Trustees. The Fund’s investment objective is to provide long-term capital appreciation. The investment advisor to the Fund is Auxier Asset Management, LLC (the “Advisor”).

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

*Securities Valuation-* Securities that are traded on any exchange or on the NASDAQ over-the-counter market are valued at the last quoted sale price. Lacking a last sale price, a security is valued at its last bid price except when in the opinion of the Advisor the last bid price does not accurately reflect the current value of the security. All other securities for which over-the-counter market quotations are readily available are valued at their last bid price. When market quotations are not readily available, when the Advisor determines the last bid price does not accurately reflect the current value or when restricted securities are being valued, such securities are valued as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board of Trustees.

Fixed income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Advisor decides that a price provided by the pricing service does not accurately reflect the fair market value of the securities, when prices are not readily available from a pricing service or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board of Trustees. Short term investments in fixed-income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board of Trustees has determined will represent fair value.

*Federal Income Taxes-* The Fund intends to qualify each year as a “regulated investment company” under the Internal Revenue Code of 1986, as amended. By so qualifying, the Fund will not be subject to federal income taxes to the extent that it distributes substantially all of its net investment income and any realized capital gains.

*Dividends and Distributions-* The Fund intends to comply with federal tax rules regarding distribution of substantially all of its net investment income and capital gains. These rules may cause multiple distributions during the course of the year.

*Other-* The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities.

**Auxier Focus Fund**  
**Notes to Financial Statements**  
**June 30, 2002 - continued**

**NOTE 3. FEES AND OTHER TRANSACTIONS WITH AFFILIATES**

Auxier Asset Management, LLC, 8050 S.W. Warm Springs St., Suite 130, Tualatin, OR 97062, serves as investment advisor to the Fund. J. Jeffrey Auxier is President and Chief Investment Officer of the Advisor and is responsible for the day-to-day management of the Fund's portfolio. Also, J. Jeffrey Auxier may be deemed to be a controlling person of the Advisor due to his ownership of a majority of its shares.

Under the terms of the management agreement (the "Agreement"), the Advisor manages the Fund's investments subject to approval of the Board and pays all of the expenses of the Fund except brokerage fees and commissions, taxes, borrowing costs (such as interest and dividends on securities sold short), Rule 12b-1 expenses, fees and expenses of non-interested person Trustees and extraordinary expenses. As compensation for its management services and agreement to pay the Fund's expenses, the Fund is obligated to pay the Advisor a fee computed and accrued daily and paid monthly at an annual rate of 1.35% of the average value of its daily net assets of the Fund. It should be noted that most investment companies pay their own operating expenses directly, while the Fund's expenses, except those specified above, are paid by the Advisor. For the year ended June 30, 2002, the Advisor received a fee of \$147,525 from the Fund. The Advisor has contractually agreed to reimburse the Fund for the fees and expenses of the disinterested Trustees through October 31, 2002. For the year ended June 30, 2002, the Advisor reimbursed expenses of \$2,222.

The Fund retains Unified Fund Services, Inc. ("Unified") a wholly owned subsidiary of Unified Financial Services, Inc., to manage the Fund's business affairs and provide the Fund with administrative, transfer agency, and fund accounting services, including all regulatory reporting and necessary office equipment and personnel. The Advisor paid all administrative, transfer agency, and fund accounting fees on behalf of the Fund per the Agreement.

A Trustee and the officers of the Trust are members of management and/or employees of Unified and shareholders of the Fund.

The Fund retains Unified Financial Securities, Inc., a wholly owned subsidiary of Unified Financial Services, Inc. to act as the principal distributor of its shares. There were no payments made to Unified Financial Securities, Inc. during the fiscal year June 30, 2002. A Trustee and officer of the Trust may be deemed to be an affiliate of Unified Financial Securities, Inc.

**NOTE 4. INVESTMENTS**

For the year ended June 30, 2002, purchases and sales of investment securities, other than short term investments, aggregated \$13,402,551 and \$4,113,996, respectively. As of June 30, 2002, the gross unrealized appreciation for all securities totaled \$686,687 and the gross unrealized depreciation for all securities totaled \$927,042 for a net unrealized depreciation of \$240,355. The aggregate cost of securities for federal income tax purposes at June 30, 2002 was \$16,636,830. The difference between book cost and tax cost consists of wash sales in the amount of \$2,981.

**Auxier Focus Fund**  
**Notes to Financial Statements**  
**June 30, 2002 – continued**

**NOTE 5. ESTIMATES**

Preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 6. RELATED PARTY TRANSACTIONS**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of June 30, 2002, Charles Schwab & Co. held 60.93% of the outstanding Fund shares in an omnibus account for the benefit of others.

**NOTE 7. ELECTION OF TRUSTEES**

At a special meeting of the shareholders held on May 29, 2002, a vote was held to elect members to serve on the Board of Trustees. The vote tally for each Trustee is as follows:

	For	Withheld	Total
Gary Hippenstiel	10,516,210.432	648,472.896	11,164,683.328
Mark Muller	10,856,443.432	308,239.896	11,164,683.328
Ken Trumpfheller	10,493,506.432	671,176.896	11,164,683.328
Richard Wright	10,858,138.432	306,544.896	11,164,683.328

## Information Regarding Trustees and Officers

The Board of Trustees supervises the business activities of the Trust. Each Trustee serves as a trustee until the termination of the Trust unless the Trustee dies, resigns, retires or is removed.

The following table provides information regarding each Trustee who is not an “interested person” of the Trust, as defined in the Investment Company Act of 1940.

Name, Age and Address	Position(s) Held with Trust	Length of Time Served	Number of Portfolios in Fund Complex** Overseen by Trustee
Mark W. Muller 5016 Cedar River Tr. Fort Worth, Texas 76137 Year of Birth: 1964	Trustee	Trustee since 1999	35
<b>Principal Occupations During Past 5 Years</b>		<b>Other Directorships Held by Trustee</b>	
President of JAMAR Resources, Inc., a manufacturers representative firm, September 2001 to present. Account Manager for SCI, Inc., a custom manufacturer, from April 2000 to September 2001. Account Manager for Clarion Technologies, a manufacturer of automotive, heavy truck, and consumer goods, from 1996 to April 2000. From 1986 to 1996, an engineer for Sicor, a telecommunication hardware company.		None	
Name, Age and Address	Position(s) Held with Trust	Length of Time Served	Number of Portfolios in Fund Complex** Overseen by Trustee
Gary E. Hippenstiel 600 Jefferson Street Suite 350 Houston, TX 77002 Year of Birth: 1947	Trustee	Trustee since 1995	17
<b>Principal Occupations During Past 5 Years</b>		<b>Other Directorships Held by Trustee</b>	
Director, Vice President and Chief Investment Officer of Legacy Trust Company since 1992; President and Director of Heritage Trust Company from 1994-1996; Vice President and Manager of Investments of Kanaly Trust Company from 1988 to 1992.		None	
Name, Age and Address	Position(s) Held with Trust	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Trustee
Richard J. Wright, Jr. 13532 N. Central Expressway MS 3800 Dallas, Texas 75243 Year of Birth: 1962	Trustee	Trustee since 1999	35
<b>Principal Occupations During Past 5 Years</b>		<b>Other Directorships Held by Trustee</b>	
Various positions with Texas Instruments, a technology company, since 1985, including the following: Program Manager for Semi-Conductor Business Opportunity Management System, 1998 to present; Development Manager for web-based interface, 1999 to present; Systems Manager for Semi-Conductor Business Opportunity Management System, 1997 to 1998; Development Manager for Acquisition Manager, 1996-1997; Operations Manager for Procurement Systems, 1994-1997.		None	

The following table provides information regarding each Trustee who is an “interested person” of the Trust, as defined in the Investment Company Act of 1940, and each officer of the Trust.

<b>Name, Age and Address</b>	<b>Position(s) In Fund Complex**</b>	<b>Length of Time Served</b>	<b>Number of Portfolios in Fund Complex** Overseen by Trustee</b>
Kenneth D. Trumpfheller* 1725 E. Southlake Blvd. Suite 200 Southlake, Texas 76092 Year of Birth: 1958	President, Secretary and Trustee	Trustee and President since 1995 Secretary since 2000	35
<b>Principal Occupations During Past 5 Years</b>		<b>Other Directorships Held by Trustee</b>	
President and Managing Director of Unified Fund Services, Inc., the Fund’s transfer agent, fund accountant and administrator, since October 2000. President, Treasurer and Secretary of AmeriPrime Financial Services, Inc., a fund administrator, (which merged with Unified Fund Services, Inc.) from 1994 through October 2000. President, Treasurer and Secretary of AmeriPrime Financial Securities, Inc., the Trust’s distributor through December 2000, from 1994 through December 2000.		None	

<b>Name, Age and Address</b>	<b>Position(s) in Fund Complex</b>	<b>Length of Time Served</b>	<b>Number of Portfolios in Fund Complex** Overseen by Trustee</b>
Robert A. Chopyak 1725 E. Southlake Blvd. Suite 200 Southlake, Texas 76092 Year of Birth: 1968	Treasurer and Chief Financial Officer	Treasurer and CFO since 2000	N/A

<b>Principal Occupations During Past 5 Years</b>	<b>Other Directorships Held by Trustee</b>
Assistant Vice-President of Financial Administration of Unified Fund Services, Inc., the Fund’s transfer agent, fund accountant and administrator, since August 2000. Manager of AmeriPrime Financial Services, Inc. from February 2000 to August 2000. Self-employed, performing Y2K testing, January 1999 to January 2000. Vice President of Fund Accounting, American Data Services, Inc., a mutual fund services company, October 1992 to December 1998.	None

\*Mr. Trumpfheller in an “interested person” of the Trust because he is an officer of the Trust. In addition, he may be deemed to be an “interested person” of the Trust because he is a registered principal of the Trust’s distributor.

\*\*As of December 31, 2001, the term “Fund Complex” refers to AmeriPrime Funds and AmeriPrime Advisors Trust.

The Statement of Additional Information includes additional information about the Trustees and is available without charge upon request, by calling toll free at 1-877-3Auxier or 877-328-9437.

## INDEPENDENT AUDITOR'S REPORT

To The Shareholders and  
Board of Trustees  
Auxier Focus Fund (a series of the AmeriPrime Funds)

We have audited the accompanying statement of assets and liabilities of the Auxier Focus Fund, including the schedule of portfolio investments, as of June 30, 2002, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the two years in the period then ended and for the period of July 9, 1999 (commencement of operations) to June 30, 2000. 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 investments and cash held as of June 30, 2002 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, 2002, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the two years in the period then ended and the period of July 9, 1999 (commencement of operations) to June 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

McCurdy & Associates CPA's, Inc.  
Westlake, Ohio 44145  
July 17, 2002