# AUXIER FOCUS FUND

## Semi-Annual Report

**December 31, 2018**
**(Unaudited)**

**Fund Adviser:**

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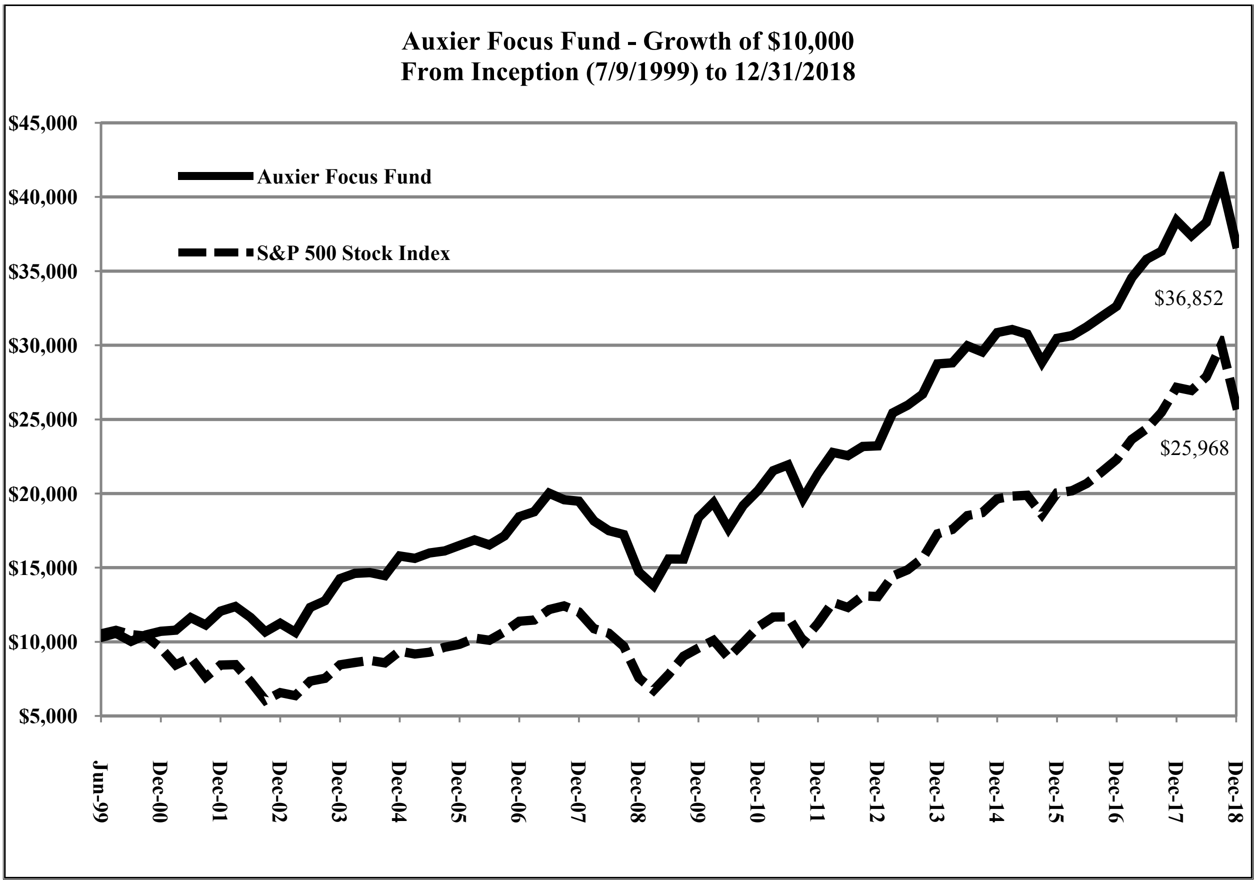
**Market Commentary**

In the fourth quarter, the S&P 500 fell 13.52%. We just endured the worst December market downturn in 88 years. For the first time since 1994, Treasury bills beat most major investment classes as over 95% of global assets declined in 2018. Speculation in the energy sector over Iranian sanctions was purged in the quarter as oil prices plunged 39% from their peak in early October. The energy sector was the worst performer, down 24%. Due in large part to amazing output from the Permian Basin, US crude production grew to a record 11.9 million barrels per day late last year. The US is now the number one producer in the world. This is like a huge tax cut for Americans who are traveling more in larger vehicles and valuing "experiences." Global travel and tourism have outstripped growth in GDP the past seven years by a large margin. With consumer spending comprising over two thirds of the US economy, oil declines are a big plus. The deep economic downturns in the 1970s were largely a result of parabolic price increases in oil. Today just the opposite. Oil, natural gas, wind, solar, battery storage, etc. point to ample supplies while technology is helping to mitigate demand. This together with strong employment gains are a stabilizing force for the US economy. Skilled workers are finally seeing a real reward for their labor. There now is a shortage of 60,000 truck drivers. While the domestic economy has been strong, we are seeing a deceleration in earnings growth for many sectors of the S&P as the world economy slows.

It is estimated that over 85% of trading on the exchanges is now tied to momentum-based mathematical algorithms. With the proliferation of exchange traded funds, investors may have miscalculated liquidity. An exchange traded fund can't be more liquid than the underlying securities. It was the high expectation momentum stocks that suffered the most in this correction. In a momentum market it is easy to lose price discipline, to overpay and over-borrow both for acquisitions and stock buybacks. The good news on the buy side, we are seeing a meaningful compression in price earnings multiples which benefits long-term investors seeking double-play returns. The semi-informed electronic herd is creating great opportunities for the diligent investor, armed with cumulative knowledge of underlying facts, fundamentals and cycles. Rigorous day-to-day research can pay off big in bad markets by understanding where you are in the cycle and being able to quantify and minimize risk while increasing odds.

I like to study high achievers in any field. I am reading a biography on the champion New England Patriots football coach Bill Belichick. He was watching game film at age six. He talks about the grinding day-to-day process. Not the results. There are no easy formulas. It is day-to-day nitty gritty grinding focus on details. Costco founder Jim Sinegal was famous for his saying "retail is detail." That is what serious investing is all about. Otherwise you are speculating. With a normalization of interest rates and the reduction of the Fed's balance sheet at $50 billion a month, there seems to be a shift from momentum and "growth at any price" to cash flow and valuation. Our most profitable investments have usually started with bad headlines, some pain and a bargain price. Conversely, investment cycles end when everything looks great. In 2000 market darling Cisco looked terrific. Then, over the 13 months ended April 6, 2001, it plummeted from $82 to $13.83. We remain focused on the operating fundamentals and cash flow of individual businesses and where we are in each industry cycle.

**Performance Update**




Auxier Focus Fund's Investor Class declined 10.36% in the fourth quarter vs. a drop of 13.52% for the S&P 500 Index. For the full year the investor class returned -4.06%. The S&P gave back 4.38%. The NYSE Composite Index which includes all the common stock listed on the New York Stock Exchange lost 11.2%. Foreign emerging markets declined 17% with China's Shanghai Index surrendering 24.6%. In the Fund, domestic stocks comprised 77%, foreign 14%, with cash and "workouts" 9%. From inception at the top of the market in July 1999 to December 31, 2018, a hypothetical $10,000 investment in the Fund has grown to $36,852 with an average equity exposure of 80%. This compares favorably to $25,968 for the fully invested S&P 500. We would encourage investors to check our our risk-adjusted results in the most difficult down markets over the past 19 years. Our focus is on a systematic low risk approach to the markets and in harnessing the power of compounding.

Auxier Focus Fund – Investor Class
Average Annual Total Returns (12/31/18
Since Inception (07/09/1999) 6.93%
10-year 9.61%
5-year 5.10%
1-year -4.06%
3-month -10.36%

*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 1.10%. 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 at 0.98%, which is in effect until October 31, 2019. 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 Adviser's website at 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.*

| Top Holdings on 12/31/2018 | % Assets |
|---|---|
| UnitedHealth Group, Inc. | 4.5% |
| Mastercard, Inc., Class A | 4.1% |
| Bank of New York Mellon Corp. | 3.7% |
| Medtronic PLC | 3.6% |
| Microsoft Corp. | 3.3% |
| PepsiCo., Inc. | 3.3% |
| Johnson & Johnson | 3.2% |
| Merck & Co., Inc. | 2.7% |
| Philip Morris International | 2.6% |
| Kroger Co. | 2.5% |

**Contributors to the period: Our outlook on a cross section of portfolio positions with a positive return for the period ended 12/31/2018.**

Yum! Brands, Inc. (YUM)
The parent company of some of the largest chain restaurants in the world, Yum! Brands manages Taco Bell, KFC, Pizza Hut and WingStreet outside of China. Between all their brands, Yum! operates over 46,000 restaurants with over $46 billion in annual sales. KFC, Pizza Hut and Taco Bell are number one globally in the chicken, pizza and Mexican food categories respectively. With approximately 98% of their restaurants franchised, Yum! Brands has managed to create a global fast food empire while remaining capital light and reducing their own risk.

The Coca-Cola Co. (KO)
Coca-Cola is working to expand into other markets and make strategic acquisitions that align with their expertise while continuing their current dominance in the carbonated beverages market. They recently acquired Costa Limited to enter the $500 billion annual hot beverage market and have launched Smartwater in 20 new markets in 2018.

McDonald's (MCD)
Management led by CEO Steve Easterbrook has been aggressively offering delivery, mobile order and digital menu boards. They have reduced overhead costs while improving the quality and consistency of their stores. So far this year, their company-operated restaurant expenses are down 17% and their selling, general and administrative expenses are down 9%. McDonald's recently partnered with Uber Eats to deliver their food and launch a new ad campaign.

Merck & Co. (MRK)
Merck is known for its signature drug, Keytruda, an immunotherapy drug currently registered to treat seven different types of cancer that brings in nearly $2 billion quarterly. Despite having a blockbuster drug that is still on the upswing, Merck has continued to strengthen their pipeline and invest in new drugs such as Gardasil, an HPV vaccine that is already bringing in over $1 billion per quarter, and Bridion, the first selective relaxant binding agent on the market.

Procter & Gamble Co. (PG)
Management has focused on reducing their costs of products sold and their selling, general and administrative expenses in order to maximize the amount of capital they can return to shareholders. In the first quarter of their fiscal year, Procter & Gamble returned $3.2 billion to shareholders through dividends ($1.9 billion) and stock repurchases ($1.3 billion). Led by activist investor Nelson Peltz, PG has restructured its business around six "small business units" each with their own management team. They have reduced brands from 165 to 65 in order to compete with smaller, more nimble companies such as Harry's Shave Club while still granting them the cost synergies of a massive company.

**Detractors to the period: Our outlook on a cross section of portfolio positions with a negative return for the period ended 12/31/2018:**

Zimmer Biomet Holdings (ZBH)
Fundamentals at Zimmer Biomet are steady with a powerful franchise in hip and knee replacements. ZBH generates over $1 billion annually in free cash flow. They are close to an FDA approval for their total knee replacement Rosa robot. A Zimmer Biomet manufacturing plant in Indiana has been hampered by regulatory issues the past two years but management is showing steady progress in fixing the problem. We see good upside in the stock when this problem is ultimately corrected.

Discovery, Inc. (DISCA)
Discovery continues to build their media influence of unscripted content. As the leading provider of nonfiction content, Discovery has built a global market focusing on "superfans." They have tapped into offering shows that no other platform runs, while also picking up the rights to niche sports like golf and tennis. Recently, news was released that CBS is looking to grow their balance sheet, in order to renew the rights to the NFL. Bankers have pitched Discovery as a merger target. While we don't know if CBS will acquire them, we do feel consolidation in this space will happen due to the need to scale up against players like Amazon and Netflix. The stock seems really cheap at nine times earnings with a double-digit free cash flow yield.

Altria Group, Inc. (MO)
Altria has aggressively pushed its way into the new E-cigarette (also known as vaping) and cannabis markets by making deals with Cronos and Juul. With Cronos, Altria gets a 45%, with an option to increase to 55%, stake in a Canadian marijuana company with a strong research division and an asset-lite approach that avoids the actual cultivation of marijuana. With Juul, Altria gets a 35% stake in one of the fastest growing E-cigarette companies while also providing it with the cash to continue its rapid growth. Sales for Juul grew from $200 million in 2017 to over $1 billion in 2018. However, they paid a very steep price for entry.

Bank of America Corp. (BAC)
Management at Bank of America, led by CEO Brian Moynihan, is working on reducing risk and becoming more efficient while enhancing the customer experience. In early 2019, Bank of America was awarded the first J.D. Power and Associates' website certification for online experience while last year they were awarded J.D. Power's first mobile app certification. The stock looks inexpensive at less than ten times 2019 earnings estimates.

Mastercard Inc. (MA)
Despite strong performance with currency neutral revenue growth of 17% and earnings growth of 36%, Mastercard has fallen from its peak in the fall of 2018 due to macroeconomic concerns. Mastercard has done a great job in fending off the competition in the digital payments space while taking advantage of the digital trends away from cash payments.

**Risks**

It is difficult to endure long term without a vigilant eye on risk. Risk management is most valuable in expensive markets as torpedo drops interrupt the compounding process. Rapidly growing debt loads are often a precursor to economic panics and downturns. Rising interest rates tend to expose poor capital allocation. As the Federal Reserve has been reducing their balance sheet by $50 billion a month, that has led to increased volatility and shifted investor focus away from just revenue growth to cash and balance sheet strength. This past year digital speculation in the form of Bitcoin crashed from over $20,000 at the peak to under $4,000. US venture-backed companies raised a record $131 billion in 2018 topping the $105 billion set in 2000 according to PitchBook. This combined with record funding out of Japan with Softbank and China points to the potential for oversupply in many areas of technology. This could get worse if the tech initial public offerings overheat in 2019. The cash burn1 on startups in Silicon Valley is far greater than the mania peak in 2000. The growth in borrowings out of China and the lack of price discipline in foreign acquisitions is very similar to the behavior of the Japanese in the late 1980s. They were paying crazy prices for trophy properties like Pebble Beach and Rockefeller Center. The past few years the Chinese have overpaid for the Waldorf Astoria and many other “trophy” names. This led to the seizure in 2018 of the largest Chinese insurance conglomerate Anbang. The Japanese Nikkei Stock Index hit a peak over 39,000 in 1989 only to drop to 7,500 twenty years later after their debt binge. The true cost in investing is not knowing what you own or what you are doing.

Other misperceptions of risk include the safety of utilities and big companies. Recently the largest utility in the country, Pacific Gas and Electric, declared bankruptcy over wildfire liabilities in California. In 2007 Texas Utilities went bankrupt. In 2001 Enron was the largest bankruptcy in history, a year after Fortune magazine featured them as having industry best practices. In 2000 CFO magazine named Enron’s Andrew Fastow CFO of the year. Enron had acquired our local utility Portland General Electric and we saw the rapid buildup of off-balance sheet debt and sold the stock at $80 before it dropped to zero. Overpaying and overborrowing are the recurring sins of capital allocation.

**Opportunities**

Corrections and recessions are necessary to purge imbalances in a market-based economy. They should be welcomed as an opportunity to shop for the best quality investments at bargain prices. I remember like yesterday personally investing in 1994, the last time T-bills outperformed stocks (S&P 500). The number two economy at the time was Japan which suffered from crushing debt, crashing stock and real estate markets. The fears proved to be overblown. Fast forward to today, and China’s slowdown has captivated the investment news. In 2017 US exports to China were $130 billion or .6% of our $21 trillion economy. Imports from China were $506 billion. Our portfolio’s valuation is an attractive 13.9 times forward earnings with good free cash characteristics. Our greatest investments have been made in the time of market panics or recessions. Today, emerging markets (MSCI Emerging Markets Index) are interesting at 12 times earnings. The Fund is positioned for a slowdown based on quality, balance sheet strength and free cash flow yields. Being late in the economic cycle, we have remained weighted in healthcare despite negative headlines. Since 1946 healthcare has outperformed the market, as measured by the S&P 500, 75% of the time in down markets. We like the innovation we are seeing in medical technology with data analytics leading to rapid advances in tackling cancer, brain and other chronic diseases.

We appreciate your trust.

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.

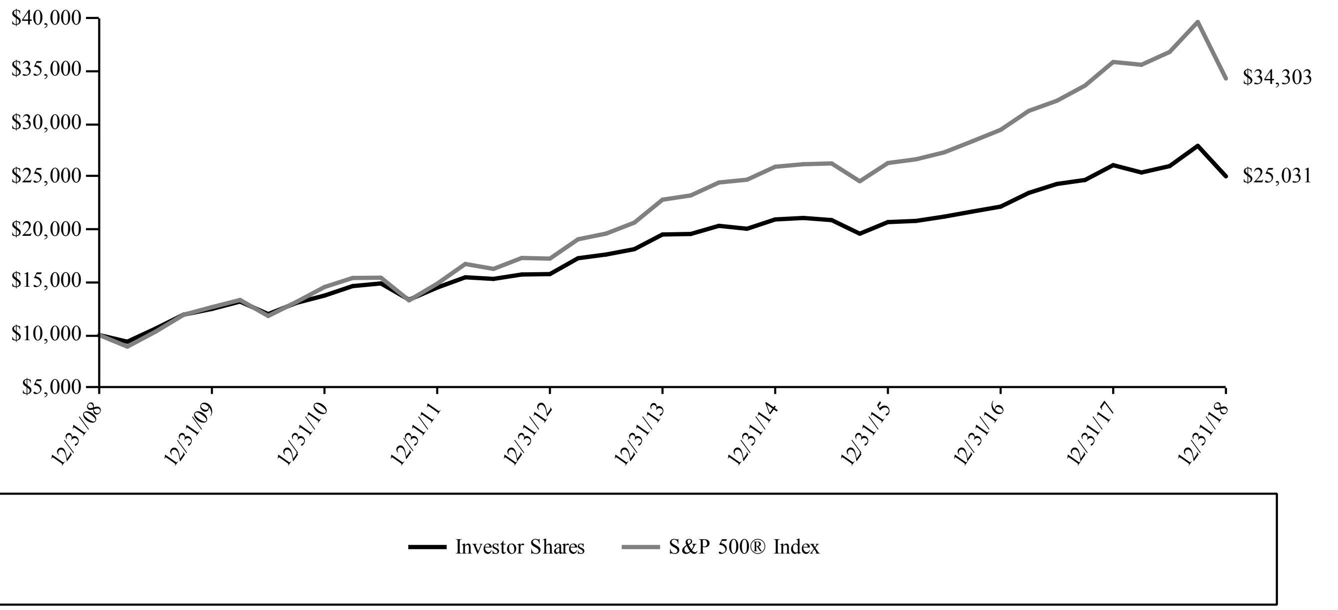
[1] Cash burn aka burn rate is normally used to describe the rate at which a new company is spending its venture capital to finance overhead before generating positive cash flow from operations; it is a measure of negative cash flow.

*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 MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets countries. 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.*

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 Auxier Focus Fund (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 measurement of the U.S. stock market based on the performance of 500 widely held large capitalization 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 index 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 index does not include expenses. The Fund is professionally managed, while the index 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, 2018** | **One Year** | **Five Years** | **Ten Years** | **Since Inception[1]** |
|---|---|---|---|---|
| Investor Shares | -4.06% | 5.10% | 9.61% | 6.93% |
| S&P 500® Index (Since July 9, 1999) | -4.38% | 8.49% | 13.12% | 5.02% |
| A Shares (with sales charge)[2],[3] | -9.84% | 3.70% | 8.87% | 6.56% |
| Institutional Shares[3] | -3.88% | 5.31% | 9.76% | 7.00% |

[1] Investor, A Shares and Institutional Shares commenced operations on July 9, 1999, July 8, 2005 and May 9, 2012, respectively.

[2] 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.

[3] For 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 Institutional Shares. For A Shares, performance for the since inception period is a blended average annual return which includes the return of the Investor Shares prior to commencement of operations of the A 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. As stated in the Fund's prospectus, the annual operating expense ratios (gross) for Investor Shares, A Shares and Institutional Shares are 1.10%, 1.44% and 1.10%, respectively. However, the Fund's Adviser has contractually agreed to waive its fee and/or reimburse Fund expenses to limit Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement (excluding all taxes, interest, portfolio transaction expenses, dividend expenses on short sales, and extraordinary expenses) to 0.98%, 1.25% and 0.80% of the Investor Shares, A Shares and Institutional Shares, respectively, through October 31, 2019 (the "Expense Cap"). The Expense Cap may be raised or eliminated only with the consent of the Board of Trustees. The Adviser may be reimbursed by the Fund for fees waived and expenses reimbursed by the Adviser pursuant to the Expense Cap if such payment is made within three years of the fee waiver or expense reimbursement and does not cause the Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to exceed the lesser of (i) the then-current expense cap and (ii) the expense cap in place at the time the fees/expenses were waived/reimbursed. Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement will increase if exclusions from the Expense Cap apply. Shares redeemed or exchanged 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. For the most recent month-end performance, please call (877) 328-9437 or visit www.auxierasset.com.*

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.

| Shares | Security Description | Value |
|---|---|---|
| **Equity Securities - 91.4%** | | |
| **Common Stock - 91.4%** | | |
| **Communications - 2.3%** | | |
| 220,175 | America Movil SAB de CV, ADR | $ 3,137,494 |
| 1,719 | Cisco Systems, Inc. | 74,484 |
| 187,738 | Telefonica SA, ADR | 1,588,263 |
| 8,845 | Viacom, Inc., Class B | 227,317 |
| | | 5,027,558 |
| **Consumer Cyclicals - 0.3%** | | |
| 20,475 | DR Horton, Inc. | 709,664 |
| **Consumer Discretionary - 6.4%** | | |
| 54,379 | Arcos Dorados Holdings, Inc., Class A | 429,594 |
| 34,000 | Becle SAB de CV | 43,180 |
| 52,910 | Comcast Corp., Class A | 1,801,585 |
| 11,965 | CVS Health Corp. | 783,947 |
| 112,077 | Discovery Communications, Inc., Class A [a] | 2,772,785 |
| 4,641 | Discovery Communications, Inc., Class C [a] | 107,114 |
| 16,250 | General Motors Co. | 543,562 |
| 169,545 | Lincoln Educational Services Corp. [a] | 542,544 |
| 18,550 | Lowe's Cos., Inc. | 1,713,278 |
| 6,156 | McDonald's Corp. | 1,093,121 |
| 55,752 | Sally Beauty Holdings, Inc. [a] | 950,572 |
| 1,176 | The Andersons, Inc. | 35,151 |
| 4,725 | The Home Depot, Inc. | 811,849 |
| 17,150 | Walmart, Inc. | 1,597,523 |
| 7,050 | Yum China Holdings, Inc. | 236,387 |
| 7,050 | Yum! Brands, Inc. | 648,036 |
| | | 14,110,228 |
| **Consumer Staples - 16.7%** | | |
| 63,025 | Altria Group, Inc. | 3,112,805 |
| 34,055 | British American Tobacco PLC, ADR | 1,084,992 |
| 13,200 | Coca-Cola HBC AG, ADR [a] | 409,926 |
| 5,135 | Diageo PLC, ADR | 728,143 |
| 3,214 | Lamb Weston Holdings, Inc. | 236,422 |
| 50,327 | Molson Coors Brewing Co., Class B | 2,826,364 |
| 34,800 | Monster Beverage Corp. [a] | 1,712,856 |
| 64,820 | PepsiCo., Inc. | 7,161,314 |
| 84,525 | Philip Morris International, Inc. | 5,642,889 |
| 97,136 | Tesco PLC, ADR | 711,035 |
| 55,300 | The Coca-Cola Co. | 2,618,455 |
| 2,845 | The J.M. Smucker Co. | 265,979 |
| 203,368 | The Kroger Co. | 5,592,620 |
| 14,025 | The Procter & Gamble Co. | 1,289,178 |
| 65,421 | Unilever NV, ADR | 3,519,650 |
| | | 36,912,628 |
| **Energy - 4.0%** | | |
| 144,810 | BP PLC, ADR | 5,491,195 |
| 7,430 | Chevron Corp. | 808,310 |
| 13,600 | ConocoPhillips | 847,960 |
| 7,800 | Phillips 66 | 671,970 |
| 14,415 | Valero Energy Corp. | 1,080,692 |
| | | 8,900,127 |
| **Financials - 20.9%** | | |
| 55,260 | Aflac, Inc. | 2,517,646 |
| 49,445 | American International Group, Inc. | 1,948,627 |
| 1,280 | Ameriprise Financial, Inc. | 133,594 |
| 201,699 | Bank of America Corp. | 4,969,863 |
| 16,545 | Berkshire Hathaway, Inc., Class B [a] | 3,378,158 |
| 67,374 | Central Pacific Financial Corp. | 1,640,557 |
| 25,975 | Citigroup, Inc. | 1,352,258 |
| 5,616 | Colliers International Group, Inc. | 309,105 |
| 132,268 | Credit Suisse Group AG, ADR | 1,436,430 |
| **Financials - 20.9% (continued)** | | |
| 5,616 | FirstService Corp. | $ 384,584 |
| 66,668 | Franklin Resources, Inc. | 1,977,373 |
| 9,500 | Legg Mason, Inc. | 242,345 |
| 2,025 | Marsh & McLennan Cos., Inc. | 161,494 |
| 47,550 | Mastercard, Inc., Class A | 8,970,307 |
| 1,100 | PayPal Holdings, Inc. [a] | 92,499 |
| 171,625 | The Bank of New York Mellon Corp. | 8,078,389 |
| 25,918 | The Travelers Cos., Inc. | 3,103,680 |
| 7,350 | U.S. Bancorp | 335,895 |
| 15,249 | Unum Group | 448,016 |
| 31,600 | Visa, Inc., Class A | 4,169,304 |
| 14,350 | Waddell & Reed Financial, Inc., Class A | 259,448 |
| 4,400 | Wells Fargo & Co. | 202,752 |
| | | 46,112,324 |
| **Health Care - 25.4%** | | |
| 45,051 | Abbott Laboratories | 3,258,539 |
| 2,900 | Alkermes PLC [a] | 85,579 |
| 4,230 | Allergan PLC | 565,382 |
| 740 | Amgen, Inc. | 144,056 |
| 18,981 | Anthem, Inc. | 4,984,980 |
| 12,200 | Becton Dickinson and Co. | 2,748,904 |
| 11,990 | Biogen, Inc. [a] | 3,608,031 |
| 13,490 | Cigna Corp. | 2,562,059 |
| 1,780 | Gilead Sciences, Inc. | 111,339 |
| 1,700 | GlaxoSmithKline PLC, ADR | 64,957 |
| 54,240 | Johnson & Johnson | 6,999,672 |
| 86,318 | Medtronic PLC | 7,851,485 |
| 78,159 | Merck & Co., Inc. | 5,972,129 |
| 7,282 | Pfizer, Inc. | 317,859 |
| 22,337 | Quest Diagnostics, Inc. | 1,860,002 |
| 39,871 | UnitedHealth Group, Inc. | 9,932,664 |
| 47,400 | Zimmer Biomet Holdings, Inc. | 4,916,328 |
| | | 55,983,965 |
| **Industrials - 4.1%** | | |
| 1,240 | Caterpillar, Inc. | 157,567 |
| 128,341 | Corning, Inc. | 3,877,182 |
| 3,695 | FedEx Corp. | 596,114 |
| 9,157 | Gates Industrial Corp. PLC [a] | 121,239 |
| 88,671 | Manitex International, Inc. [a] | 503,651 |
| 11,500 | Raytheon Co. | 1,763,525 |
| 7,375 | Textainer Group Holdings, Ltd. [a] | 73,455 |
| 2,350 | The Boeing Co. | 757,875 |
| 11,595 | United Parcel Service, Inc., Class B | 1,130,860 |
| | | 8,981,468 |
| **Information Technology - 7.2%** | | |
| 1,430 | Alphabet, Inc., Class A [a] | 1,494,293 |
| 35,910 | Cerner Corp. [a] | 1,883,120 |
| 16,675 | Cognizant Technology Solutions Corp., Class A | 1,058,529 |
| 3,155 | Facebook, Inc., Class A [a] | 413,589 |
| 71,887 | Microsoft Corp. | 7,301,563 |
| 82,320 | Oracle Corp. | 3,716,748 |
| | | 15,867,842 |
| **Materials - 3.7%** | | |
| 14,225 | Celanese Corp., Class A | 1,279,823 |
| 85,376 | DowDuPont, Inc. | 4,565,908 |
| 26,505 | LyondellBasell Industries NV, Class A | 2,204,156 |
| 4,980 | The Mosaic Co. | 145,466 |
| | | 8,195,353 |
| **Telecommunications - 0.1%** | | |
| 22,075 | CenturyLink, Inc. | 334,436 |

| Shares | Security Description | | Value |
|---|---|---|---|
| **Transportation - 0.3%** | | | |
| 2,550 | Delta Air Lines, Inc. | $ | 127,245 |
| 3,160 | Union Pacific Corp. | | 436,807 |
| | | | 564,052 |
| Total Common Stock (Cost $117,307,781) | | | **201,699,645** |
| **Total Equity Securities (Cost $117,307,781)** | | | **201,699,645** |

| Principal | Security Description | Rate | Maturity | Value |
|---|---|---|---|---|
| **Fixed Income Securities - 8.2%** | | | | |
| **Corporate Non-Convertible Bonds - 0.7%** | | | | |
| **Financials - 0.5%** | | | | |
| $ 500,000 | JPMorgan Chase & Co. (callable at 100) (b)(c) | 4.63% | 11/01/22 | 424,950 |
| 400,000 | SunTrust Banks, Inc. (callable at 100) (b)(c) | 5.13 | 12/15/27 | 340,102 |
| 500,000 | The Goldman Sachs Group, Inc. (callable at 100) (b)(c) | 5.00 | 11/10/22 | 422,813 |
| | | | | 1,187,865 |
| **Industrials - 0.2%** | | | | |
| 450,000 | General Electric Co. (callable at 100) (b)(c) | 5.00 | 01/21/21 | 344,812 |
| Total Corporate Non-Convertible Bonds (Cost $1,815,433) | | | | **1,532,677** |
| **U.S. Government & Agency Obligations - 7.5%** | | | | |
| **U.S. Treasury Securities - 7.5%** | | | | |
| 2,100,000 | U.S. Treasury Bill (d) | 2.32 | 01/02/19 | 2,100,000 |
| 6,400,000 | U.S. Treasury Bill (d) | 2.24 | 01/08/19 | 6,397,574 |
| 2,000,000 | U.S. Treasury Bill (d) | 2.29 | 01/15/19 | 1,998,337 |
| 6,000,000 | U.S. Treasury Bill (d) | 2.28 | 01/22/19 | 5,992,234 |
| | | | | 16,488,145 |
| Total U.S. Government & Agency Obligations (Cost $16,487,334) | | | | **16,488,145** |
| **Total Fixed Income Securities (Cost $18,302,767)** | | | | 18,020,822 |
| **Investments, at value - 99.6% (Cost $135,610,548)** | | | | **$ 219,720,467** |
| **Other Assets & Liabilities, Net - 0.4%** | | | | **876,136** |
| **Net Assets - 100.0%** | | | | **$ 220,596,603** |

ADR American Depositary Receipt
PLC Public Limited Company
(a) Non-income producing security.
(b) Variable rate security, the interest rate of which adjusts periodically based on changes in current interest rates. Rate represented is as of December 31, 2018.
(c) Perpetual maturity security. Maturity date presented is call date as of December 31, 2018.
(d) Zero coupon bond. Interest rate presented is yield to maturity.

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2018.

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.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Investments at Value** | | | | |
| Common Stock | | | | |
| Communications | $ 5,027,558 | $ – | $ – | $ 5,027,558 |
| Consumer Cyclicals | 709,664 | – | – | 709,664 |
| Consumer Discretionary | 14,110,228 | – | – | 14,110,228 |
| Consumer Staples | 36,912,628 | – | – | 36,912,628 |
| Energy | 8,900,127 | – | – | 8,900,127 |
| Financials | 46,112,324 | – | – | 46,112,324 |
| Health Care | 55,983,965 | – | – | 55,983,965 |
| Industrials | 8,981,468 | – | – | 8,981,468 |
| Information Technology | 15,867,842 | – | – | 15,867,842 |
| Materials | 8,195,353 | – | – | 8,195,353 |
| Telecommunications | 334,436 | – | – | 334,436 |
| Transportation | 564,052 | – | – | 564,052 |
| Corporate Non-Convertible Bonds | – | 1,532,677 | – | 1,532,677 |
| U.S. Government & Agency Obligations | – | 16,488,145 | – | 16,488,145 |
| **Investments at Value** | **$ 201,699,645** | **$ 18,020,822** | **$ –** | **$ 219,720,467** |

**PORTFOLIO HOLDINGS**

| **% of Total Net Assets** | |
|---|---|
| Communications | 2.3% |
| Consumer Cyclicals | 0.3% |
| Consumer Discretionary | 6.4% |
| Consumer Staples | 16.7% |
| Energy | 4.0% |
| Financials | 20.9% |
| Health Care | 25.4% |
| Industrials | 4.1% |
| Information Technology | 7.2% |
| Materials | 3.7% |
| Telecommunications | 0.1% |
| Transportation | 0.3% |
| Corporate Non-Convertible Bonds | 0.7% |
| U.S. Government & Agency Obligations | 7.5% |
| Other Assets & Liabilities, Net | 0.4% |
| | 100.0% |

| | | |
|---|---|---|
| **ASSETS** | | |
| Investments, at value (Cost $135,610,548) | $ | 219,720,468 |
| Cash | | 562,168 |
| Receivables: | | |
| Fund shares sold | | 648,573 |
| Dividends and interest | | 440,979 |
| Prepaid expenses | | 21,779 |
| Total Assets | | 221,393,967 |
| **LIABILITIES** | | |
| Payables: | | |
| Fund shares redeemed | | 509,140 |
| Distributions payable | | 130,964 |
| Accrued Liabilities: | | |
| Investment Adviser fees | | 103,137 |
| Trustees' fees and expenses | | 633 |
| Fund services fees | | 22,191 |
| Other expenses | | 31,299 |
| Total Liabilities | | 797,364 |
| **NET ASSETS** | $ | 220,596,603 |
| **COMPONENTS OF NET ASSETS** | | |
| Paid-in capital | $ | 130,334,692 |
| Distributable earnings | | 90,261,911 |
| **NET ASSETS** | $ | 220,596,603 |
| **SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)** | | |
| Investor Shares | | 7,261,047 |
| A Shares | | 130,990 |
| Institutional Shares | | 3,518,621 |
| **NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE*** | | |
| Investor Shares (based on net assets of $145,821,136) | $ | 20.08 |
| A Shares (based on net assets of $2,676,434) | $ | 20.43 |
| A Shares Maximum Public Offering Price Per Share (net asset value per share/(100%-5.75%)) | $ | 21.68 |
| Institutional Shares (based on net assets of $72,099,033) | $ | 20.49 |

* 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, 2018

| | | |
|---|---|---|
| **INVESTMENT INCOME** | | |
| Dividend income (Net of foreign withholding taxes of $18,223) | $ | 2,638,746 |
| Interest income | | 111,076 |
| Total Investment Income | | 2,749,822 |
| **EXPENSES** | | |
| Investment Adviser fees | | 973,542 |
| Fund services fees | | 159,787 |
| Transfer agent fees: | | |
| Investor Shares | | 28,069 |
| A Shares | | 557 |
| Institutional Shares | | 2,876 |
| Distribution fees: | | |
| A Shares | | 3,630 |
| Custodian fees | | 12,535 |
| Registration fees: | | |
| Investor Shares | | 9,226 |
| A Shares | | 2,353 |
| Institutional Shares | | 8,126 |
| Professional fees | | 46,685 |
| Trustees' fees and expenses | | 5,417 |
| Other expenses | | 104,323 |
| Total Expenses | | 1,357,126 |
| Fees waived and expenses reimbursed | | (230,100) |
| Net Expenses | | 1,127,026 |
| **NET INVESTMENT INCOME** | | 1,622,796 |
| **NET REALIZED AND UNREALIZED GAIN (LOSS)** | | |
| Net realized gain on investments | | 8,833,685 |
| Net change in unrealized appreciation (depreciation) on investments | | (18,936,041) |
| **NET REALIZED AND UNREALIZED LOSS** | | (10,102,356) |
| **DECREASE IN NET ASSETS RESULTING FROM OPERATIONS** | $ | (8,479,560) |

See Notes to Financial Statements.

| | For the Six Months Ended December 31, 2018 | | For the Year Ended June 30, 2018 | |
|---|---|---|---|---|
| | | Shares | | Shares |
| **OPERATIONS** | | | | |
| Net investment income | $ 1,622,796 | | $ 2,988,968 | |
| Net realized gain | 8,833,685 | | 9,308,895 | |
| Net change in unrealized appreciation (depreciation) | (18,936,041) | | 4,800,356 | |
| Increase (Decrease) in Net Assets Resulting from Operations | (8,479,560) | | 17,098,219 | |
| **DISTRIBUTIONS TO SHAREHOLDERS** | | | | |
| Investor Shares | (9,536,436) | | (9,691,375)* | |
| A Shares | (161,105) | | (145,404)** | |
| Institutional Shares | (4,612,293) | | (3,576,708)*** | |
| Total Distributions to Shareholders | (14,309,834) | | (13,413,487) | |
| **CAPITAL SHARE TRANSACTIONS** | | | | |
| Sale of shares: | | | | |
| Investor Shares | 4,078,885 | 181,264 | 12,207,193 | 545,032 |
| A Shares | 21,500 | 905 | 76,206 | 3,206 |
| Institutional Shares | 9,346,596 | 395,415 | 11,795,228 | 510,411 |
| Reinvestment of distributions: | | | | |
| Investor Shares | 9,152,257 | 438,980 | 9,332,848 | 415,331 |
| A Shares | 156,607 | 7,387 | 140,941 | 6,189 |
| Institutional Shares | 4,441,627 | 208,820 | 3,423,369 | 149,776 |
| Redemption of shares: | | | | |
| Investor Shares | (13,477,546) | (595,954) | (48,745,464) | (2,169,226) |
| A Shares | (13,515) | (589) | (283,039) | (11,944) |
| Institutional Shares | (5,780,802) | (247,451) | (3,857,324) | (168,252) |
| Redemption fees: | | | | |
| Investor Shares | 1,754 | – | 3,662 | – |
| A Shares | 29 | – | 55 | – |
| Institutional Shares | 750 | – | 1,208 | – |
| Increase (Decrease) in Net Assets from Capital Share Transactions | 7,928,142 | 388,777 | (15,905,117) | (719,477) |
| Decrease in Net Assets | (14,861,252) | | (12,220,385) | |
| **NET ASSETS** | | | | |
| Beginning of Period | 235,457,855 | | 247,678,240 | |
| End of Period | $ 220,596,603 | | $ 235,457,855**** | |

* Distribution was the result of net investment income and net realized gain of $1,989,916 and $7,701,459, respectively at June 30, 2018.
** Distribution was the result of net investment income and net realized gain of $22,503 and $122,901, respectively at June 30, 2018.
*** Distribution was the result of net investment income and net realized gain of $741,116 and $2,835,592, respectively at June 30, 2018.
**** Includes undistributed net investment income of $1,556,427 at June 30, 2018. The requirement to disclose the corresponding amount as of December 31, 2018 was eliminated.

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

| | For the Six Months Ended December 31, 2018 | For the Years Ended June 30, 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **INVESTOR SHARES** | | | | | | |
| **NET ASSET VALUE, Beginning of Period** | $ 22.25 | $ 21.95 | $ 19.69 | $ 20.50 | $ 20.75 | $ 18.59 |
| **INVESTMENT OPERATIONS** | | | | | | |
| Net investment income (a) | 0.15 | 0.26 | 0.23 | 0.21 | 0.17 | 0.20 |
| Net realized and unrealized gain (loss) | (0.95) | 1.28 | 2.59 | 0.08 | 0.38 | 2.63 |
| Total from Investment Operations | (0.80) | 1.54 | 2.82 | 0.29 | 0.55 | 2.83 |
| **DISTRIBUTIONS TO SHAREHOLDERS FROM** | | | | | | |
| Net investment income | (0.30) | (0.25) | (0.23) | (0.20) | (0.20) | (0.22) |
| Net realized gain | (1.07) | (0.99) | (0.33) | (0.90) | (0.60) | (0.45) |
| Total Distributions to Shareholders | (1.37) | (1.24) | (0.56) | (1.10) | (0.80) | (0.67) |
| **REDEMPTION FEES(a)** | 0.00(b) | 0.00(b) | 0.00(b) | 0.00(b) | 0.00(b) | 0.00(b) |
| **NET ASSET VALUE, End of Period** | $ 20.08 | $ 22.25 | $ 21.95 | $ 19.69 | $ 20.50 | $ 20.75 |
| **TOTAL RETURN** | (3.75)%(c) | 6.97% | 14.55% | 1.58% | 2.69% | 15.43% |
| **RATIOS/SUPPLEMENTARY DATA** | | | | | | |
| Net Assets at End of Period (000s omitted) | $ 145,821 | $ 161,032 | $ 185,363 | $ 203,921 | $ 231,911 | $ 285,094 |
| Ratios to Average Net Assets: | | | | | | |
| Net investment income | 1.28%(d) | 1.14% | 1.11% | 1.10% | 0.83% | 1.00% |
| Net expenses | 0.98%(d) | 0.98% | 1.03% | 1.14% | 1.24% | 1.24% |
| Gross expenses (e) | 1.11%(d) | 1.10% | 1.16% | 1.30% | 1.27% | 1.26% |
| **PORTFOLIO TURNOVER RATE** | 1%(c) | 3% | 5% | 6% | 4% | 9% |

(a) Calculated based on average shares outstanding during each period.
(b) Less than $0.01 per share.
(c) Not annualized.
(d) Annualized.
(e) Reflects the expense ratio excluding any waivers and/or reimbursements.

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

| | For the Six Months Ended December 31, 2018 | For the Years Ended June 30, 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **A SHARES SHARES** | | | | | | |
| **NET ASSET VALUE, Beginning of Period** | $ 22.56 | $ 22.23 | $ 19.90 | $ 20.64 | $ 20.85 | $ 18.63 |
| **INVESTMENT OPERATIONS** | | | | | | |
| Net investment income (a) | 0.12 | 0.20 | 0.19 | 0.19 | 0.18 | 0.20 |
| Net realized and unrealized gain (loss) | (0.96) | 1.29 | 2.61 | 0.09 | 0.36 | 2.64 |
| Total from Investment Operations | (0.84) | 1.49 | 2.80 | 0.28 | 0.54 | 2.84 |
| **DISTRIBUTIONS TO SHAREHOLDERS FROM** | | | | | | |
| Net investment income | (0.22) | (0.17) | (0.14) | (0.12) | (0.15) | (0.17) |
| Net realized gain | (1.07) | (0.99) | (0.33) | (0.90) | (0.60) | (0.45) |
| Total Distributions to Shareholders | (1.29) | (1.16) | (0.47) | (1.02) | (0.75) | (0.62) |
| **REDEMPTION FEES(a)** | 0.00(b) | 0.00(b) | 0.00(b) | 0.00(b) | 0.00(b) | 0.00(b) |
| **NET ASSET VALUE, End of Period** | $ 20.43 | $ 22.56 | $ 22.23 | $ 19.90 | $ 20.64 | $ 20.85 |
| **TOTAL RETURN(c)** | (3.88)%(d) | 6.68% | 14.28% | 1.49% | 2.63% | 15.45% |
| **RATIOS/SUPPLEMENTARY DATA** | | | | | | |
| Net Assets at End of Period (000s omitted) | $ 2,676 | $ 2,782 | $ 2,797 | $ 2,698 | $ 5,541 | $ 5,108 |
| Ratios to Average Net Assets: | | | | | | |
| Net investment income | 1.01%(e) | 0.87% | 0.91% | 0.94% | 0.84% | 1.02% |
| Net expenses | 1.25%(e) | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% |
| Gross expenses (f) | 1.49%(e) | 1.44% | 1.54% | 1.61% | 1.56% | 1.62% |
| **PORTFOLIO TURNOVER RATE** | 1%(d) | 3% | 5% | 6% | 4% | 9% |

(a) Calculated based on average shares outstanding during each period.
(b) Less than $0.01 per share.
(c) Total Return does not include the effect of front end sales charge or contingent deferred sales charge.
(d) Not annualized.
(e) Annualized.
(f) Reflects the expense ratio excluding any waivers and/or reimbursements.

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

| | For the Six Months Ended December 31, 2018 | For the Years Ended June 30, 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **INSTITUTIONAL SHARES** | | | | | | |
| **NET ASSET VALUE, Beginning of Period** | $ 22.66 | $ 22.29 | $ 19.96 | $ 20.74 | $ 20.91 | $ 18.66 |
| **INVESTMENT OPERATIONS** | | | | | | |
| Net investment income (a) | 0.17 | 0.31 | 0.28 | 0.25 | 0.24 | 0.25 |
| Net realized and unrealized gain (loss) | (0.97) | 1.30 | 2.61 | 0.08 | 0.36 | 2.64 |
| Total from Investment Operations | (0.80) | 1.61 | 2.89 | 0.33 | 0.60 | 2.89 |
| **DISTRIBUTIONS TO SHAREHOLDERS FROM** | | | | | | |
| Net investment income | (0.30) | (0.25) | (0.23) | (0.21) | (0.17) | (0.19) |
| Net realized gain | (1.07) | (0.99) | (0.33) | (0.90) | (0.60) | (0.45) |
| Total Distributions to Shareholders | (1.37) | (1.24) | (0.56) | (1.11) | (0.77) | (0.64) |
| **REDEMPTION FEES(a)** | 0.00(b) | 0.00(b) | 0.00(b) | 0.00(b) | 0.00(b) | 0.00(b) |
| **NET ASSET VALUE, End of Period** | $ 20.49 | $ 22.66 | $ 22.29 | $ 19.96 | $ 20.74 | $ 20.91 |
| **TOTAL RETURN** | (3.67)%(c) | 7.20% | 14.72% | 1.74% | 2.93% | 15.73% |
| **RATIOS/SUPPLEMENTARY DATA** | | | | | | |
| Net Assets at End of Period (000s omitted) | $ 72,099 | $ 71,644 | $ 59,518 | $ 42,969 | $ 29,366 | $ 8,001 |
| Ratios to Average Net Assets: | | | | | | |
| Net investment income | 1.46%(d) | 1.34% | 1.32% | 1.27% | 1.13% | 1.25% |
| Net expenses | 0.80%(d) | 0.80% | 0.86% | 1.00% | 1.00% | 1.00% |
| Gross expenses (e) | 1.11%(d) | 1.10% | 1.16% | 1.31% | 1.36% | 1.47% |
| **PORTFOLIO TURNOVER RATE** | 1%(c) | 3% | 5% | 6% | 4% | 9% |

(a) Calculated based on average shares outstanding during each period.
(b) Less than $0.01 per share.
(c) Not annualized.
(d) Annualized.
(e) 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, as amended (the "Act"). 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**

The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, "Financial Services – Investment Companies." 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 period. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

**Security Valuation** – Securities are valued at market prices using the last quoted trade or official closing price from the principal exchange where the security is traded, as provided by independent pricing services on each Fund business day. In the absence of a last trade, securities are valued at the mean of the last bid and ask price provided by the pricing service. 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 non-exchange traded open-end mutual funds are valued at net asset value ("NAV"). Short-term investments that mature in sixty 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 not readily available or (2) the Adviser, as defined in Note 4, 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 that 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 NAV than a NAV determined by using market quotes.

GAAP 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 - Prices determined using significant other observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Short-term securities with maturities of sixty days or less are valued at amortized cost, which approximates market value, and are categorized as Level 2 in the hierarchy. Municipal securities, long-term U.S. government obligations and corporate debt securities are valued in accordance with the evaluated price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Other securities that are categorized as Level 2 in the hierarchy include, but are not limited to, warrants that do not trade on an exchange, securities valued at the mean between the last reported bid and ask quotation and international equity securities valued by an independent third party with adjustments for changes in value between the time of the securities' respective local market closes and the close of the U.S. market.

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, 2018, 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 determining 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** – The Fund declares any dividends from net investment income and pays them annually. Any net capital gains realized by the Fund are distributed 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 Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as amended ("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. The 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, 2018, 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 or exchanges shares within 180 days of purchase will incur a redemption fee of 2.00% of the current NAV of shares redeemed or exchanged, 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. Redemption fees incurred for the Fund, if any, are reflected on the Statement of Changes in Net Assets.

**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. The Fund has determined that none of these arrangements requires disclosure on the Fund's balance sheet.

**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, 2018, the Fund had $312,168 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, payable monthly, from the Fund at an annual rate of 0.80% of the Fund's average daily net 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, 2018, there were no 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 no front-end sales charges.

**Other Service Providers** – Atlantic provides fund accounting, fund administration, compliance and transfer agency services to the Fund. The fees related to these services are included in Fund services fees within the Statement of Operations. 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** – Each Independent Trustee's annual retainer is $31,000 ($41,000 for the Chairman), and the Audit Committee Chairman receives an additional $2,000 annually. 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 or her 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 Reimbursement and Fees Waived**

The Adviser has contractually agreed to waive its fee and/or reimburse Fund expenses to limit Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement (excluding all taxes, interest, portfolio transaction expenses, dividend expenses on short sales, and extraordinary expenses) to 0.98%, 1.25% and 0.80% of the Investor Shares, A Shares and Institutional Shares, respectively, through October 31, 2019. 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, 2018, the fees waived and expenses reimbursed were as follows:

| Investment Adviser Fees Waived | Investment Adviser Expenses Reimbursed | Other Waivers | Total Fees Waived and Expenses Reimbursed |
|---|---|---|---|
| $ 118,573 | $ 68,143 | $ 43,384 | $ 230,100 |

The Adviser may be reimbursed by the Fund for fees waived and expenses reimbursed by the Adviser pursuant to the Expense Cap if such payment is made within three years of the fee waiver or expense reimbursement, and does not cause the Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to exceed the lesser of (i) the then-current expense cap, or (ii) the expense cap in place at the time the fees/expenses were waived/reimbursed. As of December 31, 2018, $1,072,083 is subject to recapture by the Adviser. Other Waivers are not eligible for recoupment.

**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, 2018, totaled $2,683,647 and $16,288,219.

**Note 7. Federal Income Tax**

As of December 31, 2018, cost for federal income tax purposes is substantially the same as for financial statement purposes and net unrealized appreciation consists of:

| | | |
|---|---|---|
| Gross Unrealized Appreciation | $ | 93,888,574 |
| Gross Unrealized Depreciation | | (9,778,654) |
| Net Unrealized Appreciation | $ | 84,109,920 |

As of June 30, 2018, distributable earnings (accumulated loss) on a tax basis were as follows:

| | | |
|---|---|---|
| Undistributed Ordinary Income | $ | 1,556,427 |
| Undistributed Long-Term Gain | | 8,367,508 |
| Unrealized Appreciation | | 103,127,370 |
| Total | $ | 113,051,305 |

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 and equity return of capital.

**Note 8. Recent Accounting Pronouncements**

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2018-13 "Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement" ("ASU 2018-13") which includes amendments intended to improve the effectiveness of disclosures in the notes to financial statements. For example, ASU 2018-13 includes additional disclosures regarding the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and clarifications to the narrative description of measurement uncertainty disclosures. ASU 2018-13 is effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted and the Fund has adopted ASU 2018-13 within these financial statements.

In September 2018, the Securities and Exchange Commission released Final Rule 33-10532 captioned "Disclosure Update and Simplification," which includes: (i) an amendment to require presentation of the total, rather than the components, of distributable earnings on the Statement of Assets and Liabilities; and (ii) an amendment to require presentation of the total, rather than the components, of distributions to shareholders, except for tax return of capital distributions, on the Statement of Changes in Net Assets. The amendments also removed the requirement for parenthetical disclosure of undistributed net investment income on the Statement of Changes in Net Assets. These changes were effective November 5, 2018. These amendments are reflected in the Fund's financial statements for the period ended December 31, 2018.

**Note 9. 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 6, 2018 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 concerning the services provided by the Adviser. The Board also discussed the materials with Fund 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 advised by Trustee counsel.

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. In addition, the Board recognized that the evaluation process with respect to the Adviser was an ongoing one and, in this regard, the Board considered information provided by the Adviser at regularly scheduled meetings during the past year.

*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, 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 Adviser 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 stable financial condition, that the firm is able to meet its expense reimbursement obligations to the Fund, and that the Adviser has the operational capability and the necessary staffing and experience to continue providing high-quality investment 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, among other relevant factors, the Board concluded that, overall, it was satisfied with the nature, extent and quality of services 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 primary benchmark index. The Board observed that the Fund underperformed the S&P 500 Index, the Fund’s primary benchmark index, for the one-, three-, five- and 10-year periods ended September 30, 2018 and outperformed the benchmark for the period since the Fund’s inception on July 9, 1999. The Board also considered the Fund’s performance relative to an independent peer group of funds identified by Broadridge Financial Solutions, Inc. (“Broadridge”) as having characteristics similar to the Fund. The Board observed that the Fund underperformed the median of its Broadridge peer group for the one-, three-, and five-year periods ended September 30, 2018. The Board noted the Adviser’s representation that the Fund’s underperformance relative to the benchmark index could be attributed, in part, to the Adviser’s conservative approach to asset allocation, which tended to underperform the benchmark index during years of upward trending markets, and to the Fund’s material cash position, which creates a drag on performance. The Board also noted the Adviser’s representation that the Adviser takes a peer agnostic approach to managing the Fund. The Board further noted the Adviser’s representation that the Fund seeks capital appreciation over the long-term and that, in the Adviser’s view, the Fund had continued to successfully execute its investment objective to provide long-term capital appreciation without taking on undue risk, as evidenced by the Fund having outperformed its benchmark index since its inception on both a cumulative and average annual basis. Based on the Adviser’s investment style and the foregoing performance information, among other relevant factors, the Board determined that the Fund and its shareholders could benefit from the Adviser’s continued management of the Fund.

*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 Fund's Broadridge peer group. The Board noted that the Adviser's actual advisory fee rate and actual total expenses were each lower than the median of its Broadridge peer group. The Board also noted the Adviser's representation that it had reduced the contractual advisory fee and the expense cap applicable to certain classes of shares within the last three fiscal years. Based on the foregoing and other relevant factors, the Board concluded that the Adviser's advisory fee rate charged to the Fund was not unreasonable.

*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 costs and profitability. The Board noted the Adviser's representation that its profit margin was reasonable in light of the services provided to the Fund and its shareholders. 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 at higher asset levels, but that the Adviser had not identified economies of scale at current asset levels that would warrant proposing breakpoints in fees at this time. Based on the foregoing information and other applicable considerations, and in light of the size of the Fund, 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, expenses 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 and on the SEC's website at 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.

**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 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, 2018 through December 31, 2018.

**Actual Expenses –** The first line 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, 2018 | Ending Account Value December 31, 2018 | Expenses Paid During Period* | Annualized Expense Ratio* |
|---|---|---|---|---|
| **Investor Shares** | | | | |
| Actual | $ 1,000.00 | $ 962.45 | $ 4.85 | 0.98% |
| Hypothetical (5% return before expenses) | $ 1,000.00 | $ 1,020.27 | $ 4.99 | 0.98% |
| **A Shares** | | | | |
| Actual | $ 1,000.00 | $ 961.23 | $ 6.18 | 1.25% |
| Hypothetical (5% return before expenses) | $ 1,000.00 | $ 1,018.90 | $ 6.36 | 1.25% |
| **Institutional Shares** | | | | |
| Actual | $ 1,000.00 | $ 963.30 | $ 3.96 | 0.80% |
| Hypothetical (5% return before expenses) | $ 1,000.00 | $ 1,021.17 | $ 4.08 | 0.80% |

* 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 (184) divided by 365 to reflect the half-year period.

# AUXIER FOCUS FUND

FOR MORE INFORMATION

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