

Auxier Asset Management LLC
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This brochure provides information about the qualifications and business practices of Auxier Asset Management LLC. Please contact J. Jeffrey Auxier, President, if you have any questions about the contents of this brochure. The information in this brochure has not been approved or verified by any governmental authority.

Additional information about Auxier Asset Management LLC is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Auxier Asset Management LLC is 107980.

Auxier Asset Management LLC is a Registered Investment Adviser under the Investment Adviser's Act of 1940. Registration does not imply a certain level of skill or training.

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Advisory Services and Fees

Auxier Asset Management LLC was established in July 1998 in Tualatin, a suburb of Portland, Oregon. The firm is owned by JA Holdings, Inc. J. Jeffrey Auxier owns 100% of JA Holdings, Inc.

The Adviser provides investment supervisory services as defined in the Investment Adviser's Act of 1940. On occasion, the Adviser may act as Investment Adviser in situations where either: the individual needs of the client are not considered, the management services provided are not continuous, or the Adviser manages only a portion of the client's total portfolio based upon specific objectives determined with the client. Over 99% of total advisory billings are attributable to investment supervisory services. The Adviser also provides pension consulting to certain advisory clients in which the specific terms are agreed upon beforehand. Less than 1% of total advisory billings are attributable to pension consulting activities. The Adviser manages primarily equity and balanced accounts using a value-oriented approach. Asset allocation decisions are based upon client objectives and value rather than economic forecasts. Clients may impose restrictions on investing in certain securities or types of securities. It is the client's responsibility to advise the Adviser of these restrictions as applicable.

As of December 31, 2009, the Adviser managed \$369 million in assets, over \$282 million on a discretionary basis and just under \$87 million on a non-discretionary basis.

The Adviser issues quarterly update letters to clients, prospective clients, consultants and business and financial media. These newsletters address the Adviser's investment strategies, views of the current and historical market, and economic conditions. Letters may also discuss specific securities or industry sectors.

Advisory Fees

For equity and fixed income portfolios, the Adviser's basic fee schedule will be:

- 1.50% on the first \$500,000 in market value
- 1.25% on the next \$500,000 in market value
- 1.00% on the excess over \$1,000,000 in market value

For mutual fund portfolios, the Adviser will charge .50% of the market value of the account.

For fixed income portfolios, the Adviser will charge .50% of the market value of the account.

For other services such as pension consulting, the Adviser may charge a per-project rate.

All fees may be negotiated based upon the account size and services provided. The market value of household and related accounts may be aggregated for fee purposes. In limited situations and for certain "Qualified Investors" (as defined in Advisors Act Rule 205-3) a performance based fee may be negotiated.

Rates are subject to change from time to time upon 30 days written notice to the Client.

Clients may choose to have their fees deducted from their portfolio or pay by check. Fees for the Adviser's services are payable quarterly and deducted in advance based upon the market value of the account at the end of the previous calendar quarter. The initial valuation of the account is determined by the Adviser at inception. Fees will be pro-rated for new accounts and terminating accounts.

Other Types of Fees or Expenses

Fees that Clients may pay in connection with Adviser's services may include, but are not limited to: brokerage commissions, negotiated at institutional rates, which generally range from .03¢ per share to .06¢ per share with a \$20 minimum, prime broker administrative fees ranging from zero to 2.5 basis points per year, prime broker trade away charges of \$20-25 per transaction, and other fees (i.e. margin interest, checking-related charges, wire transfer fees, annual custodial fees, termination fees for retirement accounts, mutual fund expenses). Please refer to pages 8-9 in this brochure, which discuss brokerage in greater detail.

Refund of Fees upon Termination

Clients will enter into written contracts with the Adviser to receive advisory services for an initial term of one year, and will be automatically extended from year to year unless terminated. A client may terminate a contract for any reason at any time upon written notice. If a client terminates the written contract within five business days of execution, any fees paid by the client will be fully refunded and no further fees will be due. If the client terminates the written contract before the initial one-year has passed, with the exception of the five-day grace period, a termination fee of 2% of the portfolio value may be assessed, based upon the value of the portfolio on the day the written termination notice is received. Thereafter, if the contract is terminated after a quarterly fee has been paid out, but before the services for the quarter have been fully performed, the Adviser will refund to the client a pro rata portion of that quarter's fee. The pro rata portion of the refund will be calculated as follows:

$$\begin{array}{l} \text{Number of days in quarter terminated from 1}^{\text{st}} \text{ day of quarter until day the written termination notice is} \\ \text{received} \\ \qquad \qquad \qquad \text{Divided by} \\ \text{Number of total days in full quarter terminated} \\ \qquad \qquad \qquad \text{Multiplied by} \\ \text{Applicable Advisory fees prepaid for terminated quarter} \\ \qquad \qquad \qquad \text{Equals} \\ \text{Refund} \end{array}$$

This refund amount will be adjusted for the five-day grace period noted above as well as for the termination fee noted above if the written contract is terminated before the initial one-year period. The client, if qualified for a refund due to termination of the written contract, needs only to provide written notice of termination to Adviser.

Types of Clients

The Adviser generally provides investment advice to individuals, investment companies, pension and profit sharing plans, trusts, estates or charitable organizations as well as corporations or business entities other than those listed above. The minimum account size is \$2,000,000. The Adviser has the ability to waive the minimum size requirement at the discretion of J. Jeffrey Auxier, President of the Adviser.

Types of Investments

The Adviser generally offers investment advice on Equity Securities, including exchange-listed securities, over-the-counter securities and foreign issues, Warrants, Corporate debt securities, Commercial paper, United States Government Securities, and Options contracts on securities. Occasionally the Adviser offers investment advice on interests in partnerships investing in real estate.

Methods of Analysis, Sources of Information and Investment Strategies

Securities Analysis

The Adviser relies primarily on fundamental financial analysis in making investment decisions. The Adviser's decisions are based upon conventional financial statement analysis and measures of value such as dividend yields, price to earnings, price to sales, and price to cash flow ratios. The Adviser uses information obtained from annual reports, prospectuses, SEC filings, press releases, financial newspapers such as The Wall Street Journal and Barron's, and numerous magazines, trade journals and research materials prepared by others.

Investment Strategies

The Adviser evaluates domestic and international companies traded on the major exchanges using a value-oriented approach with client objectives and long-term growth in mind. The Adviser monitors the operating fundamentals of the companies held in clients' portfolios. The Adviser researches to find compelling, undervalued companies that ideally exhibit the following attributes: strong or improving fundamentals, consistency in operating results, a substantial advantage over competition (strong franchise), a demonstrated ability to earn high rates of return on capital, understandable products, honest, competent shareholder-oriented management, and intelligent capital allocation policies. The investment candidates are then screened to determine what price represents good value with low risk and above average returns. The Adviser will generally diversify a portfolio with 35 to 55 positions, with an ideal maximum 10% of portfolio value in any one position, to minimize risk. Companies may be held indefinitely if operating fundamentals continue to improve and the price is reasonable.

The Adviser primarily manages equity and balanced accounts using a value-oriented approach. Asset allocation decisions are based upon client objectives and value rather than upon economic forecasts.

In the fixed income component of balanced portfolios, the Adviser will seek to identify improving situations where credit quality will be upgraded. Upgraded credit quality coupled with coupon income can lead to significantly lower risk than is assumed with the ownership of equities.

Upon request, the Adviser will structure a laddered bond portfolio for a client, where interest payments and bond maturities occur systematically over a predetermined period of time.

Risk of Loss

Investing in securities involves a risk of loss that advisory clients should be prepared to bear. If you are not prepared to bear the risk of loss, the Adviser's advisory services are not suitable for you.

Cash Balances

The Adviser may hold all or a portion of its assets in money market instruments depending on the advisory client's objectives as well as other conditions that may make it advantageous to do so either on a temporary or permanent basis.

Educational Standards

Advisory persons associated with AAM must, at a minimum, possess a Bachelor's Degree, in an applicable area of study, and / or five years of relevant industry experience.

Education and Business Background

J. Jeffrey Auxier
Birth Year: 1959

Education:

University of Oregon
Eugene, Oregon
1978-1981

B.S., Finance

Professional Designations:

Series 7, 63 and 65 licenses

Business Background:

Auxier Asset Management LLC
5285 Meadows RD, Suite 333
Lake Oswego, OR 97035

President

7/1998-present

Salomon Smith Barney, Inc.
121 SW Morrison Street, Suite 1600
Portland, OR 97204

Senior Vice President – Investments,
Senior Portfolio Management Director 10/1982-7/1998

Disciplinary Information:

There is no disciplinary information to disclose for J. Jeffrey Auxier.

Other Business Activities

Auxier Family Farms, LLC is a family limited partnership in which J. Jeffrey Auxier is a member. The family partnership is actively engaged in farming, which includes hazelnuts as well as timber. J. Jeffrey Auxier receives distributions from the partnership and as manager of the partnership has the ability to receive compensation for acting as manager. Auxier Asset Management also pays Auxier Family Farms, LLC a monthly fee for rental of records storage space.

Endicott, LLC is a single member limited liability company formed to own real property and produce a farming / rental income from the property. J. Jeffrey Auxier is 100% owner of this LLC.

Auxier Resources No. 1 LLC is a limited liability company of which Auxier Asset Management LLC is the Managing Member. The LLC is engaged in agricultural / natural resource real estate investments. Currently the company is solely invested in real property in Dayville, Oregon. Clients of AAM or related parties may be members and this could pose a conflict of interest.

J. Jeffrey Auxier serves as a member of the Board of Directors for Colorado based eBags. Mr. Auxier receives no compensation for this activity. eBags is a leading online retailer of luggage and baggage. Clients of AAM or related parties may be eBags investors; this could pose a conflict of interest.

Other Financial Industry Activities and Affiliations

J. Jeffrey Auxier, President, is a registered representative of Westminster Financial Securities, Inc., a broker-dealer.

Auxier Asset Management LLC has an arrangement with Atlantic Fund Administration, LLC and its subsidiaries to provide administration, fund accounting and transfer agency services to the Auxier Focus Fund. AAM is the Adviser to the Auxier Focus Fund, a mutual fund from which the Adviser receives a monthly management fee equal to 1.25% (annualized) of the average daily net assets of the mutual fund. The Adviser pays all operating expenses of the Fund. The Adviser recommends and sometimes purchases this mutual fund for advisory clients. This practice presents a conflict of interest and gives the Adviser an incentive to recommend the investment product based on the compensation received rather than on the clients' needs. Advisory clients are informed of the conflict before the mutual fund is purchased for them. They are not charged advisory fees on assets invested in the Auxier Focus Fund. Advisory clients have the option to purchase the Auxier Focus Fund direct through Foreside Fund Services (distributor) or through intermediaries such as Charles Schwab & Co., Inc., Fidelity, Bidwell, TD Waterhouse and other brokers not affiliated with the Adviser.

The Adviser provides investment advice in a wrap fee program, the Managed Account Program (MAP) sponsored by RBC Dain Rauscher. Clients in the program enter directly into an investment advisory agreement with the Firm after AAM has determined that the Firm's advisory services are appropriate for the client. AAM counts and treats wrap fee clients as clients of the Firm.

Participation or Interest in Client Transactions and Personal Trading

The Adviser does not act as principal (buying securities from or selling securities to any client or other person). The Adviser does not act as a broker or agent (effecting transactions for compensation for any client or other person). As discussed in the *Other Financial Industry Activities and Affiliations* section above, the Adviser may recommend shares of the Auxier Focus Fund (in which it has a financial interest) to clients. The Adviser may buy or sell for itself securities that it also recommends to clients. The Adviser may invest its idle cash in fixed income instruments, in order to earn income on cash.

Advisory representatives may purchase securities that the Adviser recommends to its clients for their own accounts. To prevent possible conflicts of interest, the Adviser places the following restrictions on its advisory representatives and associated persons:

1. All advisory representatives are required to subscribe to and be bound by Auxier Asset Management's Code of Ethics. A copy of which is available upon request.
2. Representatives must seek prior approval before execution of personal securities transactions.
3. All employees are required to report personal securities transactions.
4. Adviser of the Auxier Focus Fund (J. Jeffrey Auxier) is prohibited from redeeming shares of the Auxier Focus Fund while serving as Investment Adviser to the Fund.

Conditions for Managing Accounts

The minimum account size is \$2,000,000. The Adviser has the ability to waive the minimum size requirement at the discretion of J. Jeffrey Auxier, President of the Adviser.

Review of Accounts

Client accounts are reviewed regularly by the Adviser. The Adviser determines the appropriate portfolio actions to be taken for each Client's account, based upon the Client's investment objectives as well as current economic and market conditions. In addition, the Adviser will review, at least quarterly, the positions held in the Client's account. The Adviser looks at asset allocation, performance, and Client investment objectives. J. Jeffrey Auxier, President and CEO, reviews all accounts. The Adviser relies on the custodian to furnish reports of transactions and holdings to advisory clients on a monthly basis. The Adviser provides reports to clients on a quarterly basis, which will include the following: portfolio appraisal, income and expenses, realized gains and losses, purchases and sales, performance history, a graph of account performance compared to various indexes and a statement of management fees.

Investment Performance

The Adviser reports investment performance (rate of return) of an equity composite both gross and net of management fees in comparison to the S&P 500 Index using standards used solely by the Adviser. Historical performance results are based on fully discretionary, fee-paying accounts under management, including those accounts no longer with the firm. The equity composites consist of accounts that were managed with a view toward capital appreciation. Any accounts included in the composite must be under management by the Adviser for at least one quarter. A list of composites and all composite data is available upon request. The historical performance results do not reflect the reinvestment results or other distributions. Past performance is not indicative of future results. Returns may fluctuate and may be negative.

Investment and Brokerage Discretion

Generally, with respect to clients over which the Adviser has discretionary management, the Adviser will have authority to determine, without obtaining specific client consent, the: securities to be bought or sold, amount of the securities to be bought or sold, broker or dealer to be used and the commission rates to be paid. Clients may impose limitations on the Adviser's discretion by notice in writing. These limitations could include retaining the right to vote proxies, restrictions on investment objectives and specific investments or types of securities. Procedures followed before the Adviser assumes this authority include the following:

- 1) New clients are asked to complete an "AAM Investor Profile" to document objectives and risk tolerance
- 2) The Client is given Form ADV Part II, the "Brochure"
- 3) The Client completes an "Investment Advisory Agreement"

Brokerage Practices

All advisory clients are responsible for the selection of a custodian, which may include a broker-dealer. For clients who retain the right to select a broker, the Adviser may recommend a broker. In selecting or recommending a broker, the Adviser will base its recommendation or selection upon a wide range of criteria including: the broker's execution capability, commission rates, financial responsibility and responsiveness, among other things. The Advisors may consider the value of proprietary research and other services provided by a particular broker. Clients may pay commissions higher than those obtainable from other brokers in return for these products and services. Research obtained thusly will be used to service all of the Advisors accounts. The Adviser, as a matter of policy and practice seeks to obtain best execution for client transactions, i.e. seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

The Adviser will seek to provide fair and equitable treatment for each client in the selection of investments and allocation of investment opportunities among the Adviser's clients. The Adviser will batch client orders where permissible to obtain best execution and may aggregate a client's orders with similar orders made for other clients if, in the Adviser's judgment, such aggregation is reasonably likely to result in an overall economic benefit to its clients. In instances where transactions cannot be effected simultaneously, a client may receive an average price based upon the total transaction executed.

Generally, trades for advisory clients that are directed to a particular broker-dealer "away" from the custodian are of a size greater than 1000 shares per account, due to the added \$20 to \$25 charge which may be imposed for prime broker away-trades. Commissions may be lower for trades executed "away" because the Adviser is often able to specify a lower cost per share. Commission charges may be more flexible with larger share quantities when traded away from the custodian.

Securities on the NASDAQ exchange (over the counter) may be traded directly with market makers at a reduced spread (the difference between the bid and offer prices) to obtain best execution for clients.

Directed Brokerage

Upon written request, clients are permitted to direct brokerage to a specific broker-dealer. It must be noted that the Adviser may not be able to achieve best execution of client transactions in this case. Directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because the Adviser may not be able to negotiate lower commissions or aggregate orders to reduce transaction costs.

Commission Negotiation

The Adviser negotiates commissions on behalf of clients. The Adviser's ability to negotiate standard commission rates at a custodian/broker-dealer is based on the total assets custodied with the broker-dealer. Commissions may also be negotiated on a per-trade basis at broker-dealers with whom the Adviser does not have a custodial relationship. The Adviser's ability to negotiate commissions is dependent upon the size of a particular trade, or by the volume of trades regularly executed through a particular broker.

Additional Compensation

The Adviser does not receive any additional compensation from someone who is not a client except as noted above. The Adviser provides no compensation, direct or indirect, for client referrals.

Custody

The Adviser does not have custody of advisory client funds or securities. Client funds or securities are held at a custodian, which is a broker-dealer.