

---

---

# **Auxier Focus Fund**

---

---

**Annual Report**

**June 30, 2006**

**Fund Advisor:**

Auxier Asset Management, LLC

5000 S.W. Meadows Rd.

Suite 410

Lake Oswego, Oregon 97035

Toll Free: (877)-3AUXIER or (877) 328-9437

---

**AUXIER FOCUS FUND**  
A MESSAGE TO OUR SHAREHOLDERS  
JUNE 30, 2006

---

The Auxier Focus Fund's Investor Shares (the "Fund") ended the fiscal year June 30, 2006 with a disappointing gain of 3.44% versus a gain of 8.63% for the S&P 500® Index (the "Index"). A big reason for the underperformance was the Fund's underweighting in energy and natural resources. The Index's energy sector appreciated 22.55% for the period. Still, given the Fund's nimble asset size and flexible mandate there is no excuse for the sub par performance. In past years the Fund's equity component has generally outperformed and the Fund itself has outperformed the Index in 50 of 72 rolling 12-month periods (69% of the time) since inception (7/9/99), with an average equity exposure of only 70%. Longer term numbers are better, as the Fund's cumulative performance since inception through June 30, 2006 is 65.43% versus a 1.02% return for the Index representing a cumulative outperformance of 64.41%. For the 5-year and since inception performance the Fund's annualized return is 7.29% and 7.48% respectively, versus 2.49% and 0.15% over the same periods for the Index. *(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. For the most recent month-end performance, please visit the Fund's website at [www.auxierasset.com](http://www.auxierasset.com). The Fund charges a 2.0% redemption fee on shares redeemed within 180 days after they are purchased, subject to limited exceptions.)*

### **Market Commentary**

Recently, fears of higher inflation, interest rates and oil prices have led to a reassessment of portfolio risk. As global economies have improved, interest rates have risen in tandem, acting to reduce liquidity. Speculative strategies utilizing cheap borrowed money and low-quality securities have come into question. When money is easy and volatility is low, speculators tend to "leverage up" seeking to enhance returns. The second quarter saw an unwinding of these leveraged strategies with the advantage going to the higher quality businesses with solid dividends and strong balance sheets. The market has been long overdue for a correction to purge these excesses.

Oil prices are up over 100% the past two years, with fears of supply disruptions from geopolitical tensions, particularly in the Middle East, driving the prices far above fundamentals. Why not put everything in oil stocks? In today's global economy in which communication costs are down over 90% in the past twenty years, the "electronic herd" can literally move billions of dollars with a mouse click. The fiber optic cable industry was flooded with over \$80 billion in capital in less than three years in the late 1990s. This led to a painful price deflation for the entire industry. Now, less than 10% of fiber capacity is being utilized. The lesson: the flow of information and funding is so rapid that an industry appearing to have strong sustainable pricing can suddenly become highly risky due to overinvestment. Capital gushing into the oil sector is causing price increases on commodity inputs, personnel and services. In addition, higher prices eventually alter consumption patterns, which in time can dampen demand. Taken together, these two trends could lead to a deceleration in the favorable pricing environment. Ironically, as oil has increased dramatically, natural gas prices are off over 30% this year due to record inventories in storage.

### **Staying ahead of inflation**

According to recent government reports, inflation has continued to worsen. Yet the true measure of US inflation appears understated due to questionable government interpretation. For example, the government does not count the cost of energy and food in the core producer price index or the core consumer price index. In other words, if you don't eat, drive or heat your home, then you are probably not feeling the impact of inflation. The government utilizes rent statistics to calculate the cost of shelter in the consumer price index rather than true home ownership data. Thus we are left with the impression that the cost of shelter has been relatively flat during one of the most sustained real estate booms this country has seen.

Assuming inflation is understated, where should one invest? Rising inflation can compress price-to-earnings (P/E) ratios and profit margins, leaving high P/E stocks vulnerable. The ideal investment in such an environment is a bargain-priced company that can raise prices to counter inflation but does not have high mandatory capital spending needs. Consumer product companies with strong brands and loyal customers, like Altria and Coke, have endured

---

**AUXIER FOCUS FUND**  
A MESSAGE TO OUR SHAREHOLDERS  
JUNE 30, 2006

---

such inflationary periods. In contrast, capital intense industries, such as railroads, may enjoy great pricing but their spending needs are so high that profits often end up in the ground. Thus, the best way to mitigate the effects of inflation on a stock portfolio is to own companies with solid balance sheets that generate meaningful free cash and are able to either buy back stock or raise dividends.

### **Going to school on The Great Getty**

Given the uncertain investment climate, it is helpful to revisit the strategies of one of America's most successful investors in the oil patch—J. Paul Getty. The following is an excerpt from *The Great Getty* by Robert Lenzner. "Throughout the 1930s, while the USA was struggling to recover from the worst economic setback in history, Getty was operating at full strength in the stock market amassing shares...He was one of the first modern corporate takeover strategists to use the stock market to gain control over companies, but in one significant sense he was a different animal from today's empire builder. He would never dream of borrowing a billion dollars from the banks in pursuit of his ends, or paying a 50% premium over and above market price to win his battle. What he always wanted was a bargain, an investment to be acquired below book value, a company with assets, above ground or below ground, worth far more than he paid for them."

Getty's motto was to "buy when everyone else is selling, and hold until everyone else is buying." This is an example of how the market is there to serve, not guide the investor, and actions should be disciplined by price/value considerations.

Our efforts remain committed to discovering undervalued securities regardless of the macroeconomic backdrop or latest market fads. While periods of volatility can be trying as an investor, we welcome its return to a market that had become complacent in the face of mounting risks. Prior to the most recent selloff, the market had not experienced a 10% correction in more than three years. Volatility is the friend of the rational investor who remains calm and disciplined while panic-stricken shareholders unload their holdings without regard to fundamental value. Pricing misappraisals become more abundant in such an environment, providing greater opportunity to pick up shares of quality companies trading at a discount to their intrinsic worth.

We appreciate your trust and support.

Jeff Auxier

Portfolio Manager

*The views in this report were those of the Fund manager as of June 30, 2006 and may not reflect his views on the date this report is first published or anytime thereafter. These views are intended to assist shareholders in understanding their investments in the Fund and do not constitute investment advice.*

*As a non-diversified fund, the Fund will be subject to substantially more investment risk and potential for volatility than a diversified fund because its portfolio may at times focus on a limited number of 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. Performance shown is for the Fund's Investor shares; returns for other share classes will vary. Price to earnings ratio is the value of a company's stock price relative to company earnings.*

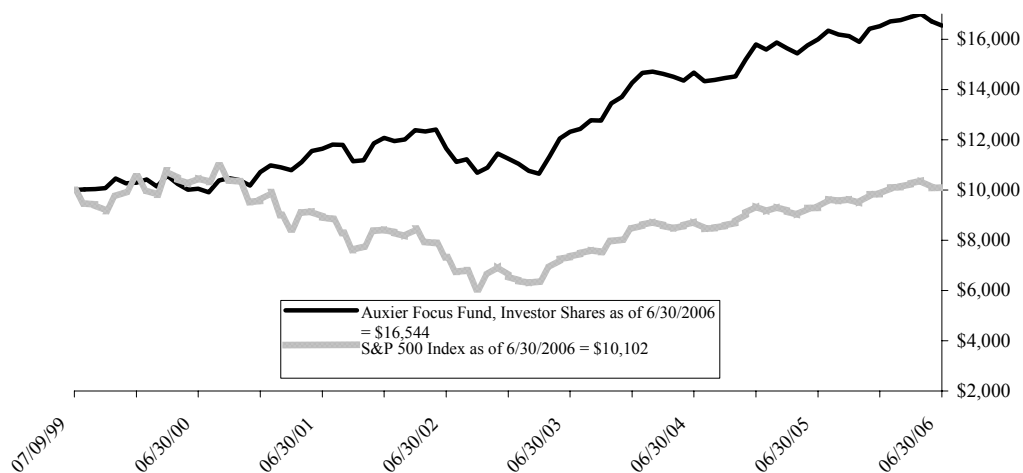
**COMPARISON OF CHANGE IN VALUE OF A \$10,000 INVESTMENT**

The following chart reflects the change in value, since the Fund's inception, of a hypothetical \$10,000 investment, including reinvested dividends and distributions compared with a broad-based securities market index. The S&P 500 (R) Index ("Index") is a market weighted index composed of 500 large capitalization companies and reflects the reinvestment of dividends. The Fund is professionally managed while the Index is unmanaged and is not available for investment. The total return of the Fund's classes includes the maximum sales charge of 5.75% (A shares only), the maximum contingent deferred sales charge ("CDSC") of 1.00% (C shares only) and operating expenses that reduce returns while the total return of the Index does not include the effect of sales charges and expenses. A shares are subject to a 1.00% CDSC on shares purchased without an initial sales charge and redeemed less than one year after purchase. The performance of each class will differ due to different sales charges and expense structures. During the performance period shown, certain Fund fees were waived or expenses reimbursed; otherwise, total return would have been lower, for all share classes.

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. For the most recent month-end performance, please visit the website of the Fund's investment adviser at [www.auxierasset.com](http://www.auxierasset.com). Returns greater than one year are annualized. All Fund share classes charge a 2.0% redemption fee on shares purchased after 10/11/04 and redeemed within six months of purchase.

Performance for Investor shares for periods prior to December 10, 2004 reflects performance 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 Investor shares for the period prior to December 10, 2004 reflects the expenses of the Predecessor Fund.

<u>Average Annual Total Return as of 06/30/06</u>	<u>1 Year</u>	<u>5 Years</u>	<u>Since Inception <sup>(1)</sup></u>
Investor Shares	3.44%	7.29%	7.48%
A Shares (with sales charge) <sup>(2)</sup>	N/A	N/A	(3.57)%
C Shares (with sales charge)	N/A	N/A	1.38%



(1) Investor, A and C shares commenced operations on July 9, 1999, July 8, 2005, and August 26, 2005, 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. Investor shares has the same net expense ratio as the A shares.

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2006**

Shares	Security Description	Value
<b>Common Stock - 73.3%</b>		
<b>Consumer Discretionary - 13.3%</b>		
19,200	Apollo Group, Inc., Class A †	\$ 992,064
12,350	Career Education Corp. †	369,141
1,325	CBS Corp., Class A	35,854
35,400	Comcast Corp., Class A †	1,158,996
4,000	Costco Wholesale Corp.	228,520
42,600	CVS Corp.	1,307,820
4,594	Discovery Holding Co., Class A †	67,210
18,700	D.R. Horton, Inc.	445,434
39,950	Family Dollar Stores, Inc.	975,978
8,000	FirstService Corp. †	213,120
4,550	Home Depot, Inc.	162,844
13,100	ITT Educational Services, Inc. †	862,111
62,080	Lincoln Educational Services †	1,060,947
3,700	Lowe's Cos., Inc.	224,479
41,500	MAXIMUS, Inc.	960,725
5,000	McDonald's Corp.	168,000
6,100	Nike, Inc., Class B	494,100
1,500	Office Depot, Inc. †	57,000
7,400	Signet Group plc ADR	131,498
200	Speedway Motorsports, Inc.	7,548
43,500	Time Warner, Inc.	752,550
9,550	TJX Cos., Inc.	218,313
9,250	Universal Technical Institute, Inc. †	203,685
14,990	Value Line, Inc.	640,073
31,850	Wal-Mart Stores, Inc.	1,534,215
3,450	Weight Watchers International, Inc.	141,071
4,300	Yum! Brands, Inc.	216,161
10,650	Zales Corp. †	256,559
		<u>13,886,016</u>
<b>Consumer Staples - 11.9%</b>		
12,250	Alberto-Culver Co.	596,820
393,050	Alliance One International, Inc.	1,745,142
28,350	Altria Group, Inc.	2,081,740
22,850	Anheuser-Busch Cos., Inc.	1,041,731
16,000	Avon Products, Inc.	496,000
60,050	Coca-Cola Co.	2,583,351
16,800	Diageo plc ADR	1,134,840
15,250	Helen of Troy, Ltd. †	280,600
22,000	National Beverage Corp.	315,700
2,000	Nestle SA ADR	156,735
41,350	Safeway, Inc.	1,075,100
19,650	UST, Inc.	887,984
		<u>12,395,743</u>
<b>Energy - 1.9%</b>		
16,750	Chevron Corp.	1,039,505
19,613	El Paso Corp.	294,195
1,200	Gazpromneft ADR	21,600
800	LUKOIL ADR	66,880

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2006**

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
500	PetroChina Company, Ltd. ADR	\$ 53,985
1,950	Petroleo Brasileiro ADR	174,155
550	Surgutneftegaz ADR	40,700
15,000	Willbros Group, Inc. †	284,100
		<u>1,975,120</u>
<b>Financials - 20.0%</b>		
3,200	American Express Co.	170,304
24,750	American International Group, Inc.	1,461,487
1,280	Ameriprise Financial, Inc.	57,178
11,050	Aon Corp.	384,761
27,950	Assurant, Inc.	1,352,780
34,583	Bank of America Corp.	1,663,442
2,000	Bank of New York, Inc.	64,400
502	Berkshire Hathaway, Inc., Class B †	1,527,586
3,125	Cascade Financial Corp.	48,355
44,993	Citigroup, Inc.	2,170,462
5,450	Federal Home Loan Mortgage Corp.	310,704
47,500	H&R Block, Inc.	1,133,350
5,544	JPMorgan Chase & Co.	232,848
11,000	Longview Fibre Co.	209,990
81,000	Marsh & McLennan Cos., Inc.	2,178,090
5,000	Morgan Stanley	316,050
12,500	Old Republic International Corp.	267,125
68,668	St. Paul Travelers Cos., Inc.	3,061,219
2,600	Student Loan Corp.	525,200
83,766	UnumProvident Corp.	1,518,678
51,850	Waddell & Reed Financial, Inc., Class A	1,066,036
11,846	Washington Federal, Inc.	274,709
18,750	Washington Mutual, Inc.	854,625
		<u>20,849,379</u>
<b>Health Care - 11.0%</b>		
8,750	Amgen, Inc. †	570,762
10,000	Apria Healthcare Group, Inc. †	189,000
95,004	BioScrip, Inc. †	510,172
75,421	Boston Scientific Corp. †	1,270,090
5,000	Bristol-Myers Squibb Co.	129,300
22,650	Bausch & Lomb, Inc.	1,110,756
12,649	Coventry Health Care, Inc. †	694,936
7,905	Express Scripts, Inc. †	567,105
5,000	HCA, Inc.	215,750
97,900	Health Management Associates, Inc., Class A	1,929,609
10,750	Invacare Corp.	267,460
17,070	LifePoint Hospitals, Inc. †	548,459
11,850	Merck & Co., Inc.	431,696
9,500	Pfizer, Inc.	222,965

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2006**

<u>Shares</u>	<u>Security Description</u>	<u>Value</u>
3,950	United Health Group, Inc.	\$ 176,881
16,000	WellPoint, Inc. †	1,164,320
13,650	Wyeth	606,197
14,450	Zimmer Holdings, Inc. †	819,604
		<u>11,425,062</u>
<b>Industrials - 3.4%</b>		
75,550	AGCO Corp. †	1,988,476
44,500	Blount International, Inc. †	534,890
3,000	Boeing Corp.	245,730
6,000	Timken Co.	201,060
18,650	Tyco International, Ltd.	512,875
		<u>3,483,031</u>
<b>Information Technology - 3.9%</b>		
33,500	BISYS Group, Inc. †	458,950
29,500	Dell, Inc. †	720,095
53,400	eFunds Corp. †	1,177,470
26,670	First Data Corp.	1,201,217
18,400	Microsoft Corp.	428,720
7,000	Oracle Corp. †	101,430
		<u>4,087,882</u>
<b>Materials - 4.1%</b>		
21,200	Alcoa, Inc.	686,032
7,000	Companhia Vale do Rio Doce ADR	168,280
44,300	Dow Chemical Co.	1,729,029
23,950	E.I. du Pont de Nemours & Co.	996,320
18,000	Plum Creek Timber Co., Inc.	639,000
		<u>4,218,661</u>
<b>Telecommunications - 3.6%</b>		
35,750	AT&T, Inc.	997,067
4,975	Motorola, Inc.	100,246
48,450	SK Telecom Co., Ltd. ADR	1,134,699
15,300	Telecom Corp of New Zealand, Ltd., ADR	304,317
59,000	Telefonos de Mexico SA, ADR	1,228,970
900	Tele Norte Leste Participacoes SA, ADR	11,475
		<u>3,776,774</u>
<b>Utilities - 0.2%</b>		
6,950	Duke Energy Corp.	204,121
Total Common Stock (Cost \$67,908,988)		
		<u>76,301,789</u>
<u>Shares</u>	<u>Security Description</u>	<u>Rate</u>
<b>Preferred Stock - 1.3%</b>		
<b>Convertible Preferred Stock - 0.7%</b>		
<b>Consumer Discretionary - 0.7%</b>		
22,375	Interpublic Group of Cos., Inc.	5.38 %
		<u>724,391</u>

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2006**

<u>Shares</u>	<u>Security Description</u>	<u>Rate</u>		<u>Value</u>
<b>Non-Convertible Preferred Stock - 0.6%</b>				
<b>Utilities - 0.6%</b>				
305	AEP Texas Central Co.	4.00 %	\$	21,541
200	Boston Edison Co.	4.25		16,256
1,500	Connecticut Light & Power Co.	1.90		48,844
1,000	Connecticut Light & Power Co.	2.00		34,562
1,500	Connecticut Light & Power Co.	3.90		47,531
1,300	Great Plains Energy, Inc.	4.50		104,812
4,000	Hawaiian Electric Co.	4.25		64,500
300	Indianapolis Power & Light Co.	4.00		18,853
78	MidAmerican Energy Co.	3.30		5,097
80	MidAmerican Energy Co.	3.90		5,305
100	Monongahela Power Co.	4.40		8,450
1,000	Pacific Enterprises, Inc. - Sempra Energy	4.50		78,250
400	Peco Energy Co.	3.80		30,000
945	Public Services Electric & Gas Co.	4.08		75,128
300	Westar Energy, Inc.	4.25		21,375
Total Non-Convertible Preferred Stock				<u>580,504</u>
Total Preferred Stock (Cost \$1,487,768)				<u>1,304,895</u>
<b>Exchange Traded Funds - 0.2%</b>				
10,000	iShares MSCI Germany Index Fund (Cost \$94,200)			<u>229,300</u>
<u>Principal</u>			<u>Maturity</u>	
<b>Asset Backed Obligations - 0.7%</b>				
14,519	Scotia Pacific Co., LLC	6.55	01/20/07	12,150
905,000	Scotia Pacific Co., LLC	7.11	01/20/14	<u>729,444</u>
Total Asset Backed Obligations (Cost \$856,603)				<u>741,594</u>
<b>Corporate Bonds - 4.2%</b>				
<b>Consumer Staples - 0.3%</b>				
300,000	Alliance One International, Inc.	11.00	05/15/12	<u>286,500</u>
<b>Energy - 0.5%</b>				
220,000	Coastal Corp.	7.50	08/15/06	220,825
115,000	Coastal Corp.	6.50	06/01/08	114,712
190,000	Coastal Corp.	6.70	02/15/27	189,886
50,000	Newpark Resources, Inc.	8.63	12/15/07	<u>50,125</u>
				<u>575,548</u>
<b>Financials - 1.9%</b>				
184,110	Finova Group, Inc.	7.50	11/15/09	55,233
545,000	GB Property Funding Corp. ▽	11.00	09/29/05	408,750
670,000	GMAC	6.13	09/15/06	669,042
100,000	GMAC	5.75	10/15/06	98,910
670,000	GMAC	4.38	12/10/07	642,886
80,000	Marsh & McLennan Cos., Inc.	5.38	03/15/07	<u>79,598</u>
				<u>1,954,419</u>



**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2006**

<u>Principal</u>	<u>Security Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Value</u>
<b>Health Care - 0.6%</b>				
700,000	Tenet Healthcare Corp.	6.38 %	12/01/11	\$ 628,250
<b>Industrials - 0.2%</b>				
18,881	Grupo TMM SA L	9.50	08/01/07	18,881
94,000	Waste Management, Inc.	7.38	08/01/10	99,241
71,000	Waste Management, Inc.	7.65	03/15/11	76,124
				<u>194,246</u>
<b>Information Technology - 0.1%</b>				
100,000	Danka Business Systems	10.00	04/01/08	<u>80,000</u>
<b>Utilities - 0.6%</b>				
255,000	Indianapolis Power & Light Co.	8.00	10/15/06	256,441
65,000	Indianapolis Power & Light Co.	7.38	08/01/07	65,970
50,000	Monongahela Power Co.	5.00	10/01/06	49,885
275,000	Sierra Pacific Power Co.	8.00	06/01/08	283,704
				<u>656,000</u>
Total Corporate Bonds (Cost \$4,599,344)				<u>4,374,963</u>
<b>Foreign Municipal Bonds ± - 1.1%</b>				
1,500,000	Ontario Hydro Residual Strip ± (Canada)	5.51	10/01/20	647,733
356,000	Ontario Hydro Residual Strip ± (Canada)	5.47	11/27/20	151,975
605,000	Ontario Hydro Residual Strip ± (Canada)	5.61	10/15/21	246,618
235,000	Ontario Hydro Residual Strip ± (Canada)	5.75	08/18/22	91,057
Total Foreign Municipal Bonds (Cost \$819,119)				<u>1,137,383</u>
<b>US Treasury Securities - 4.5%</b>				
935,000	US Treasury Note	3.88	07/31/07	921,779
800,000	US Treasury Note	4.00	09/30/07	788,313
260,000	US Treasury Note	4.25	10/31/07	256,841
500,000	US Treasury Note	4.25	11/30/07	493,555
65,000	US Treasury Note	3.75	05/15/08	63,378
460,000	US Treasury Note	3.88	07/15/10	439,893
685,000	US Treasury Note	4.38	01/31/08	676,678
1,000,000	US Treasury Note	4.63	02/29/08	991,212
Total US Treasury Securities (Cost \$4,694,388)				<u>4,631,649</u>
<b>Short-Term Investments - 14.3%</b>				
<b>Corporate Bonds - 0.9%</b>				
<b>Financials - 0.3%</b>				
250,000	Marsh & McLennan Cos., Inc.	5.38	03/15/07	<u>248,742</u>

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2006**

<u>Principal</u>	<u>Security Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Value</u>
<b>Telecommunications - 0.3%</b>				
341,000	BellSouth Corp.	5.00 %	10/15/06	\$ 340,371
<b>Utilities - 0.3%</b>				
295,000	Virginia Electric & Power Co.	5.38	02/01/07	294,248
Total Corporate Bonds (Cost \$884,972)				883,361
<b>Treasury Securities - 1.9%</b>				
2,000,000	US Treasury Bill ± (Cost \$1,980,040)	4.61	09/14/06	1,980,820
<b>Money Market Funds - 10.2%</b>				
5,206,425	Citi <sup>SM</sup> Institutional U.S. Treasury Reserves, 4.55%			5,206,425
5,440,208	Citi <sup>SM</sup> Institutional Cash Reserves, Class O, 5.02%			5,440,208
Total Money Market Funds (Cost \$10,646,633)				10,646,633
<b>Money Market Deposit Account - 1.3%</b>				
1,326,014	Citibank Money Market Deposit Account, 4.80% (Cost \$1,326,014)			1,326,014
Total Short-Term Investments (Cost \$14,837,659)				14,836,828
Total Investments - 99.6% (Cost \$95,298,069)*				\$ 103,558,401
Other Assets & Liabilities, Net - 0.4%				522,622
<b>NET ASSETS - 100.0%</b>				<b>\$ 104,081,023</b>

**PORTFOLIO HOLDINGS**

**% of Net Assets**

Consumer Discretionary	14 %
Consumer Staples	12
Energy	2
Financials	20
Health Care	11
Industrials	3
Information Technology	4
Materials	4
Telecommunications	4
Utilities	1
Exchange Traded Funds	0
Asset Backed Obligations	1
US Treasury Securities	5
Corporate Bonds	4
Foreign Municipal Bonds	1
Short-Term Investments and Other Net Assets	15
	<u>100 %</u>

ADR American Depositary Receipt.

† Non-income producing security.

∇ Securities are currently in default and are on scheduled interest or principal payments.

⊥ Payment-in-kind bond. Issuer may make interest payments in cash or in additional debt securities.

± Zero coupon bond. Interest rate presented is yield to maturity.

\* Cost for Federal income tax purposes is \$95,334,741 and net unrealized appreciation (depreciation) consists of:

Gross Unrealized Appreciation	\$12,863,686
Gross Unrealized Depreciation	(4,640,026)
Net Unrealized Appreciation (Depreciation)	<u>\$8,223,660</u>

**AUXIER FOCUS FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**JUNE 30, 2006**

**ASSETS**

Total investments, at value (Cost \$95,298,069)	\$ 103,558,401
Receivables:	
Fund shares sold	33,669
Investment securities sold	477,491
Dividends and interest	437,837
Total Assets	<u>104,507,398</u>

**LIABILITIES**

Payables:	
Fund shares redeemed	64,635
Investment securities purchased	246,569
Accrued Liabilities:	
Investment adviser fees	113,887
Trustees' fees and expenses	1,165
Distribution fees	119
Total Liabilities	<u>426,375</u>

**NET ASSETS**

\$ 104,081,023

**COMPONENTS OF NET ASSETS**

Paid-in capital	\$ 91,719,265
Accumulated undistributed (distributions in excess of) net investment income	909,649
Accumulated net realized gain (loss) on investments and foreign currency transaction	3,191,777
Net unrealized appreciation (depreciation) on investments and foreign currency translations	<u>8,260,332</u>

**NET ASSETS**

\$ 104,081,023

**SHARES OF BENEFICIAL INTEREST (UNLIMITED SHARES AUTHORIZED)**

Investor Shares	7,019,663
A Shares	26,514
C Shares	3,182

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

Investor Shares (based on net assets of \$103,642,259)	<u>\$ 14.76</u>
A Shares (based on net assets of \$391,731)	<u>\$ 14.77</u>
A Shares Maximum Public Offering Price Per Share (net asset value per share/94.25%)	<u>\$ 15.67</u>
C Shares (based on net assets of \$47,033)	<u>\$ 14.78</u>

---

**AUXIER FOCUS FUND**  
STATEMENT OF OPERATIONS  
YEAR ENDED JUNE 30, 2006

---

**INVESTMENT INCOME**

Dividend income (net of foreign taxes withheld of \$6,875)	\$ 1,963,761
Interest income	914,333
Total Investment Income	<u>2,878,094</u>

**EXPENSES**

Investment advisor fees	1,391,811
Distribution fees:	
A Shares	490
C Shares	262
Trustees' fees and expenses	6,853
Total Expenses	<u>1,399,416</u>
Fees waived and expenses reimbursed	<u>(7,411)</u>
Net Expenses	<u>1,392,005</u>

<b>NET INVESTMENT INCOME (LOSS)</b>	<u>1,486,089</u>
-------------------------------------	------------------

**NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS  
AND FOREIGN CURRENCY TRANSACTIONS**

Net realized gain (loss) on investments and foreign currency transactions	4,247,417
Net change in unrealized appreciation (depreciation) on investments and foreign currency translations	<u>(2,360,265)</u>

<b>NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS</b>	<u>1,887,152</u>
---	------------------

<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<u>\$ 3,373,241</u>
--	---------------------

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

	For the Years Ended June 30,	
	2006	2005
<b>OPERATIONS</b>		
Net investment income (loss)	\$ 1,486,089	\$ 857,363
Net realized gain (loss) on investments and foreign currency transactions	4,247,417	1,284,554
Net change in unrealized appreciation (depreciation) on investments	<u>(2,360,265)</u>	<u>4,928,926</u>
Increase (Decrease) in Net Assets from Operations	<u>3,373,241</u>	<u>7,070,843</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b>		
Net investment income:		
Investor Shares	(1,212,706)	(441,075)
A Shares	(2,302)	-
C Shares	(88)	-
Net realized gains:		
Investor Shares	(1,415,961)	(1,322,191)
A Shares	(1,475)	-
C Shares	(283)	-
Total Distributions To Shareholders	<u>(2,632,815)</u>	<u>(1,763,266)</u>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Sale of Shares		
Investor Shares	25,928,618	37,331,977
A Shares	395,537	-
C Shares	47,003	-
Reinvestment of distributions:		
Investor Shares	2,556,577	1,734,432
A Shares	3,776	-
C Shares	370	-
Redemption of shares:		
Investor Shares	(22,010,024)	(11,876,091)
A Shares	(2,244)	-
Redemption fees	26,079	12,448
Increase (Decrease) From Capital Transactions	<u>6,945,692</u>	<u>27,202,766</u>
Increase (Decrease) in Net Assets	<u>7,686,118</u>	<u>32,510,343</u>
<b>NET ASSETS</b>		
Beginning of Year	96,394,905	63,884,562
End of Year (a)	<u>\$ 104,081,023</u>	<u>\$ 96,394,905</u>
(a) Accumulated undistributed (distributions in excess of) net investment income	<u>\$ 909,649</u>	<u>\$ 585,768</u>

**AUXIER FOCUS FUND**  
FINANCIAL HIGHLIGHTS

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

	<u>Beginning Net Asset Value Per Share</u>	<u>Net Investment Income (Loss)</u>	<u>Net Realized and Unrealized Gain (Loss)</u>	<u>Total from Investment Operations</u>	<u>Distributions</u>			<u>Redemption Fees (b)</u>	<u>Ending Net Asset Value Per Share</u>
					<u>from Net Investment Income</u>	<u>from Net Realized Gains</u>	<u>Total Distributions to Shareholders</u>		
<b>Investor Shares</b>									
Year Ended June 30, 2006	\$ 14.64	\$ 0.21	(b) \$ 0.30	\$ 0.51	\$ (0.18)	\$ (0.21)	\$ (0.39)	-	(g) \$ 14.76
Year Ended June 30, 2005	13.74	0.15	(b) 1.08	1.23	(0.08)	(0.25)	(0.33)	-	(g) 14.64
Year Ended June 30, 2004 (c)	11.68	0.13	(b) 2.10	2.23	(0.17)	-	(0.17)	-	13.74
Year Ended June 30, 2003 (c)	11.33	0.20	0.42	0.62	(0.10)	(0.17)	(0.27)	-	11.68
Year Ended June 30, 2002 (c)	11.43	0.08	(0.07)	0.01	(0.09)	(0.02)	(0.11)	-	11.33
<b>A Shares (h)</b>									
July 8, 2005 through June 30, 2006 (i)	14.81	0.21	(b) 0.14	0.35	(0.18)	(0.21)	(0.39)	-	14.77
<b>C Shares</b>									
August 26, 2005 through June 30, 2006 (i)	14.70	0.11	(b) 0.24	0.35	(0.06)	(0.21)	(0.27)	-	14.78

(a) Annualized for periods less than one year.

(b) Calculated based on average shares outstanding for the period.

(c) Audited by another Independent Registered Public Accounting Firm.

(d) Not annualized for periods less than one year.

(e) Total return does not include the effect of front-end sales charges or contingent deferred sales charges.

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

(g) Less than \$0.01 per share.

(h) 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 is for the period July 8, 2005 through June 30, 2006.

(i) A and C shares commenced operations on July 8, 2005 and August 26, 2005, respectively.

	<u>Total Return (d) (e)</u>	<u>Net Assets at End of Period (000's Omitted)</u>	<u>Ratios to Average Net Assets (a)</u>			<u>Portfolio Turnover Rate (d)</u>
			<u>Net Investment Income (Loss)</u>	<u>Net Expenses</u>	<u>Gross Expenses (f)</u>	
<b>Investor Shares</b>						
Year Ended June 30, 2006	3.44%	\$103,642	1.44%	1.35%	1.36%	28%
Year Ended June 30, 2005	9.01%	96,395	1.09%	1.35%	1.35%	28%
Year Ended June 30, 2004 (c)	19.17%	63,885	0.97%	1.35%	1.35%	18%
Year Ended June 30, 2003 (c)	5.72%	25,141	1.89%	1.35%	1.36%	37%
Year Ended June 30, 2002 (c)	0.07%	16,638	0.73%	1.35%	1.37%	56%
<b>A Shares (h)</b>						
July 8, 2005 through June 30, 2006 (i)	2.32	392	1.56%	1.35%	1.61%	28%
<b>C Shares</b>						
August 26, 2005 through June 30, 2006 (i)	2.38	47	0.84%	2.10%	2.36%	28%

**Note 1. Organization**

This report relates to Auxier Focus Fund (the “Fund”), a non-diversified series 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 Trust currently has twenty-seven investment portfolios.

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 C Shares. Investor Shares, A Shares and C Shares commenced operations on July 9, 1999, July 8, 2005 and August 26, 2005, respectively. A Shares generally have a front-end sales charge. A contingent deferred sales charge of 1.00% is assessed on A Shares purchased without an initial sales charge and redeemed less than one year after they are purchased and on C Shares that are redeemed less than one year after they are purchased.

The Fund’s investment objective is to achieve long-term capital appreciation by investing primarily in a portfolio of common stocks that the Fund’s investment advisor believes offer growth opportunities at a reasonable price. The Fund is intended for long-term investors.

**Note 2. Summary of Significant Accounting Policies**

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of increase and decrease in net assets from operations during the fiscal year. Actual amounts could differ from those estimates. As a non-diversified fund, the Fund will be subject to more investment risk and potential for volatility than a diversified fund because its portfolio may at times focus on a limited number of companies. The following summarizes the significant accounting policies of the Fund:

**Security Valuation** – Exchange traded securities and over-the-counter securities are valued at the last sale or official closing price, as provided by independent pricing services as of the close of trading on the market or exchange for which they are primarily traded, on each Fund business day. In the absence of a sale, such securities are valued at the mean of the last bid and asked price. Non-exchange traded securities for which quotations are available are generally valued at the mean between the current bid and asked prices provided by independent pricing services. Fixed income securities may be valued at prices supplied by the 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, interest rates and maturity. Investments in open end investment companies are valued at net asset value. Money market instruments that mature in sixty days or less are valued at amortized cost.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust’s Board of Trustees (the “Board”) if (1) market quotations are insufficient or not readily available; or (2) the Adviser believes that the values available are unreliable. Fair valuation is based on subjective factors and as a result, the fair value price of an asset may differ from the asset’s market price and may not be the price at which the asset may be sold. Fair valuation could result in a different net asset value (“NAV”) than a NAV determined by using market quotes.

**Security Transactions, Investment Income and Realized Gain and Loss** – Investment transactions are accounted for on 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 practical after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded as earned. All premium and discount are amortized and accreted according to Federal income tax regulations. Identified cost of investments sold is used to determine gain and loss for both financial statement and Federal income tax purposes.



**Foreign Currencies** – Foreign currency amounts are translated into U.S. dollars as follows: (i) assets and liabilities at the rate of exchange at the end of the respective period; and (ii) 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 equity securities are not isolated. These fluctuations are included with the net realized and unrealized gain or loss on investments.

**Distributions to Shareholders** – Distributions to shareholders from net investment income and net capital gains, if any, are declared and paid at least annually. Distributions are based on amounts calculated in accordance with applicable Federal income tax regulations, which may differ from generally accepted accounting principles, generally accepted in the United States of America. 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 qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute all its taxable income. In addition, by distributing in each calendar year substantially all 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.

**Expense Allocation** – The Trust accounts separately for the assets, liabilities and operations of each of its series. Expenses that are directly attributable to more than one series are allocated among the respective series in proportion to each series' average daily net assets. Each share of each class of the Fund represents an undivided, proportionate interest in the Fund.

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** – If you redeem or exchange your shares within 180 days of purchase, you will be charged a 2.00% redemption fee. The fee is charged for the benefit of remaining shareholders and will be paid to the Fund to help offset future transaction costs. To calculate redemption fees, the Fund uses the first-in, first-out method to determine the holding period. Under this method, the date of redemption is compared with the earliest purchase date of shares held in the account. 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.

**New Accounting Pronouncements** - In June 2006, the Financial Accounting Standards Board issued Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes"(the "Interpretation"), which is effective for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. This Interpretation prescribes a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return, and requires certain expanded disclosures. Management has recently begun to evaluate the application of the Interpretation to the Fund, and has not at this time determined the impact, if any, resulting from the adoption of this Interpretation on the Fund's financial statements.

### **Note 3. Advisory Fees, Servicing Fees and Other Transactions**

**Investment Advisor** – Auxier Asset Management, LLC (the "Advisor") is the investment advisor to the Fund. Pursuant to a management agreement, the Advisor receives an advisory fee at an annual rate of 1.35% of the Fund's average daily net assets. Under the terms of the management agreement, the Advisor is obligated to pay all expenses of the Fund, except fees and expenses of the Independent Trustees, Rule 12b-1 expenses, brokerage fees and commissions, taxes, borrowing costs (including interest and dividend expenses on short sales), and extraordinary expenses.

**Administration and Other Services** – Citigroup Fund Services, LLC ("Citigroup") provides administration, portfolio accounting, and transfer agency services to the Fund.

**AUXIER FOCUS FUND**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

**Distribution** – Foreside Fund Services, LLC is the Trust’s distributor (the “Distributor”). The Distributor is not affiliated with the Adviser, or Citigroup and its affiliated companies.

Under a Distribution Plan adopted pursuant to Rule 12b-1 under the Act with respect to A Shares and C Shares, (“Distribution Plan”), the Fund pays the Distributor or any other entity authorized by the Board (“Payees”) collectively, a fee at an annual rate of 0.25% and 1.00%, respectively, of the average daily net assets of each class. For the year ended June 30, 2006, the Distributor received \$752 pursuant to the Distribution Plan.

For the year ended June 30, 2006, the Distributor retained \$3,105 of the front-end sales charges assessed on the sale of A Shares. The Distributor did not retain any commissions from the contingent deferred sales charges assessed on A Shares purchased without an initial sales charge and redeemed less than one year after they are purchased. The Distributor did not retain any commissions from the contingent deferred sales charges assessed on purchases of \$1 million or more of C Shares that are liquidated in whole or in part within one year purchase.

Under a Compliance Services Agreement with the Trust, the Distributor provides a Chief Compliance Officer, Principal Executive Officer, Principal Financial Officer and Anti-Money Laundering Officer to the Trust as well as certain additional compliance support functions. The Principal Executive Officer of the Trust is also a principal of the Distributor. 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 year ended June 30, 2006 the Adviser paid compliance service fees for the Fund of \$18,469 from the fees collected under the Investment Adviser agreement.

**Officers** – Certain officers of the Trust are directors, officers, or employees of the Distributor or Citigroup.

**Note 4. Waiver of Fees and Reimbursement of Expenses**

The Advisor has contractually agreed to reimburse certain expenses so that net expenses do not exceed 1.35%, 1.35%, and 2.10% of the average daily net assets of Investor Shares, A Shares, and C Shares, respectively, through October 31, 2006. For the year ended June 30, 2006, the Advisor waived fees of \$7,411.

**Note 5. Security Transactions**

The cost of purchases and proceeds from sales of securities (including maturities), other than short-term investments, for the year ended June 30, 2006 were as follows:

	<b>Non US Government Obligations</b>	<b>US Government Obligations</b>
Purchases	\$26,850,192	\$4,690,196
Sales	\$23,902,189	-

**Note 6. Federal Income Tax and Investment Transactions**

As of June 30, 2006, distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed Ordinary Income	\$ 909,649
Undistributed Long-Term Gain	3,228,449
Unrealized Appreciation (Depreciation)	8,223,660
Total	<u>\$12,361,758</u>

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

The tax character of distributions paid as of June 30, 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
Ordinary Income	\$ 1,215,096	\$ 441,075
Long-term Capital Gain	1,417,719	1,322,191

---

**AUXIER FOCUS FUND**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

---

On the Statement of Assets and Liabilities, as a result of permanent book to tax differences, certain amounts have been reclassified for the year ended June 30, 2006. The following reclassification was primarily due to currency and REIT adjustments, and has no impact on the net assets of the Fund.

Accumulated Net Investment Income	\$52,888
Paid-In-Capital	3,520
Undistributed Net Realized Gain (Loss)	(56,408)

**Note 7. Share Transactions**

Share Transactions for the Fund were as follows:

	<b>For the Year Ended June,</b>	
	<b>2006</b>	<b>2005</b>
Sales of Shares:		
Investor Shares	1,742,260	2,658,964
A Shares	26,411	-
C Shares	3,157	-
Reinvestment of distributions:		
Investor Shares	171,877	120,914
A Shares	254	-
C Shares	25	-
Redemption of shares:		
Investor Shares	(1,477,697)	(846,514)
A Shares	(151)	-
Redemption fees	-	-
Increase (decrease) from share transactions	<u>466,136</u>	<u>1,933,364</u>

**Note 8. Other Information**

On June 30, 2006, one shareholder held approximately 43% of the outstanding shares of Investor shares. This shareholder is an omnibus account, which is held on behalf of several individual shareholders. On the aforementioned date, three shareholders held approximately 62% for the outstanding shares of A shares. On the aforementioned date, three shareholders held approximately 96% for the outstanding shares of C shares.

---

**AUXIER FOCUS FUND**  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
JUNE 30, 2006

---

To the Board of Trustees of Forum Funds and Shareholders of  
Auxier Focus Fund:

We have audited the accompanying statement of assets and liabilities of Auxier Focus Fund (the "Fund"), a series of Forum Funds, including the schedule of investments, as of June 30, 2006, and the related statement of operations for the year then ended, and the statements of changes in net assets and financial highlights for each of the two years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The financial highlights for each of the three years in the period ended June 30, 2004 were audited by other auditors whose report, dated August 25, 2004, expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor have we been engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of June 30, 2006, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Auxier Focus Fund as of June 30, 2006, the results of its operations for the year then ended, the changes in its net assets and financial highlights for each of the two years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Boston, Massachusetts  
August 25, 2006

**AUXIER FOCUS FUND**  
 ADDITIONAL INFORMATION (Unaudited)  
 JUNE 30, 2006

**Proxy Voting Information**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (877) 328-9437, on the Fund's web site at [www.auxierasset.com/focus\\_fund.htm](http://www.auxierasset.com/focus_fund.htm) and on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's proxy voting record for the twelve-month period ended June 30 is available, without charge and upon request, by calling (877) 328-9437 and on the SEC's web site at [www.sec.gov](http://www.sec.gov).

**Availability of Quarterly Portfolio Schedules**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's, Forms N-Q are available, without charge and upon request, on the SEC's website at [www.sec.gov](http://www.sec.gov) or may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

**Shareholder Expense Example**

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments on certain classes; redemption fees; and exchange fees and (2) ongoing costs, including management fees; distribution 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 following example is based on \$1,000 invested at the beginning of the period and held for the entire period from January 1, 2006 (or the class' inception date) through June 30, 2006.

**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 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 cost 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 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) for certain share classes, redemption fees or exchange 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 had been included, your costs would have been higher.

	<b>Beginning Account Value January 1, 2006</b>	<b>Ending Account Value</b>	<b>Expenses Paid During Period*</b>	<b>Annualized Expense Ratio*</b>
<b>Investor Shares</b>				
Actual Return	\$1,000.00	\$1,002.04	\$6.70	1.35%
Hypothetical Return	\$1,000.00	\$1,018.10	\$6.76	1.35%
<b>A Shares</b>				
Actual Return	\$1,000.00	\$1002.04	\$6.70	1.35%
Hypothetical Return	\$1,000.00	\$1,018.10	\$6.76	1.35%

---

**AUXIER FOCUS FUND**

ADDITIONAL INFORMATION (Unaudited)

JUNE 30, 2006

---

**C Shares**

Actual Return	\$1,000.00	\$998.66	\$10.41	2.10%
Hypothetical Return	\$1,000.00	\$1,014.38	\$10.49	2.10%

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

**Federal Tax Status of Dividends Declared during the Tax Year**

For Federal income tax purposes, dividends from short-term capital gains are classified as ordinary income. All net investment income dividends were ordinary income. The percentage of ordinary income distributions designated as qualifying for the corporate dividends received deduction ("DRD"), the individual qualified dividend rate ("QDI") and the Qualifying Interest Income exempt from U.S. tax for foreign shareholders ("QII") is presented below.

<u>DRD</u>	<u>QDI</u>	<u>QII</u>
100.00%	100.00%	20.46%

**Trustees and Officers of the Trust**

The Board is responsible for oversight of the management of the Trust's business affairs and of the exercise of all the Trust's powers except those reserved for shareholders. The following tables give information about each Board member and certain officers of the Trust. The fund complex includes the Trust and Monarch Funds, another registered investment company (collectively, the "Fund Complex"), which hold themselves out to investors as related companies for purposes of investment and investor services. The Trustees and officers listed below also serve in the capacities noted below for Monarch Funds with the exception of Mr. Collier and Ms. Bakke who do not serve as officers of Monarch Funds. Mr. Keffer is considered an Interested Trustee due to his affiliation with a Trust advisor and the Distributor within the past two years. Each Trustee and officer holds office until the person resigns, is removed, or replaced. Unless otherwise noted, the persons have held their principal occupations for more than five years. The addresses for all Trustees and officers is Two Portland Square, Portland, ME 04101, unless otherwise indicated. Each Trustee oversees thirty-one portfolios in the Fund Complex. Each Independent Trustee is also an Independent Trustee of Monarch Funds. John Y. Keffer is an Interested Trustee/Director of Wintergreen Fund, Inc. and Monarch Funds. The Fund's Statement of Additional Information includes additional information about the Trustees and is available, without charge and upon request, by calling (800) 206-8610.

<b>Name and Birth Date</b>	<b>Position with the Trust</b>	<b>Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years</b>
<u>Independent Trustees</u>			
J. Michael Parish Born: November 9, 1943	Chairman of the Board; Trustee; Chairman, Compliance Committee, Nominating Committee and Qualified Legal Compliance Committee	Trustee since 1989 (Chairman since 2004)	Retired; Partner, Wolf, Block, Schorr and Solis- Cohen, LLP (law firm) 2002-2003; Partner, Thelen Reid & Priest LLP (law firm) 1995 – 2002.
Costas Azariadis Born: February 15, 1943	Trustee; Chairman, Valuation Committee	Since 1989	Professor of Economics, Washington University (effective 2006); Professor of Economics, University of California-Los Angeles 1992- 2006.
James C. Cheng Born: July 26, 1942	Trustee; Chairman, Audit Committee	Since 1989	President, Technology Marketing Associates (marketing company for small- and medium-sized businesses in New England).

**AUXIER FOCUS FUND**

ADDITIONAL INFORMATION (Unaudited)

JUNE 30, 2006

<b>Name and Birth Date</b>	<b>Position with the Trust</b>	<b>Length of Time Served</b>	<b>Principal Occupations(s) During Past 5 Years</b>
<u>Interested Trustee</u>			
John Y. Keffer Born: July 15, 1942	Trustee; Chairman, Contracts Committee	Since 1989	President, Forum Foundation (a charitable organization) since 2005; President, Forum Trust, LLC (a non-depository trust company) since 1997; President, Citigroup Fund Services, LLC (Citigroup) 2003 - 2005; President, Forum Financial Group, LLC ("Forum") (a fund services company acquired by Citibank, N.A. 1999 -2003).
<u>Officers</u>			
Simon D. Collier Born: October 22, 1961	President; Principal Executive Officer	Since 2005	Managing Partner, Foreside Financial Group, LLC since April 2005; Chief Operating Officer and Managing Director, Global Fund Services, Citigroup 2003-2005; Managing Director, Global Securities Services for Investors, Citibank, N.A. 1999-2003.
Beth P. Hanson Born: July 15, 1966	Vice President/ Assistant Secretary	Since 2003	Relationship Manager, Citigroup since 2003; Relationship Manager, Forum 1999 – 2003.
Sara M. Morris Born: September 18, 1963	Vice President	Since 2004	Director and Relationship Manager, Citigroup since 2004; Chief Financial Officer, The VIA Group, LLC (a strategic marketing company) 2000 – 2003.
Trudance L. Bakke Born: August 11, 1971	Treasurer; Principal Financial Officer	Since 2005 (Principal Financial Officer since August 2006)	Director, Foreside Compliance Service, LLC since 2006; Product Manager, Citigroup 2003-2006; Senior Manager of Corporate Finance, Forum 1999 - 2003.
David M. Whitaker Born: September 6, 1971	Secretary	Since 2004	Product Manager, Citigroup since 2004; Assistant Counsel, PFPC, Inc. (a fund services company) 2000 – 2004.

---

---

# **Auxier Focus Fund**

---

---

## **FOR MORE INFORMATION**

P.O. Box 446  
Portland, Maine 04112  
(877)-3AUXIER  
(877) 328-9437

### **INVESTMENT ADVISOR**

Auxier Asset Management, LLC  
5000 S.W. Meadows Road  
Suite 410  
Lake Oswego, Oregon 97035

### **TRANSFER AGENT**

Citigroup Fund Services, LLC  
P.O. Box 446  
Portland, Maine 04112

### **DISTRIBUTOR**

Foreside Fund Services, LLC  
Two Portland Square, 1st Floor  
Portland, Maine 04101  
[www.foresides.com](http://www.foresides.com)

This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management, and other information.