AAM
AUXIER•ASSET
MANAGEMENT LLC

Auxier REPORT

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AUXIER FOCUS FUND
PERFORMANCE UPDATE
March 31, 2007

AUXFX RETURNS VS. S&P 500 INDEX

	Auxier Focus Fund	S&P 500 Index	Difference*
12/31/06 – 03/31/07	1.78%	0.64%	1.14
12/31/05 – 12/31/06	11.75%	15.79%	-4.04
12/31/04 – 12/31/05	4.58%	4.91%	-0.33
12/31/03 – 12/31/04	10.73%	10.87%	-0.14
12/31/02 – 12/31/03	26.75%	28.69%	-1.94
12/31/01 – 12/31/02	-6.79%	-22.10%	15.31
12/31/00 – 12/31/01	12.67%	-11.88%	24.55
12/31/99 – 12/31/00	4.05%	-9.10%	13.15
12/31/00 – 12/31/06	72.26%	18.98%	53.28
Since Inception 7/9/99	87.79%	14.63%	73.16

* in percentage points

Average Annual Returns for the period ended 03/31/07	1 Year	3 Year	5 Year	Since Inception
Auxier Focus Fund (Investor Shares)	**11.25%**	**8.71%**	**8.70%**	**8.50% (7/9/99)**
S&P 500 Index	**11.83%**	**10.07%**	**6.26%**	**1.78%**

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 annual operating expense ratio (gross) is 1.36%. However, the Fund's adviser has agreed to contractually waive a portion of its fees and/or reimburse expenses such that total operating expenses do not exceed 1.35% which is in effect until October 31, 2007. The Fund charges a 2.0% redemption fee on shares redeemed within six months of purchase. For the most recent month-end performance, please call (877)328-9437 or visit the Fund's website at www.auxierasset.com.

Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling (877) 328-9437 or visiting the Fund's website. Please read the prospectus carefully before you invest.

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 investment objective of the Fund is to provide long term capital appreciation by investing primarily in a portfolio of common stocks that the Advisor believes offer growth opportunities at a reasonable price. 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. The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 widely held common stocks. One cannot invest directly in an index. Foreside Fund Services, LLC, distributor.

Spring 2007

Market Commentary

The Auxier Focus Fund ended the first quarter of 2007 with a gain of 1.78%, versus 0.64% for the S&P 500. Volatility ticked up in both global and domestic markets, led by the Shanghai Composite Index in China, which dropped over 9% in a single day. With the rapid, unregulated worldwide growth of structured finance and derivatives—the total outstanding volume of credit derivative contracts doubled in 2006 (*American Banker*)—we would anticipate periods of much greater volatility. We seek to be prepared ahead of time to take advantage of the bargains and misappraisals that may result from such dramatic price movements in the auction markets.

Aggressive lending in subprime and "Alt-A" mortgages has led to a major overexpansion in credit. These mortgages comprise nearly $2.5 trillion of the $10 trillion US mortgage market. Nationally, the inventory of unsold new homes is the highest in 16 years. As lenders tighten, the hangover from this "easy money" party should lead to some bargain opportunities. After the 1990's thrift crisis, many solid banks could be purchased for 50% of book value or below. We are anxiously awaiting those potentially lower price levels.

As economies outside the US continued to expand, growing Gross Domestic Product (GDP) 4.5% on average, the pricing for metals and materials remains strong. Legislative mandates both in the US and Europe for ethanol and bio-diesel usage have helped to elevate most agricultural commodities. For example, all transport fuel in the European Union market will need 5.75% bio-fuel content by 2010. Already it is estimated that 20% of the US corn crop is required to produce just 3% of the domestic gasoline supply. In addition, growing middle classes in emergent economies increase the demand for food protein.

We continually search for low-risk avenues to play such favorable pricing. For example, two years ago we bought Canadian government bonds to get paid in cash while also benefiting from the currency boost of a commodity-based economy. More recent names have included AGCO (60% market share in Brazil's tractor market) and Alliance One International (a duopoly on leaf tobacco).

Large multinational blue-chip companies underperformed for the first quarter. We are finding a few that are reasonably priced and enjoy the tailwinds of:

- A very weak US Dollar—down 39% vs. the Euro since 2000;
- A growing world middle class;
- Strong global economies;
- Favorable supply/demand as stock buybacks are on track to exceed $700 billion for 2007, and private equity firms continue to retire stock;
- A slowdown in the US economy could lead to price/earnings (P/E) expansion, assuming inflation pressures subside;
- Improved cost efficiency measures;
- Strong balance sheets and free cash flow yields;
- Growing dividend yields taxed at 15% federal rates.

Let's make a deal

Deal-making continues at a torrid pace and is one of the factors responsible for the market's rebound after February's sell off. Private equity and Leveraged Buyout (LBO) firms remain flush with record levels of cash and have been putting their money to work in increasingly large deals. The quarter saw a record number of transactions with volume up 32% to a record $439 billion, according to Thomson

Financial. Low interest rates have served as a powerful tonic in the deal-making frenzy, providing cheap financing and ample liquidity.

Many private equity investors look for a number of factors in prospective investment candidates. Chief among them are companies with steady, predictable free cash flow, strong brand names and customer relationships, healthy balance sheets with minimal debt and hidden asset value in real estate, patent portfolios or ancillary lines of business. Once acquired, private equity firms attempt to extract value from their companies through optimizing capital structure, jettisoning underperforming divisions, selling assets, trimming bloated cost structures and spinning off subsidiaries that have attractive prospects.

In short, private equity buyers are holistic appraisers of business value, similar to the Fund. We believe the best way to value a business is to assess whether we would buy it at current prices if we were a private buyer. We feel this instills a far more disciplined mindset for purchasing company assets, in contrast to many stock market participants who view a stock as a short-term piece of paper to be traded at whim.

Our stepped up purchases of First Data Corporation (FDC) last year illustrates this point. At the time of purchase, FDC derived its revenues from two principle lines of business: credit card transaction processing, at which it is the industry leader, and money transfers through its Western Union brand. FDC shares traded at below market multiples throughout much of 2005 and 2006. Investors were concerned that banking consolidation would result in reduced pricing leverage for its card processing and that rising competition would crimp margins within Western Union. In addition, investors grew weary of Western Union when new immigration legislation prompted fears that immigrants would curb their usage of money transfers. Shares of FDC sold off as a result, and we aggressively added to the Fund's position.

The valuation dislocation caused by investor concerns over FDC's near-term future has since been corrected. Western Union was spun out as a separate entity in October and has since gained 20% in value. On April 2nd, private equity firm Kohlberg, Kravis, Roberts and Co. made a $29 billion cash buyout offer for FDC, representing a 26% premium. The two companies collectively trade for approximately $42 billion, 38% higher than the pre-breakup value of $30.5 billion.

Both FDC and Western Union possess enviable business franchises whose value was obscured by the market's myopic focus on short-term challenges. An additional effort was required to assess the value of multiple business lines within a conglomerate holding structure.

FDC is the largest processor of credit card and debit card transactions in North America, handling 50% of all transactions. The company's sheer size provides it an almost unassailable competitive moat. Its scale dwarfs the competition. The next largest competitor, Bank of America, holds a 16% share. Because card processing consists largely of fixed costs, there is inherent operating leverage within the model. This provides FDC significant cost advantages over its competitors. This advantage is evident in the firm's enormous free cash flow, which represents 28.3% of sales. A business with these characteristics clearly possesses desirable economics in comparison to the vast majority of other company operating models. When such exemplars go on sale, it makes sense to back up the proverbial truck. What made our investment in FDC all the more appealing was the additional value we expected to capture through the company's planned spin-off of Western Union.

Spin-offs tend to be good investments. Among the reasons are greater focus on the core business, alignment of managerial incentives with operating company fundamentals and improved transparency for research analysts. But perhaps the most powerful force in propelling the shares of spin-off firms higher is the focusing of entrepreneurial energy that occurs. This phenomenon is detailed by noted value investor Joel Greenblatt in his book, *You Can Be A Stock Market Genius*: "When a business and its management are freed from a large corporate parent, pent-up entrepreneurial forces are unleashed. The combination of accountability, responsibility and more direct incentives take their natural course." This has been confirmed by the performance of spin-offs throughout the years. Research from Lehman Brothers found that spin-offs from the top 1,500 U.S. stocks by market value outperformed the S&P 500 by an average of 18% from 1990 to 2005.

Western Union possesses one of the best business models in the world. The company has a 17% share of the global money transfer market and its largest network, with over 300,000 agent locations in 200 countries. The proliferation of point-to-point service locations creates *network economics,* whereby the larger the number of users, the more valuable the service becomes. This is similar to eBay, where the value of its auction network is directly proportional to the number of users of the service. Each time Western Union opens a new store, the return on capital of every store in its network increases because each store has gained a new point of distribution. Over the long run, the company with the most points of distribution wins. Western Union's lead is formidable with a market share that is nearly five times the size of its next largest competitor, MoneyGram International.

Western Union's financials confirm the advantages of its business model. Minimal reinvestment needs result in net margins above 30%, and the company converts 20% of its revenue into free cash flow. Sales growth has averaged 15% per year since 2001 and should remain strong as the company expands internationally and further penetrates markets in Eastern Europe, India and China.

Closing thoughts

Much of what has been written on stock selection focuses on perusing financial statements and employing various valuation methodologies. We think those steps are vital. But we also strive to analyze the attractiveness of a company's business model and whether it is the type that's well positioned to compound growth over time. *USA Today* recently listed the top 25 performing stocks over the past 25 years. The top five collectively achieved over a 33,000% return over the period, showing the benefits of high compounded rates of return. How easy, and costly, it can be to spend valuable research time on unknowable macro forecasts. Business ownership and understanding what builds value over the long term is our focus at AAM. The more we know the characteristics and operating habits of successful operators, the greater the conviction to hold through difficult market conditions. As Warren Buffett once remarked, "The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the competitive advantage of any given company and, above all, the durability of that advantage."

Your trust and support is appreciated.

Jeff Auxier

As of 03/31/2007, the Fund held those securities mentioned in the letter as follows: AGCO Corp., 1.6%; Alliance One International, 3.2%; First Data Corp., 1.3%; MoneyGram International, Inc., 0%; Western Union Co., 1.7%; Canadian government bonds, 1.0%. Shanghai Composite Index is an index of all stocks traded on the Shanghai Stock Exchange. Price- to- earnings ratio is the value of a company's stock price relative to company earnings.

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.