AAM AUXIER•ASSET MANAGEMENT LLC

Auxier REPORT

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AUXIER FOCUS FUND
PERFORMANCE UPDATE
JUNE 30, 2004

Average Annual Total Returns
(for periods ended June 30, 2004)

	3 month	6 month	1 year	Since Inception (July 9, 1999)
Auxier Focus Fund	0.37%	2.92%	19.17%	8.02%
S&P 500 Index	1.72%	3.44%	19.11%	-2.66%

The S&P 500 Index is a widely recognized unmanaged index of common stock prices and is representative of a broader market and range of securities than is found in the Fund's portfolio. Individuals cannot invest directly in the index. Performance figures reflect the change in value of the stocks in the index, and reinvestment of dividends. The index returns do not reflect expenses, which have been deducted from the Fund's return. The performance of the Fund is computed on a total return basis, which includes reinvestment of all dividends and capital gains. The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by visiting www.auxierasset.com or calling Unified Fund Services Inc. at (877) 3-AUXIER. Read it carefully before investing.

Performance data current to the most recent month end may be obtained by visiting www.auxierasset.com or by calling 1-800-835-9556.

Management's Discussion of Fund Performance

The Auxier Focus Fund ended the Second Quarter with a return of 0.37%, a 6 month return of 2.92%, and a 12 month return of 19.17%. This compares with the S&P 500 Index returns of 1.72%, 3.44% and 19.11% for the respective periods. Longer term, the Fund has outperformed the S&P 500 Index since its inception by 59.27%. From inception, July 9, 1999 through June 30, 2004, the Fund's total return was +46.73% while the S&P 500's total return for the same period was -12.54%.

Although our stocks performed generally in line with the market, our interest rate sensitive "work-out" positions hurt overall performance.

The General Market

Last quarter I commented that bond investors were not being adequately compensated for the risks fostered by enormous government stimulation. Subsequently, treasuries suffered their worst quarterly decline since 1980. The 30-year bond declined 6.17%.

Abnormally low short-term interest rates have led to a sharp increase in debt accumulation by Americans. Household debt, which includes credit cards, mortgage, home-equity and auto loans, exceeds $9 trillion. Close to 40% of this total has been incurred over the past four years. Nearly half is variable rate in nature. Some 60% of credit card balances are rolled over monthly at rates as high as 22%. Thrift is a badly needed virtue in this country.

The rule on debt is to never borrow against depreciating assets. This normally includes consumer goods such as cars, boats, etc. It also includes assets that are grossly overpriced. To overpay is bad enough, but when you add borrowed money to the mix it can lead to painful consequences.

China

China has become such a powerful economic force that changes in their policies can have a meaningful ripple effect on many other countries and companies. Earlier this year, the Chinese government started to implement credit curbs together with a tightening of investment regulations. There have been over 30 separate tightening moves by Chinese policymakers in recent months. As demand slows, many multinational firms can find growth projections too optimistic, leading to inventory problems and subsequent margin compression.

The Good News on Rising Rates

Looking back over the past 25 years, some of our best long-term buying opportunities took place after a series of rate increases. In 1987, rates rose steadily from 7% to 10% leading to the crash and unbelievable markdowns across the board. In 1994, long rates rose from 5.75% to 8%. Purchases in 1994 led to strong returns in 1995-97. Periods of tight money should be viewed as unique opportunities to buy quality assets on sale. The mistakes made during the “easy money” years become very obvious in a tightening cycle. Opportunities abound for value-minded vultures.

Portfolio Safeguards

At all times we try to have a portion of the portfolio in securities insulated from the overall market. We always want to have liquidity to take advantage of distressed situations. The returns of these securities are dependent more on a managerial corporate action as opposed to the general supply/demand of the auction markets. As market levels rise and the corresponding risk increases, we move to these conservative investments that tend to have a timetable. Then, when the general market declines, we optimally move into undervalued, high quality, high return businesses. In general, we need to have the double or triple play upside in this area before we commit funds. We like the odds to be very favorable on a risk/reward basis.

No Premium for Quality

The price dispersion between high quality and low quality stocks has recently compressed to a 20-year low. This means that high quality stocks have lost their historical premium valuations to the market and are starting to look attractive versus other stocks and asset classes.

Ironically, just as quality is being priced more reasonably, interest rates are beginning to rise and earnings gains are decelerating. This kind of fundamental backdrop historically has favored the stronger, industry leading company, especially those with solid balance sheets and free cash flow. When money is tight, assets are cheaper and the self-funding leaders get stronger. Companies with tremendous free cash flow have the financial flexibility to buy back stock, raise dividends or make attractively priced acquisitions.

Final Thoughts

The auction markets in general provide investors with a wide array of opportunities to achieve returns. Too often ego, emotion and irrational behavior get in the way of optimal performance. We strive to adhere to a systematic, low risk approach based on research and facts. As Ben Graham taught, proper temperament + proper intellectual framework = rational behavior.

Housekeeping

The Auxier Focus Fund recently celebrated its Fifth Anniversary, with a five-year annualized return of 7.29% as of June 30, 2004, as compared to the S&P 500 return for the same period of -2.20%. The Fund maintains Morningstar's highest rating, with an overall 5 Stars based on annualized total return for the three year period ending July 1, 2004 (out of 473 Moderate Allocation Funds).

Since inception the Fund Manager has maintained a substantial personal investment in the fund, and is prohibited from selling those shares as long as he serves as Manager to the Fund.

Morningstar Inc.

 The Auxier Focus Fund has not been ranked by Morningstar Inc. for its 10 year returns since the fund's inception date does not cover this period. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. Past performance is no guarantee of future results.