AAM AUXIER•ASSET MANAGEMENT LLC

Auxier REPORT

5285 Meadows Rd., Ste. 333 Lake Oswego, OR 97035 Phone 503.885.8807 800.835.9556 Fax 503.885.8607 Email info@auxierasset.com

J. Jeffrey Auxier

AUXIER FOCUS FUND
PERFORMANCE UPDATE
June 30, 2014

ANNUALIZED

	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	7.60%	7.40%	13.93%	10.95%	15.43%
S&P 500 Index	4.20%	7.78%	18.83%	16.58%	24.61%

CUMULATIVE

	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	199.54%	104.15%	91.92%	36.60%	15.43%
S&P 500 Index	85.07%	111.59%	136.98%	58.46%	24.61%

* Fund inception: July 9, 1999

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. As stated in the current prospectus, the Fund's Investor Class Share's annual operating expense ratio (gross) is 1.28%. The Fund's adviser has contractually agreed to waive a portion of its fee and/or reimburse Fund expenses to limit total annual operating expenses at 1.25%, which is in effect until October 31, 2015. Other share classes may vary. 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 Advisor's website at www.auxierasset.com. The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future.

Summer 2014 Market Commentary

Auxier Focus Fund returned 3.96% for the second quarter. The Fund's stockholdings gained 5.46%, outpacing the corresponding returns of 5.23% for Standard and Poor's 500 Stock Index and 2.83% for the Dow Jones Industrial Average. Foreign stocks comprised about 18% of the Fund portfolio. Note that since inception in 1999, Auxier Focus' stock exposure has averaged 72%, a much lower risk stance than the S&P 500 and Dow Jones Industrial Average (both 100% invested in stocks). Yet we nonetheless outperformed both indices for the period. A hypothetical $10,000 investment in the Fund on July 9, 1999 through June 30, 2014 would have grown to $29,954. That's 61% more than the S&P 500's $18,507 and 39% better than the Dow's $21,484 for a similar investment.

July 2014 marks the Fund's 15th anniversary. That period included two 40% market corrections; and the worst recorded ten-year U.S. market returns (1999-2009); and numerous mega-cap financial institutions being wiped out. Since 1999 we have sought to match good markets and outperform in flat and declining markets. The power of compounding is so underappreciated. We strive to keep it going and keep shareholders in the game longer term by identifying, quantifying and minimizing risk. We have over thirty years of experience navigating numerous market downturns, a healthy respect for the extremes in market behavior and a systematic approach based on price and value.

The benefits of such bargain hunting, compounded over decades, are illustrated by a recent James Cullen study. He found that a $1 million investment in the S&P 500 in 1968 grew to $79 million by the end of 2013. Sounds mighty impressive until you learn that $1 million invested in the 20% of the S&P 500 with the lowest price-to-earnings ratio correspondingly multiplied to $578 million, *a sixfold return advantage*. Yes, it's difficult to buy the unloved, especially in roaring up markets. History, however, shows that investors consistently overpay to get rich quick. Then they tend to suffer as their portfolio is "torpedoed" by high priced, high expectation momentum stocks that fall short and crash, interrupting the compounding process.

Reduced Purchasing Power's Insidious Risk

Those enormous returns reported in Cullen's study include of course lots of inflation. Over the past 50 years, investors would have needed a sevenfold return just to maintain the purchasing power of their original investment. For example, it would take over 30 years after tax to double your money with a ten-year U.S. Treasury Bond yielding a recent 2.5%.

The Fed's pro-inflation policies are starting to work. The seeds of inflation are showing up in skilled labor shortages. According to the Department of Labor, more than half of the country's tradesmen are over 45. Shortages of carpenters, welders, plumbers and cement masons are driving wages and benefits higher. Baby boomers are big travelers and look at the prices of rental cars, airfares, lodging etc. People are demanding better quality food, pushing up costs and prices. Meat prices are soaring. California, one of the biggest producers of agricultural products, is suffering drought in 82% of the state. To stay ahead of inflation, we seek businesses that have stable demand, nominal mandatory capital spending needs, sustainable pricing, high rates of return on capital and excess cash flow. We firmly believe that investors need to seek investments with potential to be double to triple plays over a number of years—not months—to maintain purchasing power while deferring tax burdens. In 1949, the U.S. Treasury ten-year note yield dropped to under 2.8%. The decade following was one of the best in history for stocks, while bonds endured a principal-depleting bear market that continued through 1981.

The Portfolio

So far in 2014 merger activity has accelerated as deals totaling $771 billion have been announced. U.S. corporations are sitting on close to $2 trillion in cash with access to very cheap credit. In past cycles we have benefited as our portfolio typically has companies with attributes attractive to both corporate and private equity buyers. High return businesses sporting high free cash flow yields often become targets. DIRECTV is a recent example. In addition, tax inversions are the current craze. In this maneuver, U.S.

Top Holdings 6/30/2014	% Assets
Molson Coors Brewing	4.5
Pepsico	3.3
Bank of New York Mellon	2.9
Tesco	2.7
BP	2.5
Telefonica	2.2
Microsoft	2.2
Philip Morris	2.2
Medtronic	2.1
Merck	2.1

companies are buying competitors domiciled in lower tax countries and then moving headquarters to take advantage of the lower tax rates. Fund stockholdings that are impacted include AbbVie, Medtronic and Hospira. Activist investors are also adding positive catalysts to our positions like Pepsico, Bank of New York and Dow Chemical. On the downside, retailers in general continue to suffer from excess supply in retail space and the transition to online shopping.

Fetching Bargains Among Unfashionable Stocks

Looking across the investment spectrum, the plethora of U.S. initial public offerings (IPOs) look overpriced (e.g., biotechs and internet stocks) with many trading over fourteen times sales (versus less than 1.6 times sales for the S&P 500). The proliferation of "covenant lite" bonds adds to the risk in junk bonds. Liquidity in corporate bonds has shrunk so much (by some estimates 70% since 2007) that the Federal Reserve has floated the idea of backend surrender charges levied when you sell bond funds. High quality bonds suffer from the potential for principal loss if rates rise together with the long-term loss of purchasing power. Some bond rates in Europe are at low levels not seen in 300 years. Investors scrambling for yield have bid up shares of electric utilities that suffer from negative cash flows in the face of major capital spending programs. In the 1980s, we enjoyed tremendous bargain opportunities in utility stocks. Many had crashed from cost overruns as the industry embarked on record nuclear power plant construction in an environment of high oil prices. The ratepayers refused to cover the costs and shareholders were hammered, which created outstanding buys.

We continue to believe that the best approach today is to be very selective, flexible and focused on quality businesses that have temporarily fallen out of favor with the investment community. Managements' capital allocation needs to be monitored closely in higher markets. A recent example of value-added managerial behavior took place with America Movil, run by Carlos Slim and family. The headlines were extremely negative in the midst of a Mexican telecom deregulation. At the same time AT&T was liquidating a multibillion dollar position in America Movil. The Slim family proceeded to step up and buy over $5 billion worth of their stock with family money. They then aggressively started breaking up the Mexican operations. This is a family with generations of experience and an outstanding record of deploying capital in times of distress. The bad news had driven the price of the stock to an attractive 11 times earnings. This was a bargain for a proven capital allocator that has consistently reinvested in the business. Molson Coors is another example of a business with heavy family ownership that has endured for centuries and has been quietly executing and innovating in an unexciting industry. We like companies whose leadership has heavy ownership, steadfast focus on building the business and a history of executing for the long term—not in building to sell or in cashing out stock options.

Lessons Learned Over the Fund's First 15 Years

- Better to focus on the direction of a company's underlying cash flows than on stated earnings.
- Talk is cheap. Understand the accounting and start with numbers. Promoters come out of the woodwork when rates are low and investors blindly stretch for yield.
- Overpaying and over-borrowing. Both are recurring investment sins that consistently destroy shareholder value.

- Look for skin in the game. *Barron's* recently reported that half of U.S. mutual fund managers had zero invested in their funds. The average tenure is less than five years.
- Bigger is not safer. The balance sheet needs to be monitored closely as big firms often employ excessive leverage in good times. In 2008, many of the so called "blue chip" financials were leveraging up over 70 to 1. Banks had some of the best dividends but were built on a foundation of borrowed money.
- There are no shortcuts in risk management. Our daily research commitment strives to increase odds, reduce risk and maintain the compounding process. Price discovery is paramount.
- Humility, a rational temperament and a long-term orientation are crucial to surviving and thriving in the changing auction markets.

We appreciate your trust.

Sincerely,

Jeff Auxier

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 Fund may invest in value and/or growth stocks. Investments in value stocks are subject to risk that their intrinsic value may never be realized and investments in growth stocks may be susceptible to rapid price swings, especially during periods of economic uncertainty. In addition, the Fund may invest in mid-sized companies which generally carry greater risk than is customarily associated with larger companies. Moreover, if the Fund's portfolio is overweighted in a sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector. An increase in interest rates typically causes a fall in the value of a debt security (Fixed-Income Securities Risk) with corresponding changes to the Fund's value.

Foreside Fund Services, LLC, distributor.

The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 widely held common stocks. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. One cannot invest directly in an index or average

Price-to-earnings ratio is a valuation ratio of a company's current share price compared to its per-share 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.