



Auxier REPORT

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AUXIER FOCUS FUND PERFORMANCE UPDATE June 30, 2015

ANNUALIZED

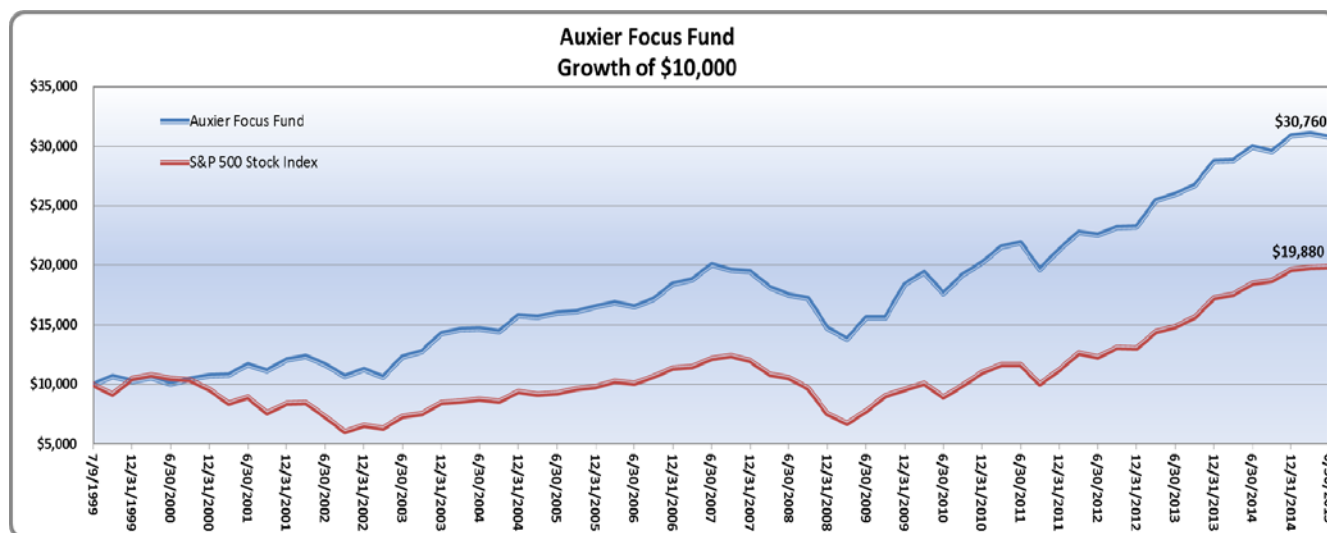
	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	7.29%	6.76%	11.77%	10.90%	2.69%
S&P 500 Index	4.39%	7.89%	17.34%	17.31%	7.42%

CUMULATIVE

	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	207.60%	92.32%	74.42%	36.39%	2.69%
S&P 500 Index	98.80%	113.77%	122.47%	61.43%	7.42%

* 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 1.26%. 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 1.14%, which is in effect until October 31, 2016. 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 2015 Market Commentary

The stock market sputtered and stalled in the first half of 2015. Standard & Poor's 500 index of large U.S. companies rose a scant 0.28% in the second quarter and 1.23% over the six months ended June 30. Auxier Focus Fund trailed the index,

declining 0.97% for the quarter and 0.29% for the first half of 2015. One reason is that the Fund is only 70% invested in American companies (the S&P 500 is 100%). The remainder: 17% in foreign stocks, 6% in cash and 7% in so-called work-outs such as corporate spinoffs. What's more, our lower-risk allocation has handily beaten the benchmark over time. Since inception in 1999, with an average 75%-95% equity exposure, a \$10,000 investment in the Fund grew to \$30,760 as of June 30, vs. \$19,880 for the S&P 500.

Why was the market basically flat in the first half of 2015? One problem was increasingly negative headlines out of Greece, a country with 11 million residents, approximately \$335 billion in debt and a GDP about the size of Wisconsin. These captivated the financial press and contributed to heightened market volatility. Another was rising concerns about China's liberalization of stock ownership and margin accounts. These policies exposed a new generation of investors en masse to the cycles of fear, greed and ultimately folly as Chinese stocks went parabolic, then dropped sharply. Margin debt more than doubled in six months to 2.27 trillion yuan in June. More worrisome: between 2008 and 2013 China's bank balance sheets grew by \$15 trillion to \$24 trillion. That growth exceeded the size of the entire U.S. banking system. Japan saw a similar debt growth trajectory in the 1990s. Such velocity in borrowings robs future growth and tends to lead to economic slowdowns.

Correction Protection in Practice

Since 1927, the S&P 500 has averaged a correction of at least 5% every 71 trading days, or once every four months. Since 1900, the Dow Jones Industrial Average has experienced a correction of 20% or more every 42 to 48 months. A long overdue return to higher, more normalized interest rates should lead to greater stock volatility. During such squalls an investor's "stomach" will become a bigger factor in order to "gut out" difficult times necessary to achieve higher returns. It is so important to understand what you own, why you own it and what you will do when it drops. At Berkshire Hathaway's recent annual meeting, Warren Buffett commented that Berkshire stock had declined by 50% three times over the past 50 years. When Peter Lynch was running Fidelity's famed Magellan Fund, he used to share the story about his largest holding in the late 1970s—Taco Bell. He started buying the stock at \$14; stuck with it as Taco Bell collapsed to \$1 in the energy crisis; and triumphed when it was gobbled up by Pepsi for \$39.

Our strategy is to seek out "high return" businesses and buy them at a price compelling enough to earn double to triple play returns over time, minimizing trading costs and taxes. We focus more on "free cash flow yields" than dividend yields. Many of our best ideas don't work out until year three and four (an eternity in today's hyperkinetic trading environment). Reason: fixable problems that lead to bargain stock prices often take longer to fix than planned. Health insurers UnitedHealth and Anthem are examples that were so despised and depressed that their free cash flow yields exceeded 20% when we bought them a few years ago. Comparable yields for health insurers now average around 4%. Today these two are extremely popular with investors, and merger activity is heating up after 160% moves. We are more comfortable taking risks involving time rather than price. We prize businesses that are able to earn consistently high rates of return on capital, without high mandatory capital spending, and that can execute through all kinds of economic environments. This provides greater financial flexibility in times when liquidity suddenly vanishes. Managerial execution takes on a much greater importance in today's higher markets. Those teams that execute can garner huge premiums in valuation.

Portfolio Trends

The portfolio continues to benefit from managerial events like spinoffs. Drugmaker Baxter spun off Baxalta, which is being pursued by hopeful acquirer Shire at a substantial premium. Activists like Nelson Peltz have added value to our Pepsico and Bank of New York holdings. Citigroup's management is executing well, yet its stock is among the cheapest banks in the country. Bank net interest margins are at 40-year lows and have room for material improvement if interest rates rise. ConAgra is divesting private label Ralcorp, which helped increase value by over 30%. We see cable-TV pioneer John Malone consolidating content companies like Discovery. Kroger has done a phenomenal job in an extremely competitive grocery environment. We see meaningful upside potential in Tesco if the Britain-based supermarket can apply the superior Kroger model to the U.K. and Europe. Delivery giant UPS has twin tailwinds of lower fuel costs combined with increased traffic through shipping enticements like Amazon Prime.

Top Holdings on 6/30/2015	% Assets
Bank of New York	3.6
Pepsico	3.2
Kroger	2.9
Molson Coors	2.8
UnitedHealth	2.8
Medtronic	2.6
Microsoft	2.6
Philip Morris	2.5
America Movil	2.3
Merck	2.3

Lower Energy Costs Compounded

The U.S., Saudi Arabia and Iraq have increased their collective oil output by two million barrels a day. Iran, which at one point was second only to Saudi Arabia in production, could be a new added factor in supply. Robert Dudley, CEO of BP (formerly British Petroleum) said on a recent earnings call, “I do think the industry needs to prepare for lower for longer.” Historically, these types of price declines have led to rapid industry consolidation. BP seems to be a very likely acquisition candidate as their legal issues are being resolved. Having personally invested during the oil price crashes of 1986 and 1998, I have seen firsthand how lower energy prices are extremely beneficial to the kinds of businesses we own and the economy in general. There typically is an 18 to 20 month delay before the full benefits are felt. The initial cutback on energy related capital spending is painful, but the impact of lower inputs should more than compensate. In 1986 the Saudis flooded the market for crude, fueling a 67% plunge that came close to \$10 a barrel. In 1987, the U.S. economy picked up and lending accelerated, driving longer term interest rates up from roughly 7% to 10% into September. Yet the stock market climbed as well—over 40% to a rich price-to-earnings ratio of 22—before succumbing to this 38% rise in interest rates. In 1998, oil again dropped close to \$10 a barrel, contributing to a Russian government bond default and a powerful move by investors into the high return business franchises we favor. In both cases the dollar was strong. But robust economic activity overcame the drag on trade of a higher currency. And today’s lower energy prices set the stage for another potential stimulant: a gas tax to fund our badly deteriorating infrastructure. The American Society of Civil Engineers estimates we need to spend \$3.6 trillion by 2020.

The Dilemma of Fixed Dollar Investments

Warren Buffett recently stated, “I would stay away from fixed dollar investments.” Former Federal Reserve chairman Alan Greenspan also warned about the high “price to earnings ratio” for U.S. bonds. Since the Fed was established in 1913, the U.S. dollar has depreciated 96%. In 2009, in the depths of a financial crisis, we bought numerous bond issues as corporate interest rate spreads (vs. U.S. Treasuries) exploded from 5% to 22%. Since then the Fed’s relentless easy money policies have shrunk bond yields to levels less than in the depressions of the 1930s and the 1870s. Yet many consumer prices are increasing. Apartment rental rates have spiked 14% since 2010. Auto sales are running over 17 million annualized. Healthcare costs are rising with double digit increases in insurance renewals into 2016. Airports are jam-packed. More people are eating out than eating at home. Household formations are running 1.5 million annually, and housing starts have exceeded 1 million in eight out of the last 10 months. Millennials aged 17-34 outnumber the baby boomers, which means the U.S. will be one of the younger developed countries over the next twenty years.

Should the government dictate bond prices for a depression? A reversion to the mean on bond yields over the past 50 years could lead to losses of principal exceeding 25% on 10 year bonds. Losses would be far worse on longer dated maturities. Not to mention the likely and insidious loss of purchasing power. Exchange traded bond funds reassure investors that their shares provide high liquidity. But the underlying bonds are currently very illiquid due to a material reduction in bond dealers. Over the years I have seen investors lose lots of money by blindly stretching for yield without looking at the underlying source of the income. Fixed income surrogates have had a difficult time lately. The utility industry has negative cash flow largely due to heavy plant expenditures. The Dow Jones Utility Average declined 5.42% in the second quarter. Publicly traded MLPs (Master Limited Partnerships) offer enticing yields and are tremendous sources of funding in the energy sector. But now they are vulnerable if energy prices don’t rebound and if interest rates rise. In the second quarter, the Dow Jones Brookfield Infrastructure MLP Index lost 5.24% while the U.S. Diversified REIT Index lost 11.33%.

Why What Can Go Wrong Will

A free market will in time purge undisciplined behavior and normalize outlier price levels. Back in 2011, we warned about copper prices selling at three times the cost of production. Over the long-term, commodities will typically trade barely over the cost of production. The resulting reversion to the mean in copper can be seen in the stock of producer Freeport-McMoRan, which has dropped from \$60 at the peak to under \$12 recently. Microsoft wrote off \$7.6 billion of a \$7.9 billion investment in phone maker Nokia after one year. This highlights how risky the phone business can be and how fast technology is moving. Apple and Samsung are battling against hundreds of competitors in markets where smart phone prices are running under \$300 globally. To enjoy high compounded returns, it is imperative to finish the race. That is why we seek exceptional management in the seemingly mundane industries not prone to obsolescence and short-lived torrents of capital. The exponential explosion of data helps to speed time to market and create supply spillovers that are crushing many industries. Ladies handbags were a killer category for a number of years. Now the category is being “killed” with a plethora

of supply. Shares of industry leader Michael Kors are down over 50% this past year. It is so important to study supply/demand relationships. A byproduct of easy money is excessive borrowing and overcapacity.

Looking Ahead in 2015

We see most stocks trading in line with their fundamentals as Fed's stimulus abates. Corrections are ironically a good thing and normal. Instead of depending on rising markets for returns, we are seeking "managerial event" situations in which talented leaders can add value in any kind of economic environment. We see opportunities in such industry consolidations, spinoffs and workouts. Investing is the craft of the specific. Now is the time to make sure you know what you own, why you own it and what you will do if prices drop. Longer term, continuing energy cost savings are a positive backdrop for investors and should provide a solid foundation for steady U.S. economic growth.

We appreciate your trust.

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. Foreign securities are subject to additional risks including international trade, currency, political, regulatory and diplomatic risks.

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 consists of 30 stocks that are considered to be major factors in their industries and that are widely held by individuals and institutional investors. The Dow Jones Utility Average is a price-weighted average of 15 utility stocks traded in the United States. The Dow Jones Brookfield Infrastructure MLP Index is a global measure of Master Limited Partnerships (MLPs) that exhibit strong infrastructure characteristics. The Dow Jones U.S. Diversified REITs Index is a subset of the Dow Jones U.S. Index. It represents the Diversified REITs Subsector as real estate investment trusts or corporations (REITs) or listed property trusts (LPTs) that invest in a variety of property types without a concentration on any single type. One cannot invest directly in an index or average

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.