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Auxier REPORT
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Summer 2016 Market Commentary

June's shocking vote by Great Britain to exit the European Union added to volatility for the second quarter. I remember like yesterday investing in the 1990s when negative headlines out of international markets were relentless. Japan's stock market crashed off an immense bubble that peaked in 1989. Mexico suffered a severe Peso devaluation in 1994. Russia defaulted after the energy bust in 1998. East Asia faced a severe financial crisis and meltdown at the same time. Despite such alarming headlines, the superior businesses we owned endured and thrived. And investment flows returned to the US as investors increasingly valued the integrity of our markets and rule of law. These inflows ultimately contributed to bubble valuations in US blue chips in the late 1990s, when we were forced to lighten up. A classic example was Coca Cola, then trading at 50 times earnings.

Today we have similar gloom out of China—the result of an extraordinary borrowing binge. Venezuela is bankrupt and should default. Brazil is in the worst economic downturn in 100 years. And the banking industry in Europe is severely undercapitalized. That is why we have focused not on predicting markets but on valuing individual companies. We strive to own businesses that survive and thrive even when faced with the most extreme macroeconomic challenges. We believe longer term it is more rewarding to be an exceptional business analyst as opposed to a market analyst. One with an eye on knowable fundamentals. To enjoy the fruits of compounding that high return businesses can provide, investors need to stay in the game and not be scared out by negative headlines. Central banks in the US, Japan and Europe continue to add to the distortion in asset values by driving interest rates negative. This is leading to rapid growth in debt accumulation and a "flight to safety" mentality rampant among many investors chasing for yield—often blindly.

At current interest rate levels, there is no chance to maintain purchasing power in the years ahead. Central banks have far too much power to print money and need to be checked. Regarding the misperception that bonds are currently "safe," author Jim Grant recently dusted off his copy of *A History of Interest Rates*, first published in 1963 by Sidney Homer and Richard Sylla. Grant figures that over $13 trillion in sovereign bonds globally now yield negative interest. This is a phenomenon that has never taken place in over 3000 years. So corresponding prices are dangerously expensive. Usually rates rise when corporate balance sheets deteriorate in a free market pricing environment. Central banks have interrupted and impeded the market through bond purchases (some estimates as high as 15% of global corporate and sovereign issues). In the past twenty years, we have seen extreme bubble valuations in tech-telecom, housing and commodities. Now the price extreme is in income vehicles perceived to be "safe." In order to maintain the compounding process, it is critical to identify bubble valuations and systemically sell into them to reduce exposure. Traveling throughout the country I see rents rising (9% annually in Portland and Seattle), home prices trending higher, healthcare premium renewals rising 12-18%, costs of maintenance, repair and property taxes surging, and wage gains as shortages abound among skilled workers. Traffic is jammed, airports are packed. This is not a depression environment that warrants zero interest rates. There is talk of instigating even more aggressive money printing policies (so-called helicopter money) in Japan. It is helpful to revisit such devastating policies during Germany's Weimar Republic after World War I. Then the bulk of German investors were hiding out in bonds during a recessionary economy. In 1921 the

German currency stabilized at 90 marks to the US dollar. By November 1923, the American dollar was worth 4,210,500,000,000 marks. On a recent research trip, I saw a bumper sticker that read, "Sure You Can Trust The Government, Just Ask An Indian." When it comes to your investments you can trust a little, but you need to constantly verify the facts and fundamentals.

Summer 2016 Performance Update

AUXIER FOCUS FUND
PERFORMANCE UPDATE
June 30, 2016

ANNUALIZED

	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	6.94%	6.57%	7.34%	6.39%	1.58%
S&P 500 Index	4.37%	7.42%	12.10%	11.66%	3.99%

CUMULATIVE

	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	212.47%	88.88%	42.49%	20.41%	1.58%
S&P 500 Index	106.74%	104.65%	77.02%	39.20%	3.99%

* 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 1.27%. 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.

Portfolio Highlights

Auxier Focus Fund's equities returned 2.62% in second quarter 2016, with 15% in foreign stocks and 11% in cash and short-term cash equivalents. The total portfolio gained 2% for the second quarter and 2.55% year to date. The S&P 500 index returned 2.46% and 3.84% for the same periods, respectively. We continue to seek out bargains among businesses that sport strong balance sheets, historically high returns on invested capital and attractive and growing free cash flow yields. Such impressive companies tend to have the strength to raise dividends over time and survive the harshest economic conditions. When stock prices are too high, we park some of our cash in "market agnostic" short-term investments that we refer to as workouts. We track earnings, cash flow and mandatory capital spending closely for each business. If the earnings and cash flow decline over the next five years, the stock will surely be lower.

Where We're Finding Value in Volatile Times

We see attractive values in industry leading biotech companies like Biogen. It has a powerful research culture that dominates the field of multiple sclerosis drugs and is a potential leader in Alzheimer's with the drug Aducanumab. There are 5.4 million Americans suffering from Alzheimer's. Biogen recently went on sale for 13 times earnings, a steep discount to its five-year trading range with a free cash flow yield more than triple the prevailing ten-year government bond yield. That valuation also might prove enticing to cash rich competitors as a takeover prospect. Core Fund holdings like Medtronic project generating over $40 billion in free cash the next five years (Omar Ishrak, CEO). *S&P Global Market Intelligence* expects 2016 healthcare earnings to be up 6.5%—higher than all but one sector. Other top Fund holdings executing in healthcare include UnitedHealth, Johnson & Johnson, Zimmer Biomet, and CVS. Again, many of these holdings have recent free cash flow yields far in excess of the prevailing long bond yields. Merck is leading advances in immunotherapy for cancer cures with the drug Keytruda, where sales have increased from $110 million to over $314 million in the past year. I recently spent time visiting companies involved in medical marijuana. I strongly believe that the anti-inflammatory properties of Cannabinoid (the nondrug part of the plant) will be proved effective in replacing often-addictive painkillers. Twenty-five states in the US have legalized medicinal marijuana. Germany's Health Minister said the country will legalize in 2017 with health insurers reimbursing as well. Canada, Australia and Italy look as if they may follow within the next couple of years.

Top Holdings on 6/30/16	% Assets
Pepsico	3.9
Unitedhealth Group	3.4
Bank of New York Mellon	3.4
Philip Morris International	3.4
Medtronic PLC	3.3
Kroger	3.0
Molson Coors Brewing	3.0
Johnson & Johnson	2.9
Merck & Co.	2.4
Microsoft	2.4

Lower energy prices ultimately are good for a US economy that is 70% consumption and 85% service oriented. There now is a glut of refined fuel partly due to the expansion of refinery capacity in Asia. This opens the door for a very palatable 10 cent gas tax that could fund badly needed infrastructure in the US as online shopping (and deliveries) continue to show greatest growth in retail spending. US construction spending on infrastructure (as a percentage of GDP) is running the lowest in over 30 years—and odds favor a big boost after the elections. Every energy crash that I have invested through has led to very strong fundamentals for our economy and higher interest rates. Low fuel prices and mobile technology are contributing to a travel boom as Americans have logged over 3 trillion road miles this past year. Convenience store purchases for foods and beverages continue to be strong. On the negative side, a flood of capital into big grocery chains has created excess capacity and hypercompetitive pricing of goods. Improved data analytics make it easier to overproduce and oversupply. We see numerous businesses afflicted with gluts. These are problems of "abundance."

Fund holdings Molson Coors and Altria were beneficiaries of the buyout of SABMiller by AB InBev. This is a case where cumulative knowledge in an industry helped enhance returns in a flat market. Molson appreciated over 150% since our purchase four years ago as the industry has consolidated. Altria was a major shareholder of SABMiller, and Molson will be able to buy joint venture assets of Miller at attractive price levels as part of this buyout deal. We see the need for media content consolidation led by Liberty Media founder John Malone. We also see attractive valuations in companies like Discovery Communications (Malone is its largest individual shareholder). Discovery owns its content and trades at a steep discount to private market value. While domestic banks are very cheap, they continue to suffer from headwinds of souring energy loans, low net-interest margins and deteriorating subprime car loans. Look for more trouble for banks directly exposed to the oil patch as well as the farm belt. Insurers suffer with zero interest rates as investment portfolio "float" becomes worth less. I believe autonomous cars ultimately will pose a material risk for auto insurers as accident rates are sure to fall. Technology disruption ranks as one of the biggest risks to investing in today's markets. The growth of online shopping, mobile communications and data analytics is transforming entire industries. In highly valued stock markets, risk management becomes more critical to minimize the threat of "torpedoes." These are pricey stocks with very high investor expectations that can suddenly disappoint, crash and torpedo the portfolio. In allocating, we see a strong need to maintain cash and/or market agnostic positions to take advantage of bargain purchases that result when the electronic herd panics. Historically, market indices can be flat for decades. The Dow Jones Industrials rose one measly point between 1964-1981. For my money, I want to trust in a focused daily research effort to identify compelling opportunities. This process combines price discovery and cumulative industry knowledge to quantify and reduce risk while improving odds of success. Investing is the "craft of the specific." Our returns depend on carefully studied company selection, not the market. Life savings are too important to be left to chance. With regard to holding excess cash in portfolios, in market crashes there tends to be 85% correlation on the downside. So we view the cash in the portfolio as integral to make exceptional buys in times of panic.

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.

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.

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.