AAM AUXIER-ASSET MANAGEMENT LLC

Auxier REPORT

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AUXIER FOCUS FUND
PERFORMANCE UPDATE
DECEMBER 31, 2003

AUXFX RETURNS VS. S&P 500 INDEX

	AUXIER FOCUS FUND	S&P 500 INDEX	DIFFERENCE
10/01/03 - 12/31/03	11.68%	12.18%	-0.50%
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%
since Fund's inception 7/9/99	42.56%	-15.44%	58.00%

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 FUND'S RETURN REPRESENTS PAST PERFORMANCE AND DOES NOT PREDICT FUTURE RESULTS. Investment returns and the 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. The returns shown do not reflect deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

For a prospectus and more information, including charges and expenses, call toll free 1-877-328-9437. The prospectus should be read carefully before investing. Past performance does not guarantee future results. Shares when redeemed may be worth more or less than their original cost. Distributed by Unified Financial Securities, Inc, 431 N. Pennsylvania St. Indianapolis, IN 46204. Member NASD.

Management Discussion of Fund Performance

Dear Fellow Shareholders,

The General Stock Market

The bellwether S&P 500 Index ended the fourth quarter with a gain of 12.18%, and 28.69% for the full year. Still, the index is down 11.67% over the past three years and 2.80% over the past five. The investment moral: The sins of overpayment at bubble price levels can be hazardous to your portfolio's health. The sharp rebound in '03 is normal considering the March 2000-March 2003 period marked a decline of close to 48%.

Since the March 2003 lows, the economy and market have benefited from hyper-stimulative measures by the U.S. federal government. These include low interest rates, tax cuts, and big spending. Many of the biggest movers in 2003 were low quality companies hit the hardest the prior three years. Recently, those corporations rated A+ by Standard and Poor's were trading at a 22% discount to stocks rated B based on 2004 earnings estimates.

Coming out of a recession, the lowest quality companies often outperform in anticipation of a dramatic upturn in profits. Once the profit cycle moderates, the backdrop tends to favor higher quality businesses.

Results in 2003

The Auxier Focus Fund gained 11.68% in the fourth quarter and 26.75% for the full year. As stated in prior letters, the Fund strives to match strong up markets while outperforming materially in flat to down periods. To benefit fully from compounding, we feel this approach is most conducive to staying the course, especially in difficult times. The stock portion of the Fund returned over 38% for the year while the corporate bond and preferred stock "work-outs" appreciated over 13%. Throughout the year we averaged about a 74% exposure to stocks.

Work-outs

To add stability and predictability to returns, the fund will typically have a portion of the portfolio in securities that have a timetable. These are called "work-outs" and are dependent upon a corporate driven event or catalyst, as opposed to the supply and demand of the auction markets. Work-outs can arise from reorganizations, mergers, split-offs, spin-offs, sell-outs, etc. While these can be very rewarding in flat-to-down markets, they can penalize returns in a strong up market. Over the past two years, this category has included corporate debt and preferred stock. As corporations overborrowed in the boom times, balance sheets suffered. This led to urgent actions to reduce debt to the benefit of bondholders.

Typical Situations

Our goal in managing client portfolios and the Focus Fund is to achieve a long-term record superior to the S&P 500 Index while taking far less risk. The ideal investment scenario is one where we have a very high quality, high return business with exceptional management selling at wash-out, bargain prices. We also look to invest in businesses whose sales and profits are progressing at a sustainable rate and whose price is low due to misperceptions surrounding the true facts and fundamentals. We are always weighing the odds to ensure the potential rewards more than compensate for the level of risk. A stagnant price is normal and welcome while we are buying. As overall market levels become risky and overvalued, we then look for the "work-outs" that often can provide positive returns but shield us from sharp market declines. Rising prices lead to a more defensive posture.

Attractive Areas of Investment

Quality
For most of the 1990s, A+ rated companies traded at premiums of 10% to 30% over lower quality companies. That relationship has flip-flopped. The "nifty-fifty" bubble in the early 1970s saw the high quality companies sell at even higher premiums. Today, they often trade at discounts to the overall market.

Health Care Companies
Confusion surrounding drug company fundamentals, hospital scandals, and recent Medicare legislation has led to some misappraisals in the entire health care segment. Some positives:

- The new FDA chief, Mark McClellan, is thought to be innovation-friendly and has been favoring accelerated approval times.
- Starting in May 2004, seniors will be able to buy a Medicare sanctioned discount card for $30, allowing them discounts of 10% to 25% off prescription drugs. No drug price caps.
- The new Medicare bill appears to push for further privatization of health care with incentives for the efficient providers.
- Demographic trends are favorable. By 2010, one out of eight Americans will be in the 55-64 age bracket. Some 40 million Americans will be over 65 years of age.
- Health premiums are expected to rise over 10% in 2004, the fourth consecutive double digit increase.
- Tort reform is coming (finally). Many class action lawsuits of at least $5 million with more than 1000 plaintiffs will go from state courts to federal courts, which traditionally have been more business-friendly. Greater reforms could follow in the fall if Republicans make further gains in the general election.

Bubble Alert

With the world awash in easy money, speculative bubbles are reappearing. The initial public offering of China Green Holdings Ltd.*, a vegetable producer with sales of only $31.2 million, was oversubscribed by 1600 times — the most oversubscribed IPO in the history of the Hong Kong Market. In the U.S., satellite radio is the rage. Sirius Satellite*, with sales of $8.6 million, traded at a valuation of $3.5 billion, or 400 times sales. This brings back memories of Japan in the late 1980s when the Imperial Palace in Tokyo was valued in excess of the land value for the entire state of California. When money is easy, the seeds of excess can lead to permanent capital loss.

It is so important to understand the underlying value of what you own . . .

Final Thoughts

In light of the numerous mutual fund scandals, we think it is timely to revisit a few of the guiding principles of Auxier Asset Management.

- We work hard to be intelligent and rational in the decision-making process.
- Conflicts of interest are to be anticipated and avoided.
- Money management is a serious responsibility, a privilege not to be taken lightly.
- Performance objectives need to be set before the fact, then followed by accountability, disclosure and candid, fact-based reporting on a regular basis.
- Our daily research effort is dedicated, persistent and diligent.

Thank you very much for your continued trust.

Jeff Auxier

*As of 12/31/2003 the Auxier Focus Fund held no positions in China Green Holdings Ltd. or Sirius Satellite.