AAM AUXIER•ASSET MANAGEMENT LLC

Auxier REPORT

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Year-End 2016 Market Commentary

Donald Trump's November 8 election confounded most experts in Washington, D.C. and on Wall Street. Our stock and bond markets reacted decisively to Trump's proposed pro-growth agenda focused on stimulating the economy and domestic jobs. High on his policy wish list are tax cuts, rollbacks in onerous regulations, renegotiation of trade deals and a large increase in infrastructure spending promoting construction jobs. Infrastructure investment has dropped to under 14% of GDP vs. 48% in China. To incentivize business spending, Team Trump is talking of a one year expensing option for depreciable property. There is a push to lower taxes on individuals, corporations and capital gains. To pay for tax cuts, a 20% border tax on imports has been discussed as well as reduction in the deductibility of business interest. These policies appear very positive for new business formation, particularly of smaller ones.

The prospect of such aggressive fiscal stimulus may well have ended our 35-year bull market in bonds. Inflation fears are driving up interest rates as we close in on full employment and shortages of skilled workers, especially in construction. Since the election, over $1.8 trillion has been lost in government bonds, as prices of 10-year Treasuries slumped and yields spiked from 1.5% in August to over 2.5% after the election. Bonds face the double whammy of principal loss in a rising rate environment coupled with the loss of purchasing power. Ironically, bonds have been the most popular category of investment, attracting record flows into fixed income funds just as prices have hit historic highs. There is no way for investors to stay ahead of the rising cost of living with such low rates. Yet capital from abroad continues to pour in thanks to America's reputation for a strong rule of law and private property rights. Over $500 billion has exited China this past year, boosting that country's purchases of foreign real estate by 50%, with the US the biggest destination. The domestic housing market has been firm with home prices up 5.6% in the 12 months ended November 2016. The strongest markets were Seattle, Washington, up 10.4% and Portland, Oregon, up 10.1%. Partly due to the shortage of skilled labor, new housing construction is running 15% under historic trend. The market in the Northwest is showing signs of froth as we are seeing crazy bidding wars and "flipping" activity.

Year-End 2016 Performance Update

ANNUALIZED

	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	7.00%	5.87%	8.85%	4.32%	7.09%
S&P 500 Index	4.69%	6.95%	14.66%	8.87%	11.96%

CUMULATIVE

	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Class Shares	226.30%	76.85%	52.84%	13.53%	7.09%
S&P 500 Index	122.92%	95.72%	98.18%	29.05%	11.96%

* 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 1.10%. 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 0.98%, which is in effect until October 31, 2017. 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 Investor shares returned 2.14% for the fourth quarter vs. 3.82% for the S&P 500 index. For the year, Auxier Focus Fund returned 7.09% vs. 11.96% for S&P 500. The stock portion returned 8%. As of year-end 2016, a hypothetical $10,000 investment in the Fund since inception has grown to $32,634 vs. $22,433 for the S&P 500. It's worth noting that the Fund was launched in 1999, the last leg of a long bull market in stocks whose aggregate value totaled over 145% of GDP, a historic peak. Our results were achieved with far less exposure to risks inherent in the market. And 100% of the fund manager's retirement skin is committed. The Fund has a wide, flexible investment mandate to maintain high compounding returns and protect capital during difficult markets. This past year, the Fund had approximately 78% in domestic stocks, 11% in foreign, with the balance in cash and "workouts" or market agnostic positions with a timetable. Results were hurt by multinationals and foreign holdings whose profits suffered not so much from poor fundamentals, but from an exceptionally strong dollar. This was especially painful in the UK, where export companies did well but the pound suffered a steep 16% loss against the US dollar. In contrast, banks and other financial intermediaries rallied in response to post-election prospects for Trump's pro-business agenda. Bank of New York was up over 19% for the quarter, Bank of America gained over 40%, and Central Pacific was up 25%. Reason: anticipation of a steeper yield curve improves net interest margins together with higher returns on cash balances. Health insurers UnitedHealth and Anthem rang up gains near 15%. The devastation from Hurricane Matthew boosted insurance premium pricing, helping Berkshire Hathaway and Travelers.

Top Holdings on 12/31/2016	% Assets
Bank of New York Mellon Corp	4.0
UnitedHealth Group Inc.	3.9
Pepsico Inc.	3.8
Philip Morris International	3.0
Microsoft Corp.	2.8
Kroger Co.	2.8
Johnson & Johnson	2.7
Medtronic PLC	2.7
Molson Coors Brewing Co	2.5
Merck & Co.Inc. New	2.5

Grocery store operator Kroger rebounded 16% as grocery prices now offer consumers tremendous bargains compared with other food choices. We have continued to see one of the steepest corrections in food prices since 1960. Chemical names like Celanese, Dow and Dupont were strong in sync with the Trump Bump and lower prices for natural gas feedstocks. The farm economy, however, is suffering one of the worst downturns since the 1980s. Mounting supply gluts are compounded by the dollar's appreciation, making US products more expensive on the global market. On the downside, defensive food and beverage stocks slumped, with Molson Coors down 11% and Unilever sliding 10%. Investors switched post-election from stocks that do well in deflationary, low-growth times to those that excel in a reflationary, pro-growth setting based on the assumption that all of Trump's initiatives will sail through without a challenge. We still see a deeply divided country where gridlock could slow the pace of change.

Uncertainty over the Affordable Care Act's future, together with President Trump's warning about high drug prices, led to declines for quality medical services companies like Becton Dickinson, Merck and Johnson & Johnson. Medical devices companies Zimmer and Medtronic were especially weak. Zimmer is the low-cost provider of hip and knee implants whose demand peaks at age 68—about the average age of baby boomers today. The stock dropped to 12 times earnings during the quarter, an enticing 35% discount to the market's multiple, plus an enormous free cash flow yield. Demographic trends still provide strong demand for healthcare goods and services. Companies that are innovative and provide value through research should prosper. Negative political headlines are leading to attractive long-term values among healthcare stocks, especially in biotech, medicine and neuroscience, as key technologies are information enabled. A good example is Cerner, which is a leader in digitizing medical records. And there's the prospect of a post-election FDA moving safe compounds much faster to the market in the next few years, spawning even more innovation and the potential for value enhancing spinoffs.

2016 will go down as a year that defied the experts. First was Great Britain voting to leave the European Union. Brexit was an event politicians and pollsters missed badly. This was followed by dour predictions of a deep recession. What actually happened? Britain finished the year with stronger growth than any country in the G-7. Then the so-called experts were stunned by Trump's victory, with some Wall Street pundits predicting 10% to 20% market declines. It reinforces the lesson I learned when analyzing Enron after it had purchased our local utility Portland General Electric in 1997. We analyzed the books and discovered enormous debts not listed on its balance sheet. About the same time, around February 2001, Fortune magazine had Enron on its cover touting "best practices in the utility industry." Wall Street had the same optimistic opinion. We checked with eight brokerages, and all had strong buys on the stock. We kept digging and decided the excessive borrowed money threatened Enron's solvency in a downturn. We sold the stock several times around $80 and, within the next 18 months, it dropped to zero in bankruptcy. This despite the strong consensus of "experts" on the merits of the company and leadership. Having the humility to do the homework every day is crucial. Nailing down facts and fundamentals not only helps us avoid losses that interrupt the compounding process, but also stand firm when a solid business is temporarily out of investing fashion.

We have had an earnings recession for the past six quarters. Stock price gains for most companies have far exceeded the growth in underlying business value. Massive share buybacks and historic low interest rates have acted as a buffer. The digital transformation of business is spawning disruption in many industries. Shopping malls are getting crushed by consumers' switch to buying online, particularly on their cell phones. Advertisers are losing out to Facebook and Google as video use is exploding. Small corporate teams armed with data are making rapid advances against old-line and entrenched franchises. We continue to seek out businesses blessed with ethical management who can survive, thrive and endure through such challenges. Factoring in Trump's proposed tax cuts, we can see S&P 500 earnings for 2017 possibly improving by as much as 10%. A repatriation of nearly $2.5 trillion sitting abroad would be a positive for the supply/demand for US stocks. Deregulation has historically been good for small businesses, which have been an important generator of new jobs. Easing regulations in the banking industry could unleash more lending and potentially greater "velocity of money," fueling higher inflation. The negative of higher inflation is the compression of price earnings multiples.

On a positive note, three billion new minds will join the global economy in the next six years estimates Peter Diamandis, co-founder of Silicon Valley think tank Singularity University. This could lead to a new population of consumers and a further explosion of innovation. Ten years ago, we had 500 million internet-connected devices. Today there are eight billion. By 2020 there will be 50 billion. With the pace of change accelerating exponentially, an active, voracious research effort has never been more important to maintain high compounded returns in today's markets.

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. 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.