
Auxier Focus Fund

Annual Report

June 30, 2012

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AUXIER FOCUS FUND
PERFORMANCE UPDATE
June 30, 2012

ANNUALIZED					
	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Shares	6.47%	6.83%	2.39%	13.05%	2.84%
S&P 500 Index	1.62%	5.33%	0.22%	16.40%	5.45%
CUMULATIVE					
	Inception *	Ten Year	Five Year	Three Year	One Year
Auxier Focus Fund Investor Shares	125.53%	93.65%	12.56%	44.50%	2.84%
S&P 500 Index	23.15%	68.13%	1.09%	57.70%	5.45%
* 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 1.32%. The Fund's adviser has contractually agreed to reduce a portion of its fee and 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 2.00% redemption fee on shares redeemed within 180 days of purchase. For the most recent month-end performance, please call (877)328-9437 or visit the Fund's website at www.auxierasset.com.

Summer 2012 Market Commentary

Auxier Focus Fund declined in value 0.96% in second quarter 2012. But the Fund weathered the sloppy market far better than, the Fund's benchmark, Standard & Poor's 500 stock index (the "S&P 500"), which lost a corresponding 2.75%. For the first six months, our low-risk portfolio returned 5.64%, trailing the S&P 500's 9.49%. And we continue to handily outpace the market over the long term, returning 125.53% cumulatively since inception (July 1999) versus the S&P 500's 23.15%. This 102 percentage point lead illustrates how we endeavor to exploit the power of compounding by aiming to outperform our peers in down markets rather than chasing glamour stocks during upswings.

High structural debt levels in the developed countries of Europe as well as the United States represent stiff headwinds to global economic growth. The 27 nation European block is the largest economy in the world. Our approach has been to seek out bargain priced securities that can endure the most extreme periods of deleveraging and austerity. Absolute debt (both public and private) in developed countries in general is higher today than in 2007, a year before the financial crisis erupted. Historically, such indebtedness has meant very sluggish growth.

Buying Global Reach on the Cheap

Gloomy headlines out of Europe overshadow some exciting fundamental developments emanating from the 1.8 billion member middle class. It is growing by 150 million people a year and represents over \$12 trillion in income that will be spent. The Internet is helping to unleash an exciting new spirit. Asia is undergoing the most rapid urbanization in history. For example, while China's per capita GDP is still low, wages should double over the next five years. Businesses supplying quality food and necessities are growing twice as fast as the economy. This aspiring middle class is hungry for safe, high-quality western products. New trade agreements with Korea and Columbia are opening up markets for such basics. Many of our companies in the Fund have the scale and distribution networks necessary to meet this growing demand. Indeed, Europe abounds with such "global

Top Holdings on 6/30/12	% Net Assets
PepsiCo, Inc.	3.6
Molson Coors Brewing Co., Class B	2.4
Tesco PLC, ADR	2.4
Philip Morris International	2.2
Merck & Co. Inc.	2.1
Microsoft Corp.	1.8
The Procter & Gamble Co.	1.8
Wal-Mart Stores, Inc.	1.8
Medtronic, Inc.	1.6
Hospira, Inc.	1.5

reach” stocks that are compelling bargains partly due to the region’s mounting debt crisis. Like farmers, we aim to profit by planting in fertile but recently drought-plagued areas that, now hopelessly out of favor, could produce bountiful harvests once rain returns.

Conventional Wisdom Can Also Be Costly

Achieving above average returns requires a strong research effort, rational approach and superior allocation of investors’ capital. There are no shortcuts. Only a select few businesses typically can thrive in a period of harsh austerity and rapid debt reduction. Popular investment mantras like “buy, hold and forget” and “broad diversification” can actually be hazardous. The most extreme example of the dangers of blindly trusting an index has to be the collapse of Japan’s debt-driven economic boom. On December 29, 1989, the Nikkei index of 225 stocks hit a peak close of 38,915.87. By March 10, 2009, the index had dropped 82% to 7,054.98. There is no heart or soul in these indexes. They lack pioneering entrepreneurs like Jim Sinegal of Costco or Sam Walton of Wal-Mart to power through the tough times. Leverage is often overlooked or misperceived. Jim Grant reminds us that, as recently as 2005, interest rates on Greek 30-year government bonds were a scant 20 basis points¹ higher than those on rock-solid German 30-year Bonds. This despite the fact that Greece had been in default over 50% of the time since the early 1800s. The Greek 30-year subsequently lost over 80% of its value by 2011. Today, the California legislature has approved a \$100 billion bullet train project even as more and more cities across the state seek bankruptcy protection. Never mind that virtually every company in the vanguard of the great railroad boom of the 1800s, both here and in Britain, had to be reorganized to discharge excessive debts.

All investment classes need to be thoroughly investigated to determine the actual margin of safety. Relying solely on conventional wisdom has historically proved costly. Since 1999, we have witnessed overlapping booms in technology, housing and commodities, with each lasting over 113 months. The public often confused these speculative booms with investments. Now the thundering herd has charged into government bonds. If they only knew that just six countries over the past eight centuries have honored their debt (*This Time Is Different: Eight Centuries of Financial Folly* by economists Carmen Reinhart and Ken Rogoff). Shrinking purchasing power is hidden short term but lethal long term. In a recent *Fortune* article, Warren Buffet explained how the U.S. dollar has declined 85% in purchasing power since 1965. It takes \$7 dollars today to buy what \$1 bought back then.

Unconventional Wisdom From Wealth Creators

It’s often helpful to look back in history to see how exceptional investors reacted when confronted with seemingly insurmountable problems. J. Paul Getty died in 1976 at age 83 with a net worth in excess of \$150 billion in today's dollars. His experience during the Great Depression is a valuable study in how to allocate capital. Some Getty insights:

"I began buying common stocks at the depths of the Depression. Prices were at their lowest, and there weren't many stock buyers around. Most people with money to invest were unable to see the forest of potential profit for the multitudinous trees of their largely baseless fears. I had confidence in the future of the American economy and realized the shares of many entirely sound companies with fine potentials were selling at a fraction of their true worth."

"The seasoned investor buys his stocks when they are priced low, holds them for the long-pull rise and takes in-between dips and slumps in stride,"

"Big profits go to the intelligent, careful, patient investor, not to the reckless and overeager speculator."

It’s worth noting the same approach Getty espoused is being practiced today by Carlos Slim, the world's richest man. The Mexican industrialist is capitalizing on the turmoil in Europe by buying undervalued phone stocks. Says Slim: "When hard times hit, you can look at opportunities in a very agile way. Europe is in a good moment."

Your trust and support is appreciated.

Jeff Auxier

AUXIER FOCUS FUND
A MESSAGE TO OUR SHAREHOLDERS
JUNE 30, 2012

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.

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.

¹ *A basis point is one hundredth of a percentage point (0.01%).*

The views in this shareholder letter were those of the Fund Manager as of June 30, 2012, 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.

AUXIER FOCUS FUND
PERFORMANCE CHART AND ANALYSIS (Unaudited)
JUNE 30, 2012

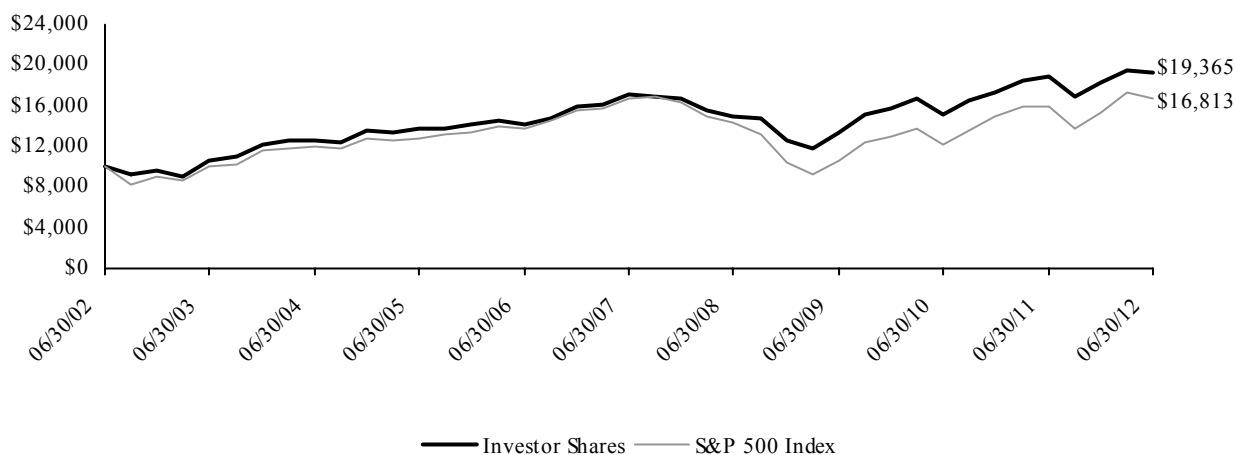
The following chart reflects the change in the value of a hypothetical \$10,000 investment in Investor Shares, including reinvested dividends and distributions, in the Fund compared with the performance of the benchmark, the S&P 500, over the past ten fiscal years. The S&P 500 is a broad-based, unmanaged measurement of changes in stock market conditions based on the average of 500 widely held common stocks. The total return of the Fund's classes includes the maximum sales charge of 5.75% (A Shares only) and operating expenses that reduce returns, while the total return of the S&P 500 does not include the effect of sales charges and expenses. A Shares are subject to a 1.00% contingent deferred sales charge on shares purchased without an initial sales charge and redeemed less than one year after purchase. The total return of the S&P 500 includes the reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the S&P 500 does not include expenses. The Fund is professionally managed while the S&P 500 is unmanaged and is not available for investment.

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 shares, when redeemed, may be worth more or less than original cost. For the most recent month-end performance, please visit the website of the Fund's investment adviser at www.auxierasset.com or call (877)-328-9437. As stated in the Fund's prospectus, the annual operating expense ratios (gross) for Investor Shares, A Shares and Institutional Shares, respectively are 1.32%, 1.60% and 1.22%, respectively. However, the Fund's adviser has agreed to contractually reduce a portion of its fees and to reimburse expenses such that total operating expenses do not exceed 1.25%, 1.25% and 1.10% for Investor Shares, A Shares and Institutional Shares, respectively, through at least October 31, 2015. Shares redeemed or exchanged within 180 days of purchase will be charged a 2.00% redemption fee. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized.

Performance for Investor Shares for periods prior to December 10, 2004, reflects performance and expenses 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.

Comparison of Change in Value of a \$10,000 Investment
Investor Shares vs. S&P 500 Index

Average Annual Total Returns Periods Ended June 30, 2012:	1 Year	5 Years	10 Years	Since Inception⁽¹⁾
Investor Shares	2.84%	2.39%	6.83%	6.47%
S&P 500 Index (Since July 9, 2009)	5.45%	0.22%	5.33%	1.62%
A Shares (with sales charge) ⁽²⁾⁽³⁾	-3.07%	1.18%	6.20%	5.98%
Institutional Shares ⁽³⁾	2.91%	2.41%	6.84%	6.47%



⁽¹⁾ Investor, A and Institutional Shares commenced operations on July 9, 1999, July 8, 2005, and May 9, 2012, respectively.
⁽²⁾ Due to shareholder redemptions on August 21, 2005, net assets of the class were zero from the close of business on that date until September 22, 2005. Financial information presented for the period August 21, 2005 to September 22, 2005 reflects performance of Investor Shares of the Fund.
⁽³⁾ For A Shares and Institutional Shares, performance for the 5-year, 10-year and since inception periods are blended average annual returns which include the returns of the Investor Shares prior to commencement of operations of the A Shares and Institutional Shares. For Institutional Shares, performance for the 1-year period is a blended average annual return which includes the return of the Investor Shares prior to commencement of operations of the Institutional Shares.

AUXIER FOCUS FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2012

Shares	Security Description	Value	Shares	Security Description	Value
Common Stock - 73.6%			500	DE Master Blenders 1753 NV (a)	\$ 5,638
Communications - 2.8%			12,725	Diageo PLC, ADR	1,311,566
44,200	America Movil SAB de CV, Class A, ADR	\$ 1,151,852	48,050	Dr. Pepper Snapple Group, Inc.	2,102,187
96,500	Corning, Inc.	1,247,745	45,228	Express Scripts Holding Co. (a)	2,525,079
6,000	DIRECTV, Class A (a)	292,920	5,100	Hillshire Brands Co.	147,849
8,350	Motorola Solutions, Inc.	401,719	106,381	Hospira, Inc. (a)	3,721,207
10,000	News Corp., Class A	222,900	5,621	KAR Auction Services, Inc. (a)	96,625
151,835	Oi SA, Preference Shares, ADR	1,873,644	16,862	Kraft Foods, Inc., Class A	651,210
44,439	Oi SA, ADR	206,641	9,250	Manpower, Inc.	339,013
100,900	Telefonica SA, ADR	1,321,790	143,022	Molson Coors Brewing Co., Class B	5,951,145
3,000	Viacom, Inc., Class B	141,060	3,760	National Beverage Corp. (a)	56,174
		<u>6,860,271</u>	1,600	Nestle SA, ADR	95,584
Consumer Discretionary - 11.9%			46,172	Paychex, Inc.	1,450,263
83,235	Apollo Group, Inc., Class A (a)	3,012,275	125,400	PepsiCo, Inc.	8,860,764
46,300	Arcos Dorados Holdings, Inc., Class A	684,314	62,850	Philip Morris International, Inc.	5,484,291
45,477	Bridgepoint Education, Inc. (a)	991,399	860	Post Holdings, Inc. (a)	26,445
27,434	Career Education Corp. (a)	183,533	144,629	PRGX Global, Inc. (a)	1,149,801
13,650	Carnival Corp.	467,786	1,721	Ralcorp Holdings, Inc. (a)	114,860
500	Coach, Inc.	29,240	11,450	Safeway, Inc.	207,818
57,100	Comcast Corp., Class A	1,825,487	4,000	SAIC, Inc.	48,480
3,000	Cooper-Standard Holding, Inc. (a)	110,250	404,976	Tesco PLC, ADR	5,912,650
52,650	CVS Caremark Corp.	2,460,334	34,650	The Coca-Cola Co.	2,709,283
2,297	Discovery Communications, Inc., Class A (a)	124,038	1,500	The J.M. Smucker Co.	113,280
2,297	Discovery Communications, Inc., Class C (a)	115,057	99,400	The Kroger Co.	2,305,086
14,800	DR Horton, Inc.	272,024	72,925	The Procter & Gamble Co.	4,466,656
37,987	Gruma S.A.B. de C.V., ADR (a)	375,312	46,380	The Western Union Co.	781,039
198,000	H&R Block, Inc.	3,164,040	2,000	TreeHouse Foods, Inc. (a)	124,580
1,000	Interface, Inc.	13,630	98,550	Unilever NV, ADR	3,286,642
14,850	ITT Educational Services, Inc. (a)	902,138	100	Valeant Pharmaceuticals International, Inc. (a)	4,479
13,200	Jamba, Inc. (a)	25,872			<u>64,416,604</u>
157,943	Lincoln Educational Services Corp.	1,026,629	Energy - 4.0%		
28,000	Lowe's Cos., Inc.	796,320	2,600	Apache Corp.	228,514
15,800	McDonald's Corp.	1,398,774	86,700	BP PLC, ADR	3,514,818
104,200	Newell Rubbermaid, Inc.	1,890,188	16,750	Chevron Corp.	1,767,125
4,900	NIKE, Inc., Class B	430,122	15,600	ConocoPhillips	871,728
3,250	Sally Beauty Holdings, Inc. (a)	83,655	11,200	Exxon Mobil Corp.	958,384
1,738	Strayer Education, Inc.	189,477	1,200	Gazprom Neft JSC, ADR	27,504
4,884	The Andersons, Inc.	208,351	800	Lukoil OAO, ADR (a)	44,864
18,250	The Home Depot, Inc.	967,067	2,500	PetroChina Co., Ltd., ADR	322,850
33,233	The Interpublic Group of Cos., Inc.	360,578	11,700	Petroleo Brasileiro SA, ADR	219,609
3,890	Time Warner Cable, Inc.	319,369	7,800	Phillips 66 (a)	259,272
15,500	Time Warner, Inc.	596,750	2,750	Surgutneftegas OJSC, ADR (a)	22,935
21,608	Universal Technical Institute, Inc.	291,924	22,550	Transocean, Ltd.	1,008,661
25,751	Value Line, Inc.	306,179	19,100	Valero Energy Corp.	461,265
62,000	Wal-Mart Stores, Inc.	4,322,640	13,800	Willbros Group, Inc. (a)	89,148
15,052	Weight Watchers International, Inc.	776,081			<u>9,796,677</u>
8,600	Yum! Brands, Inc.	554,012	Financials - 8.5%		
		<u>29,274,845</u>	42,250	Aflac, Inc.	1,799,427
Consumer Staples - 26.2%			15,150	American International Group, Inc. (a)	486,164
20,050	Alkermes PLC (a)	340,249	1,280	Ameriprise Financial, Inc.	66,893
400,600	Alliance One International, Inc. (a)	1,386,076	168,133	Bank of America Corp.	1,375,328
62,500	Altria Group, Inc.	2,159,375	16,000	Berkshire Hathaway, Inc., Class B (a)	1,333,280
2,000	Archer-Daniels-Midland Co.	59,040	73,224	Central Pacific Financial Corp. (a)	1,033,923
210,252	Avon Products, Inc.	3,408,185	14,700	Janus Capital Group, Inc.	114,954
19,200	Baxter International, Inc.	1,020,480	64,250	Marsh & McLennan Cos., Inc.	2,070,777
300	Beam, Inc.	18,747	7,350	Mastercard, Inc., Class A	3,161,308
15,100	British American Tobacco PLC, ADR	1,542,012	10,300	Mercury General Corp.	429,201
1,000	Carlsberg A/S, ADR	15,780	10,650	StanCorp Financial Group, Inc.	395,754
4,000	Coca Cola Hellenic Bottling Co. SA (a)	70,868	123,900	The Bank of New York Mellon Corp.	2,719,605
9,200	Coca Cola Hellenic Bottling Co. SA, ADR (a)	163,576	38,418	The Travelers Cos., Inc.	2,452,605
3,404	Columbia Sportswear Co.	182,522	56,572	TNS, Inc. (a)	1,014,902
			7,350	U.S. Bancorp	236,376

See Notes to Financial Statements.

AUXIER FOCUS FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2012

Shares	Security Description	Value	Shares	Security Description	Value	
10,324	Unum Group	\$ 197,498	Utilities - 0.1%			
9,500	Visa, Inc., Class A	1,174,485	5,616	FirstService Corp. (a)	\$ 157,080	
24,950	Waddell & Reed Financial, Inc., Class A	755,486	Total Common Stock			
7,646	Washington Federal, Inc.	129,141	(Cost \$156,901,522)			
500	Wells Fargo & Co.	16,720	181,277,348			
4,380	West Coast Bancorp (a)	86,067	Rate			
		21,049,894	Preferred Stock - 0.4%			
Health Care - 12.6%			985,000	The Charles Schwab Corp. (b) (Cost \$985,000)	7.50%	1,058,353
42,600	Abbott Laboratories	2,746,422	Principal Security Description Maturity			
1,032	Amgen, Inc.	75,377	Corporate Bonds - 5.5%			
29,400	Becton Dickinson and Co.	2,197,650	Communications - 0.2%			
60,557	BioScrip, Inc. (a)	449,939	\$ 600,000	Telefonica Emisiones SAU	6.42% 06/20/16	576,255
18,449	Coventry Health Care, Inc.	586,494	Consumer Staples - 1.9%			
31,300	GlaxoSmithKline PLC, ADR	1,426,341	1,180,000	American Stores Co.	7.90 05/01/17	1,151,975
293,117	Health Management Associates, Inc., Class A (a)	2,300,968	2,140,000	Block Financial, LLC	7.88 01/15/13	2,194,011
53,450	Johnson & Johnson	3,611,082	50,000	Constellation Brands, Inc.	7.25 05/15/17	57,438
101,053	Medtronic, Inc.	3,913,783	654,000	Smithfield Foods, Inc., Series B	7.75 05/15/13	683,430
123,360	Merck & Co., Inc.	5,150,280	115,000	SUPERVALU, Inc.	7.50 11/15/14	117,013
87,782	Pfizer, Inc.	2,018,986	375,000	SUPERVALU, Inc.	8.00 05/01/16	381,562
6,842	Quest Diagnostics, Inc.	409,836	Energy - 0.3%			
31,129	UnitedHealth Group, Inc.	1,821,046	190,000	El Paso Corp.	6.70 02/15/27	200,725
27,221	WellPoint, Inc.	1,736,428	424,000	Sunoco, Inc.	5.75 01/15/17	450,908
41,650	Zimmer Holdings, Inc.	2,680,594	Financials - 1.5%			
		31,125,226	75,000	American Express Credit Corp., Series C	7.30 08/20/13	80,209
Industrials - 1.8%			2,370,000	Hartford Financial Services Group, Inc.	5.50 10/15/16	2,568,819
21,550	AGCO Corp. (a)	985,481	182,000	Hartford Financial Services Group, Inc.	6.30 03/15/18	199,276
100	Deere & Co.	8,087	260,000	Janus Capital Group, Inc.	6.70 06/15/17	279,189
25,000	General Electric Co.	521,000	620,000	Zions Bancorporation	5.50 11/16/15	631,872
11,150	Granite Construction, Inc.	291,127	Health Care - 0.5%			
4,850	Illinois Tool Works, Inc.	256,517	540,000	Health Management Associates, Inc.	6.13 04/15/16	575,100
1,000	Johnson Controls, Inc.	27,710	500,000	Health Management Associates, Inc. (c)	7.38 01/15/20	534,375
1,000	POSCO, ADR	80,440	130,000	WellPoint, Inc.	5.25 01/15/16	145,282
300	Potash Corp. of Saskatchewan, Inc.	13,107	1,254,757			
12,500	Raytheon Co.	707,375				
3,500	Textainer Group Holdings, Ltd.	129,150				
3,550	The Boeing Co.	263,765				
14,450	United Parcel Service, Inc., Class B	1,138,082				
		4,421,841				
Information Technology - 2.8%						
11,300	Automatic Data Processing, Inc.	628,958				
15,350	Dell, Inc. (a)	192,182				
51,800	Intel Corp.	1,380,470				
148,064	Microsoft Corp.	4,529,278				
625	MoneyGram International, Inc. (a)	9,125				
1,500	Verisk Analytics, Inc., Class A (a)	73,890				
		6,813,903				
Materials - 1.8%						
28,700	E.I. du Pont de Nemours & Co.	1,451,359				
7,000	LyondellBasell Industries NV, Class A	281,890				
6,400	Precision Castparts Corp.	1,052,736				
100	Spartech Corp. (a)	517				
47,350	The Dow Chemical Co.	1,491,525				
14,000	Vale SA, ADR	277,900				
		4,555,927				
Telecommunications - 1.1%						
27,300	AT&T, Inc.	973,518				
52,150	SK Telecom Co., Ltd., ADR	631,015				
27,015	Verizon Communications, Inc.	1,200,547				
		2,805,080				

AUXIER FOCUS FUND
SCHEDULE OF INVESTMENTS
JUNE 30, 2012

<u>Principal</u>	<u>Security Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>Value</u>
Materials - 0.8%				
\$ 895,000	The Dow Chemical Co.	5.70%	05/15/18	\$ 1,048,828
203,000	Weyerhaeuser Co.	9.00	10/01/21	261,333
505,000	Weyerhaeuser Co.	7.95	03/15/25	563,613
				<u>1,873,774</u>
Utilities - 0.3%				
100,000	Constellation Energy Group, Inc.	4.55	06/15/15	107,466
255,000	Energy Future Holdings Corp.	9.75	10/15/19	263,925
312,000	Energy Future Intermediate Holding Co., LLC	9.75	10/15/19	322,920
27,000	Nevada Power Co., Series L	5.88	01/15/15	30,077
				<u>724,388</u>
Total Corporate Bonds (Cost \$11,808,704)				<u>13,425,601</u>
Foreign Municipal Bonds - 0.6%				
356,000	Ontario Hydro Residual Strip (Canada) (d)	5.47-5.65	11/27/20	273,621
605,000	Ontario Hydro Residual Strip (Canada) (d)	5.61	10/15/21	446,070
235,000	Ontario Hydro Residual Strip (Canada) (d)	5.75	08/18/22	167,205
750,000	Ontario Hydro Residual Strip (Canada), Series OC20 (d)	5.51	10/01/20	577,583
Total Foreign Municipal Bonds (Cost \$906,846)				<u>1,464,479</u>
Municipal Bonds - 0.2%				
Ohio - 0.2%				
550,000	Buckeye Tobacco Settlement Financing Authority (Cost \$375,167)	5.88	06/01/47	422,559
Total Fixed Income Securities (Cost \$14,075,717)				<u>15,312,639</u>
Shares				
Money Market Funds - 0.0%				
31	Schwab Government Money Fund, 0.01% (b) (Cost \$31)			31
Total Investments - 80.3% (Cost \$170,977,270)*				<u>\$ 197,648,371</u>
Other Assets and Liabilities, Net - 19.7%				<u>48,641,726</u>
Net Assets - 100.0%				<u><u>\$ 246,290,097</u></u>

ADR	American Depositary Receipt
LLC	Limited Liability Company
PLC	Public Limited Company
(a)	Non-income producing security.
(b)	Variable rate security. Rate presented is as of June 30, 2012.
(c)	Security exempt from registration under Rule 144A under the Securities Act of 1933. At the period end, the value of these securities amounted to \$534,375 or 0.2% of net assets.
(d)	Zero coupon bond. Rate presented is yield to maturity.
* Cost for federal income tax purposes is \$170,996,851 and net unrealized appreciation consists of:	
Gross Unrealized Appreciation	\$ 37,071,928
Gross Unrealized Depreciation	(10,420,408)
Net Unrealized Appreciation	<u>\$ 26,651,520</u>

The following is a summary of the inputs used to value the Fund's investments as of June 30, 2012.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the tables below, please refer to the Security Valuation section in Note 2 of the accompanying Notes to Financial Statements.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments At Value				
Common Stock				
Communications	\$ 6,860,271	\$ -	\$ -	\$ 6,860,271
Consumer Discretionary	29,274,845	-	-	29,274,845
Consumer Staples	64,416,604	-	-	64,416,604
Energy	9,796,677	-	-	9,796,677
Financials	21,049,894	-	-	21,049,894
Health Care	31,125,226	-	-	31,125,226
Industrials	4,421,841	-	-	4,421,841
Information Technology	6,813,903	-	-	6,813,903
Materials	4,555,927	-	-	4,555,927
Telecommunications	2,805,080	-	-	2,805,080
Utilities	157,080	-	-	157,080
Preferred Stock	-	1,058,353	-	1,058,353
Corporate Bonds	-	13,425,601	-	13,425,601
Foreign Municipal Bonds	-	1,464,479	-	1,464,479
Municipal Bonds	-	422,559	-	422,559
Money Market Funds	-	31	-	31
Total Investments At Value	<u>\$181,277,348</u>	<u>\$16,371,023</u>	<u>\$ -</u>	<u>\$197,648,371</u>

There were no significant transfers between Level 1 and Level 2 for the year ended June 30, 2012.

PORTFOLIO HOLDINGS

<u>% of Net Assets</u>	
Common Stock	73.6%
Preferred Stock	0.4%
Corporate Bonds	5.5%
Foreign Municipal Bonds	0.6%
Municipal Bonds	0.2%
Money Market Funds	0.0%
Cash and Other Net Assets	19.7%
	<u>100.0%</u>

AUXIER FOCUS FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2012

ASSETS

Total investments, at value (Cost \$170,977,270)	\$ 197,648,371
Cash	48,403,696
Receivables:	
Fund shares sold	264,919
Investment securities sold	149,138
Dividends and interest	718,266
Prepaid expenses	8,241
Total Assets	<u>247,192,631</u>

LIABILITIES

Payables:	
Investment securities purchased	622,807
Fund shares redeemed	20,612
Accrued Liabilities:	
Investment adviser fees	182,322
Trustees' fees and expenses	99
Fund services fees	44,331
Other expenses	32,363
Total Liabilities	<u>902,534</u>

NET ASSETS

\$ 246,290,097

COMPONENTS OF NET ASSETS

Paid-in capital	\$ 216,077,504
Undistributed net investment income	1,734,396
Accumulated net realized gain	1,807,096
Net unrealized appreciation	26,671,101
NET ASSETS	<u>\$ 246,290,097</u>

SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)

Investor Shares	14,757,217
A Shares	102,721
Institutional Shares	74,561

NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE*

Investor Shares (based on net assets of \$243,365,965)	<u>\$ 16.49</u>
A Shares (based on net assets of \$1,693,925)	<u>\$ 16.49</u>
A Shares Maximum Public Offering Price Per Share (net asset value per share/(100%-5.75%))	<u>\$ 17.50</u>
Institutional Shares (based on net assets of \$1,230,207)	<u>\$ 16.50</u>

*Shares redeemed or exchanged within 180 days of purchase are charged a 2.00% redemption fee.

AUXIER FOCUS FUND
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2012

INVESTMENT INCOME

Dividend income (Net of foreign withholding taxes of \$56,312)	\$ 4,237,300
Interest income	1,135,995
Total Investment Income	<u>5,373,295</u>

EXPENSES

Investment adviser fees	2,436,775
Fund services fees	74,064
Transfer agent fees:	
Investor Shares	58,296
A Shares	255
Institutional Shares	79
Distribution fees:	
A Shares	2,845
Custodian fees	6,129
Registration fees:	
Investor Shares	19
A Shares	14
Professional fees	23,313
Trustees' fees and expenses	11,285
Miscellaneous expenses	10,111
Total Expenses	<u>2,623,185</u>
Fees waived and expenses reimbursed	<u>(44,279)</u>
Net Expenses	<u>2,578,906</u>

NET INVESTMENT INCOME

2,794,389

NET REALIZED AND UNREALIZED GAIN (LOSS)

Net realized gain (loss) on:	
Investments	2,387,288
Foreign currency transactions	(637)
Net realized gain	<u>2,386,651</u>
Net change in unrealized appreciation (depreciation) on:	
Investments	<u>4,018,817</u>
Net change in unrealized appreciation (depreciation)	<u>4,018,817</u>
NET REALIZED AND UNREALIZED GAIN	<u>6,405,468</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 9,199,857</u>

AUXIER FOCUS FUND
STATEMENTS OF CHANGES IN NET ASSETS

	<u>For the Year Ended June 30, 2012</u>		<u>For the Year Ended June 30, 2011</u>	
		<u>Shares</u>		<u>Shares</u>
OPERATIONS				
Net investment income	\$ 2,794,389		\$ 2,141,944	
Net realized gain	2,386,651		2,423,959	
Net change in unrealized appreciation (depreciation)	<u>4,018,817</u>		<u>22,114,894</u>	
Increase in Net Assets Resulting from Operations		<u>9,199,857</u>		<u>26,680,797</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM				
Net investment income:				
Investor Shares	(2,114,894)		(2,383,997)	
A Shares	(13,062)		(2,623)	
Net realized gain:				
Investor Shares	(2,884,600)		(77,655)	
A Shares	<u>(17,043)</u>		<u>(87)</u>	
Total Distributions to Shareholders		<u>(5,029,599)</u>		<u>(2,464,362)</u>
CAPITAL SHARE TRANSACTIONS				
Sale of shares:				
Investor Shares	103,203,829	6,529,964	52,157,159	3,353,252
A Shares	979,449	62,557	495,798	30,902
Institutional Shares	1,218,054	74,992	-	-
Reinvestment of distributions:				
Investor Shares	4,913,643	317,980	2,420,510	159,532
A Shares	28,684	1,855	2,710	179
Redemption of shares:				
Investor Shares	(32,622,079)	(2,041,326)	(15,775,082)	(1,029,404)
A Shares	(28,719)	(1,831)	(37,201)	(2,579)
Institutional Shares	(6,984)	(431)	-	-
Redemption fees	<u>74,935</u>	<u>-</u>	<u>10,155</u>	<u>-</u>
Increase in Net Assets from Capital Share Transactions		<u>4,943,760</u>		<u>2,511,882</u>
Increase in Net Assets		<u>81,931,070</u>		<u>63,490,484</u>
NET ASSETS				
Beginning of Year		<u>164,359,027</u>		<u>100,868,543</u>
End of Year (Including line (a))		<u>\$ 246,290,097</u>		<u>\$ 164,359,027</u>
(a) Undistributed net investment income.		<u>\$ 1,734,396</u>		<u>\$ 1,068,800</u>

AUXIER FOCUS FUND
FINANCIAL HIGHLIGHTS

These financial highlights reflect selected data for a share outstanding throughout each year.

	For the Years Ended June 30,				
	2012	2011	2010	2009(a)	2008
INVESTOR SHARES					
NET ASSET VALUE, Beginning of Year	\$ 16.45	\$ 13.49	\$ 12.16	\$ 14.22	\$ 17.06
INVESTMENT OPERATIONS					
Net investment income (b)	0.22	0.26	0.32	0.19	0.18
Net realized and unrealized gain (loss)	0.20(c)	3.00	1.27	(1.77)	(2.24)
Total from Investment Operations	0.42	3.26	1.59	(1.58)	(2.06)
DISTRIBUTIONS TO SHAREHOLDERS FROM					
Net investment income	(0.16)	(0.29)	(0.26)	(0.16)	(0.31)
Net realized gain	(0.23)	(0.01)	—	(0.32)	(0.47)
Total Distributions to Shareholders	(0.39)	(0.30)	(0.26)	(0.48)	(0.78)
REDEMPTION FEES (b)	0.01	—(d)	—(d)	—(d)	—(d)
NET ASSET VALUE, End of Year	\$ 16.49	\$ 16.45	\$ 13.49	\$ 12.16	\$ 14.22
TOTAL RETURN	2.84%	24.35%	12.99%	(10.92)%	(12.56)%
RATIOS/SUPPLEMENTARY DATA					
Net Assets at End of Year (000's omitted)	\$243,366	\$163,699	\$100,712	\$84,660	\$103,664
Ratios to Average Net Assets:					
Net investment income	1.36%	1.68%	2.29%	1.53%	1.10%
Net expense	1.25%	1.25%	1.30%	1.35%	1.35%
Gross expense (e)	1.27%	1.25%	1.30%	1.35%	1.36%
PORTFOLIO TURNOVER RATE	8%	20%	15%	24%	19%

(a) Effective November 1, 2008, C Shares were reclassified as Investor Shares. For the Period July 1, 2008 through November 1, 2008, total return for C Shares was (12.68)%. For the aforementioned period, the annualized gross expenses and net expenses ratios were 2.35% and 2.10%, respectively.

(b) Calculated based on average shares outstanding during each year.

(c) The net realized and unrealized gain (loss) per share does not correlate to the aggregate of the net realized and unrealized loss in the Statement of Operations for the year ended June 30, 2012, primarily due to the timing of the sales and repurchases of the Fund's shares in relation to fluctuating market values for the Fund's portfolio.

(d) Less than \$0.01 per share.

(e) Reflects the expense ratio excluding any waivers and/or reimbursements.

AUXIER FOCUS FUND
FINANCIAL HIGHLIGHTS

These financial highlights reflect selected data for a share outstanding throughout each year.

	For the Years Ended June 30,				
	2012	2011	2010	2009	2008
A SHARES					
NET ASSET VALUE, Beginning of Year	\$ 16.45	\$ 13.49	\$ 12.17	\$ 14.22	\$ 17.07
INVESTMENT OPERATIONS					
Net investment income (a)	0.22	0.25	0.32	0.18	0.17
Net realized and unrealized gain (loss)	0.21(b)	3.01	1.26	(1.75)	(2.24)
Total from Investment Operations	0.43	3.26	1.58	(1.57)	(2.07)
DISTRIBUTIONS TO SHAREHOLDERS FROM					
Net investment income	(0.16)	(0.29)	(0.26)	(0.16)	(0.31)
Net realized gain	(0.23)	(0.01)	—	(0.32)	(0.47)
Total Distributions to Shareholders	(0.39)	(0.30)	(0.26)	(0.48)	(0.78)
REDEMPTION FEES (a)	—(c)	—(c)	—(c)	—(c)	—(c)
NET ASSET VALUE, End of Year	<u>\$ 16.49</u>	<u>\$ 16.45</u>	<u>\$ 13.49</u>	<u>\$ 12.17</u>	<u>\$ 14.22</u>
TOTAL RETURN (d)	2.84%	24.35%	12.90%	(10.85)%	(12.61)%
RATIOS/SUPPLEMENTARY DATA					
Net Assets at End of Year (000's omitted)	\$1,694	\$660	\$157	\$148	\$208
Ratios to Average Net Assets:					
Net investment income	1.39%	1.61%	2.29%	1.49%	1.08%
Net expense	1.25%	1.25%	1.30%	1.35%	1.35%
Gross expense (e)	1.52%	1.50%	1.55%	1.60%	1.60%
PORTFOLIO TURNOVER RATE	8%	20%	15%	24%	19%

(a) Calculated based on average shares outstanding during each year.

(b) The net realized and unrealized gain (loss) per share does not correlate to the aggregate of the net realized and unrealized loss in the Statement of Operations for the year ended June 30, 2012, primarily due to the timing of the sales and repurchases of the Fund's shares in relation to fluctuating market values for the Fund's portfolio.

(c) Less than \$0.01 per share.

(d) Total Return does not include the effect of front end sales charge or contingent deferred sales charge.

(e) Reflects the expense ratio excluding any waivers and/or reimbursements.

AUXIER FOCUS FUND
FINANCIAL HIGHLIGHTS

These financial highlights reflect selected data for a share outstanding throughout the period.

	May 9, 2012 (a) through June 30, 2012
INSTITUTIONAL SHARES	
NET ASSET VALUE, Beginning of Period	<u>\$ 16.27</u>
INVESTMENT OPERATIONS	
Net investment income (b)	0.04
Net realized and unrealized gain (loss)	<u>0.19</u>
Total from Investment Operations	<u>0.23</u>
REDEMPTION FEES (b)	<u>—(c)</u>
NET ASSET VALUE, End of Period	<u>\$ 16.50</u>
TOTAL RETURN	1.41%(d)
RATIOS/SUPPLEMENTARY DATA	
Net Assets at End of Period (000's omitted)	\$1,230
Ratios to Average Net Assets:	
Net investment income	1.62%(e)
Net expense	1.10%(e)
Gross expense (f)	1.50%(e)
PORTFOLIO TURNOVER RATE	8%(d)

-
- (a) Commencement of operations.
(b) Calculated based on average shares outstanding during each period.
(c) Less than \$0.01 per share.
(d) Not annualized.
(e) Annualized.
(f) Reflects the expense ratio excluding any waivers and/or reimbursements.

Note 1. Organization

The Auxier Focus Fund (the “Fund”) is a diversified portfolio of Forum Funds (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940 (the “Act”), as amended. Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund’s shares of beneficial interest without par value. The Fund currently offers three classes of shares: Investor Shares, A Shares and Institutional Shares. A Shares are offered at net asset value plus a maximum sales charge of 5.75%. A Shares are also subject to contingent deferred sales charge (“CDSC”) of 1.00% on purchases without an initial sales charge and redeemed less than one year after they are purchased. Investor Shares and Institutional Shares are not subject to a sales charge. Investor Shares, A Shares and Institutional Shares commenced operations on July 9, 1999, July 8, 2005 and May 9, 2012, respectively. The Fund’s investment objective is to provide long-term capital appreciation.

On August 27, 2008, the Board of Trustees of the Trust approved the conversion of the Fund’s C Shares into Investor Shares. On November 1, 2008, each shareholder of C Shares received Investor Shares in a dollar amount equal to their investment in C Shares as of that date.

Note 2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increase and decrease in net assets from operations during the fiscal year. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

Security Valuation – Exchange-traded securities and over-the-counter securities are valued using the last quoted sale or official closing price, provided by independent pricing services as of the close of trading on the market or exchange for which they are primarily traded, on each Fund business day. In the absence of a sale, such securities are valued at the mean of the last bid and ask price provided by independent pricing services. Non-exchange traded securities for which quotations are available are valued using the last quoted sales price, or in the absence of a sale at the mean of the last bid and ask prices provided by independent pricing services. Debt securities may be valued at prices supplied by a fund’s pricing agent based on broker or dealer supplied valuations or matrix pricing, a method of valuing securities by reference to the value of other securities with similar characteristics such as rating, interest rate and maturity. Shares of open-end mutual funds are valued at net asset value (“NAV”). Short-term investments that mature in 60 days or less may be valued at amortized cost.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust’s Board of Trustees (the “Board”) if (1) market quotations are insufficient or not readily available or (2) the adviser believes that the values available are unreliable. Fair valuation is based on subjective factors and, as a result, the fair value price of an investment may differ from the security’s market price and may not be the price at which the asset may be sold. Fair valuation could result in a different NAV than a NAV determined by using market quotes.

The Fund has a three-tier fair value hierarchy. The basis of the tiers is dependent upon the various “inputs” used to determine the value of the Fund’s investments. These inputs are summarized in the three broad levels listed below:

Level 1 — quoted prices in active markets for identical assets

Level 2 — other significant observable inputs (including quoted prices of similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 — significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

The aggregate value by input level, as of June 30, 2012 with the exception of the Institutional Shares which is based on the period from May 9, 2012, through June 30, 2012, for the Fund’s investments is included at the end of the Fund’s Schedule of

Investments.

Security Transactions, Investment Income and Realized Gain and Loss – Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium is amortized and discount is accreted using the effective interest method. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

Foreign Currency Translations – Foreign currency amounts are translated into U.S. dollars as follows: (1) assets and liabilities at the rate of exchange at the end of the respective period; and (2) purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions. The portion of the results of operations arising from changes in the exchange rates and the portion due to fluctuations arising from changes in the market prices of securities are not isolated. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Distributions to Shareholders – Distributions to shareholders of net investment income and net capital gains, if any, are declared and paid at least annually. Distributions are based on amounts calculated in accordance with applicable federal income tax regulations, which may differ from GAAP. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Fund, timing differences and differing characterizations of distributions made by the Fund.

Federal Taxes – The Fund intends to continue to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code and to distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all of its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required. The Fund files a U.S. federal income and excise tax return as required. A fund's federal income tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed. As of June 30, 2012, there are no uncertain tax positions that would require financial statement recognition, de-recognition, or disclosure.

Income and Expense Allocation – The Trust accounts separately for the assets, liabilities and operations of each of its investment portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

The Fund's class specific expenses are charged to the operations of that class of shares. Income and expenses (other than expenses attributable to a specific class) and realized and unrealized gains or losses on investments are allocated to each class of shares based on the class' respective net assets to the total net assets of the Fund.

Redemption Fees – A shareholder who redeems or exchanges shares within 180 days of purchase will incur a redemption fee of 2.00% of the current net asset value of shares redeemed or exchanged, subject to certain limitations. The fee is charged for the benefit of the remaining shareholders and will be paid to the Fund to help offset transaction costs. The fee is accounted for as an addition to paid-in capital. The Fund reserves the right to modify the terms of or terminate the fee at any time. There are limited exceptions to the imposition of the redemption fee.

Commitments and Contingencies – In the normal course of business, the Fund enters into contracts that provide general indemnifications by the Fund to the counterparty to the contract. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

Note 3. Fees and Expenses

Investment Adviser – Auxier Asset Management LLC (the "Adviser"), is the investment adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee from the Fund at an annual rate of 1.00% of the Fund's

AUXIER FOCUS FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

average daily assets. Prior to April 5, 2012, the Adviser received an advisory fee from the Fund at an annual rate of 1.25% of the Fund's average daily assets.

Prior to April 5, 2012, under the terms of the Investment Advisory Agreement, the Adviser provided investment advisory services to the Fund and was obligated to pay all expenses of the Fund except any expenses they were authorized to pay under Rule 12b-1, brokerage fees and commissions, borrowing costs, taxes, certain compensation expenses of the Trustees, and extraordinary and non-recurring expenses.

Distribution – Foreside Fund Services, LLC serves as the Fund's distributor (the "Distributor"). The Distributor is not affiliated with the Adviser or Atlantic Fund Administration, LLC (d/b/a Atlantic Fund Services) ("Atlantic") or their affiliates. The Fund has adopted a Distribution Plan (the "Plan") for A Shares of the Fund in accordance with Rule 12b-1 of the Act. Under the Plan, the Fund pays the Distributor and/or any other entity as authorized by the Board a fee of up to 0.25% of the average daily net assets of A Shares. The Distributor had no role in determining the investment policies or which securities are to be purchased or sold by the Trust or its Funds.

For the year ended June 30, 2012 with the exception of the Institutional Shares which is based on the period from May 9, 2012, through June 30, 2012, there were \$44,096 in front-end sales charges assessed on the sale of A Shares and no contingent deferred sales charges were assessed on the sale of A Shares. The Distributor received \$6,614 of the total front-end sales charges.

Other Service Providers – Atlantic provides fund accounting, fund administration, compliance and transfer agency services to the Fund. Atlantic also provides certain shareholder report production, and EDGAR conversion and filing services. Atlantic provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer, and an Anti-Money Laundering Officer to the Fund, as well as certain additional compliance support functions.

Trustees and Officers – The Trust pays each independent Trustee an annual retainer fee of \$45,000 for service to the Trust (\$66,000 for the Chairman). In addition, for the year ended March 31, 2012, the Chairman received a monthly stipend of \$500 to cover certain expenses incurred in connection with his duties to the Trust. The stipend was discontinued April 1, 2012. The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees' fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

Note 4. Expense Reimbursements and Fees Waived

The Adviser has contractually agreed to waive a portion of its fees and reimburse expenses through October 31, 2015, to the extent necessary to maintain the total operating expenses at 1.25% of average daily net assets of the Investor Shares and A Shares and 1.10% of average daily net assets of Institutional Shares. These contractual waivers may be changed or eliminated at any time with consent of the Board. For the year ended June 30, 2012 with the exception of the Institutional Shares which is based on the period from May 9, 2012, through June 30, 2012, fees waived and expenses reimbursed were as follows:

<u>Investment Adviser Fees Waived</u>	<u>Investment Adviser Expenses Reimbursed</u>	<u>Other Waivers</u>	<u>Total Fees Waived and Expenses Reimbursed</u>
\$21,329	\$7,768	\$15,182	\$44,279

Note 5. Security Transactions

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments during the year ended June 30, 2012 with the exception of the Institutional Shares which is based on the period from May 9, 2012, through June 30, 2012, were \$70,704,856 and \$13,246,479, respectively.

Note 6. Federal Income Tax and Investment Transactions

Distributions during the fiscal years ended as noted were characterized for tax purposes as follows:

	<u>2012</u>	<u>2011</u>
Ordinary Income	\$ 2,278,235	\$ 2,464,362
Long-Term Capital Gain	2,751,364	-
	<u>\$ 5,029,599</u>	<u>\$ 2,464,362</u>

As of June 30, 2012, distributable earnings (accumulated loss) on a tax basis were as follows:

Undistributed Ordinary Income	\$	2,521,670
Undistributed Long-Term Gain		1,039,403
Unrealized Appreciation		26,651,520
Total	<u>\$</u>	<u>30,212,593</u>

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to wash sales and passive foreign investment companies.

On the Statement of Assets and Liabilities, as a result of permanent book to tax differences, certain amounts have been reclassified for the year ended June 30, 2012 with the exception of the Institutional Shares which is based on the period from May 9, 2012, through June 30, 2012. The following reclassification was the result of real estate investment trusts and currency gain/loss reclassification and has no impact on the net assets of the Fund.

Accumulated Net Investment Income (Loss)	\$	(837)
Undistributed Net Realized Gain (Loss)		837

Note 7. Recent Accounting Pronouncements

In May 2011, FASB issued ASU No. 2011-04 "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." ASU No. 2011-04 establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards ("IFRSs"). ASU No. 2011-04 is effective for interim and annual periods beginning after December 15, 2011. Management is evaluating the impact ASU No. 2011-04 may have on financial statement disclosures.

In December 2011, FASB issued ASU No. 2011-11 "Disclosures about Offsetting Assets and Liabilities" requiring disclosure of both gross and net information related to offsetting and related arrangements enabling users of its financial statements to understand the effect of those arrangements on the entity's financial position. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRSs. ASU No. 2011-11 is effective for interim and annual periods beginning on or after January 1, 2013. Management is evaluating any impact ASU No. 2011-11 may have on the Fund's financial statements.

Note 8. Subsequent Events

Subsequent events occurring after the date of this report through the date these financial statements were issued have been evaluated for potential impact and the Fund has had no such events.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of Forum Funds
and the Shareholders of Auxier Focus Fund

We have audited the accompanying statement of assets and liabilities of the Auxier Focus Fund, a series of shares of beneficial interest in the Forum Funds, including the schedule of investments, as of June 30, 2012, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two year period then ended and the financial highlights for each of the years in the four year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights for the year ended June 30, 2008 were audited by other auditors whose report dated August 25, 2008, expressed an unqualified opinion on such financial highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2012 by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Auxier Focus Fund as of June 30, 2012, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two year period then ended and its financial highlights for each of the years in the four year period then ended, in conformity with accounting principles generally accepted in the United States of America.

BBD, LLP

BBD, LLP

Philadelphia, Pennsylvania
August 24, 2012

Investment Advisory Agreement Approval

At a Board meeting held on January 30, 2012, the Board, including the Independent Trustees, considered the approval of the amendment of the investment advisory agreement pertaining to the Fund (the "New Agreement"). In considering the New Agreement, the Board reviewed information furnished by the Adviser regarding: (1) services to be provided to the Fund including the nature, extent and quality of such services; (2) the compensation to be paid to the Adviser including the cost of advisory services to be provided and profits to be realized by the Adviser and its affiliates from the relationship with the Fund, including the expense limitation arrangements for the Fund; (3) the extent to which economies of scale would be realized as the Fund grows and whether the advisory fee reflects these economies of scale for the benefit of the Fund's investors; and (4) other benefits received by the Adviser and its affiliates from their relationship with the Fund. In particular, the Board focused on the following factors and made the following conclusions in considering approval of the New Agreement:

Compensation and Economies of Scale

The Board considered the Adviser's proposed compensation for providing advisory services to the Fund and analyzed comparative information on fees and total expenses of similar mutual funds and other accounts managed by the adviser. The Board also considered the adviser's representation that it is not yet likely to experience economies of scale in its management of the Fund under the New Agreement due to the amount of assets held by the Fund but that it has agreed to contractually waive its fees and/or reimburse the Fund to the extent that total annual operating expenses exceed the fee rate under the current agreement through October 15, 2015. Based on the foregoing, the Board concluded that the adviser's advisory fee rate to be charged to the Fund under the New Agreement was fair and reasonable.

Expense Limitation Arrangement

The Board also considered that the Adviser has agreed to contractually waive a portion of its fees under the New Agreement and/or to reimburse Fund expenses in order to limit the Fund's total annual operating expenses to 1.25% of average daily net assets with respect to each of the Investor Shares class and the A Shares class. The Board considered that the Adviser has agreed to maintain such contractual expense limitation arrangement for the Fund through at least October 15, 2015 and, thus, Fund total annual expenses will not increase for at least three years as a result of the New Agreement. The Board did note, however, that total annual operating expenses may increase at the end of this waiver period but weighed this with (1) the proposed operation of the expense limitation arrangement, particularly its automatic renewal feature and (2) the Adviser's representation that the unified fee structure had restricted certain investors from investing in the Fund and the Adviser's expectation that those investors would be free to invest in the Fund once the proposed traditional fee structure is implemented, leading to an increase in Fund assets and, therefore, lower the Fund's total expenses.

Costs of Services and Profitability

The Board considered information provided by the Adviser regarding its costs of services and profitability with respect to the Fund, taking into account the proposed advisory fee under the New Agreement. The Board concluded that the expected level of the Adviser's profits attributable to management of the Fund under the New Agreement did not differ substantially from the Adviser's profits under the current agreement. Thus, in light of the fact that the Adviser would unbundle the current fee rate for the Fund, the Board concluded that the Adviser's expected level of profits attributable to management of the Fund likely would be reasonable in light of the services to be provided by the Adviser on behalf of the Fund.

In reaching its decision, the Board considered that the Adviser represented that there would be no substantive changes to the services being provided to the Fund. The Board also took into consideration that it renewed the Fund's current agreement at its December 16, 2011, meeting ("December Meeting"). The Board further considered that the Adviser had represented that there have been no material changes to the information it provided in connection with the Board's consideration at the December Meeting. The Board noted that the New Agreement would become effective April 5, 2012.

In reaching its decision to approve the New Agreement, the Board also relied upon its analysis and determinations made at its December Meeting to renew the current agreement, as well as information provided and discussed throughout the year at regularly scheduled Board meetings as follows:

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Performance

The Board considered the Fund's performance for both the one-year and since inception (annualized) periods ended November 30, 2011. The Board noted that the Fund outperformed its benchmark, the S&P 500 Index, for both the one-year period and since inception. Given, among other things, the Fund's performance during those periods, the Board concluded that the Fund's performance was reasonable relative to its benchmark and that the Fund and its shareholders could benefit from the Adviser's management of the Fund.

Other Benefits

The Board noted the Adviser's representation that the Adviser does not expect to receive any kind of benefit or compensation from its relationship with the Fund, other than its contractual advisory fees. Based on the foregoing representation, the Board concluded that other benefits received by the Adviser from its relationship with the Fund were not a material factor to consider in approving the continuation of the Advisory Agreement.

Based upon its review, the Board concluded that the overall arrangement between the Fund and the Adviser is fair and reasonable in light of the services to be performed, expenses to be incurred and such other matters as the Board considered relevant in the exercise of its reasonable business judgment, and that approval of the New Agreement would be in the best interests of the Fund and its shareholders. The Board approved the New Agreement and recommended approval of the New Agreement by the Fund's shareholders.

Shareholder Proxy Vote

At a special meeting of shareholders, held on April 5, 2012, shares were voted as follows on the proposal presented to shareholders to approve a new Investment Advisory Agreement between the Trust and Auxier Asset Management LLC with respect to the Fund:

For	Against	Abstain
6,643,055	180,595	592,938

Proxy Voting Information

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (877) 328-9437, on the Fund's website at www.auxierasset.com and on the U.S. Securities and Exchange Commission's (the "SEC") website at www.sec.gov. The Fund's proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (877) 328-9437 and on the SEC's website at www.sec.gov.

Availability of Quarterly Portfolio Schedules

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. These filings are available, without charge and upon request on the SEC's website at www.sec.gov or may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

Shareholder Expense Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments on certain classes, redemption fees, exchange fees, and CDSC fees, and (2) ongoing costs, including management fees, 12b-1 fees, and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund, and to compare these costs with the ongoing costs of investing in other mutual funds.

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The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from January 1, 2012, through June 30, 2012 with the exception of the Institutional Shares which is based on the period from May 9, 2012, through June 30, 2012.

Actual Expenses – The first line under each share class of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during the period.

Hypothetical Example for Comparison Purposes – The second line under each share class of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) on purchase payments on certain classes, redemption fees, exchange fees, and CDSC fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	<u>Beginning Account Value January 1, 2012</u>	<u>Ending Account Value June 30, 2012</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>
Investor Shares				
Actual	\$ 1,000.00	\$ 1,056.37	\$ 6.39	1.25%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,018.65	\$ 6.27	1.25%
A Shares				
Actual	\$ 1,000.00	\$ 1,056.37	\$ 6.39	1.25%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,018.65	\$ 6.27	1.25%
	<u>Beginning Account Value May 9, 2012</u>	<u>Ending Account Value June 30, 2012</u>	<u>Expenses Paid During Period*</u>	<u>Annualized Expense Ratio*</u>
Institutional Shares				
Actual	\$ 1,000.00	\$ 1,014.10	\$ 1.57	1.10%
Hypothetical (5% return before taxes)	\$ 1,000.00	\$ 1,019.39	\$ 5.52	1.10%

*Expenses are equal to the Fund’s annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year divided by 366 to reflect the half-year period (except for the Institutional Shares actual return information which reflects the 52-day period between May 9, 2012, the commencement of operations, through June 30, 2012.)

Federal Tax Status of Dividends Declared during the Tax Year

For federal income tax purposes, dividends from short-term capital gains are classified as ordinary income. The Fund designates 77.38% of its income dividend distributed as qualifying for the corporate dividends-received deduction (DRD) and 94.32% for the qualified dividend rate (QDI) as defined in Section 1(h)(11) of the Internal Revenue Code. The Fund also designates 27.08% of its income dividends as qualified interest income exempt from U.S. tax for foreign shareholders (QII) and 6.60% of its income dividends as qualified short-term gain exempt from U.S. tax for foreign shareholders (QSD).

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Trustees and Officers of the Trust

The Board is responsible for oversight of the management of the Trust's business affairs and of the exercise of all the Trust's powers except those reserved for the shareholders. The following table provides information about each Trustee and certain officers of the Trust. Each Trustee and officer holds office until the person resigns, is removed, or is replaced. Unless otherwise noted, the persons have held their principal occupations for more than five years. The address for all Trustees and officers is Three Canal Plaza, Suite 600, Portland, Maine 04101. Mr. Keffer is considered an Interested Trustee due to his affiliation with Atlantic. The Fund's Statement of Additional Information includes additional information about the Trustees and is available, without charge and upon request, by calling (877) 328-9437.

Name and Year of Birth	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Series of Trust Overseen by Trustee	Other Directorships Held by Trustee
Independent Trustees					
J. Michael Parish Born: 1943	Chairman of the Board; Trustee; Chairman, Nominating Committee and Qualified Legal Compliance Committee	Since 1989 (Chairman since 2004)	Retired since 2003.	21	0
Costas Azariadis Born: 1943	Trustee; Chairman, Valuation Committee	Since 1989	Professor of Economics, Washington University since 2006.	21	0
James C. Cheng Born: 1942	Trustee; Chairman, Audit Committee	Since 1989	President, Technology Marketing Associates (marketing company for small- and medium-sized businesses in New England) since 1991.	21	0
David Tucker Born: 1958	Trustee	Since 2011	Director, Blue Sky Experience since 2008; Senior Vice President & General Counsel, American Century Companies 1998-2008.	21	0
Interested Trustee					
John Y. Keffer ¹ Born: 1942	Trustee; Vice Chairman	Since 1989	Chairman, Atlantic since 2008; President, Forum Foundation (a charitable organization) since 2005; President, Forum Trust, LLC (a non-depository trust company chartered in the State of Maine) since 1997.	21	Director, Wintergreen Fund, Inc.; Director, Forum ETF Trust

¹Atlantic is a subsidiary of Forum Holdings Corp. I, a Delaware corporation that is wholly owned by Mr. Keffer.

AUXIER FOCUS FUND

ADDITIONAL INFORMATION (Unaudited)

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Name and Year of Birth	Position with the Trust	Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Series of Trust Overseen by Trustee	Other Directorships Held by Trustee
Officers					
Stacey E. Hong Born: 1966	President; Principal Executive Officer	Since 2008	President, Atlantic since 2008; Director, Consulting Services, Foreside Fund Services 2007.	N/A	N/A
Karen Shaw Born: 1972	Treasurer; Principal Financial Officer	Since 2008	Senior Vice President, Atlantic since 2008; Vice President, Citigroup 2003-2008.	N/A	N/A
David Faherty Born: 1970	Vice President	Since 2009	Senior Counsel, Atlantic since 2009; Vice President, Citi Fund Services Ohio, Inc. 2007-2009; Associate Counsel, Investors Bank & Trust Co. 2006-2007.	N/A	N/A
Michael J. McKeen Born: 1971	Vice President	Since 2009	Senior Vice President, Atlantic since 2008; Vice President, Citigroup 2003-2008.	N/A	N/A
Joshua LaPan Born: 1973	Vice President	Since 2009	Manager, Atlantic since 2008; Vice President, Citigroup 2003-2008.	N/A	N/A
Timothy Bowden Born: 1969	Vice President	Since 2009	Manager, Atlantic since 2008; Vice President, Citigroup 2005-2008.	N/A	N/A
Lina Bhatnagar Born: 1971	Secretary	Since 2008	Senior Administration Specialist, Atlantic since 2008; Regulatory Administration Specialist, Citigroup 2006-2008.	N/A	N/A

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Auxier Focus Fund

FOR MORE INFORMATION

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This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management, and other information.