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# **Auxier Focus Fund**

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## **Semi-Annual Report**

**December 31, 2002**  
**(Unaudited)**

### **Fund Advisor:**

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**AUXIER FOCUS FUND  
PERFORMANCE UPDATE  
DECEMBER 31, 2002**

**AUXFX RETURNS VS. S&P 500 INDEX**

	<u>AUXIER FOCUS FUND</u>	<u>S&amp;P 500 INDEX</u>	<u>DIFFERENCE</u>
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 inception 7/9/99	12.48 %	* -34.28 % *	46.76 %

\*These reflect total return since the Fund's inception.

*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 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. 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 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, SIPC*

**Management Discussion of Fund Performance**

Dear Shareholders:

The General Stock Market in 2002

The U.S. stock market as measured by the Standard and Poor's 500 declined 22% in 2002, a decline of approximately \$2.6 trillion. The average mutual fund declined 22% as well, the worst showing since 1974. The US market has now experienced three consecutive down years. Over the past 200 years, there have been only two periods where the markets dropped four consecutive years: 1836-39 and 1929-32. The largest single year percentage gain in the past 100 years was registered in 1933 when the Dow Jones average appreciated over 54%.

While our focus is fundamental valuation of securities, it is also critical to study past market and economic history to help minimize risk. It appears that with every major technological advance, capital is sacrificed for the betterment of society. In the 1830's canals were the rage, in the 1870's railroads. The 1920's brought radio, electricity and autos to the masses. All were great for the standard of living but terrible, ultimately, for shareholders.

Results in 2002

Our performance versus the major stock averages is likely to be better in a flat to down market. Our long-term goal is to outperform the S&P 500 Index while taking substantially lower risk. The outperformance should come generally in bad markets with the hope of matching returns in the up markets. This has been the case this past year.

### Typical Situation

We approach investing like farming. There is a time to plant and a time to harvest. The time to plant is when pessimism is rampant and the investment community is negative. We aim to harvest at the height of optimism and euphoria, the enemies of the rational investor. The buy list will include securities that are often misunderstood and mispriced due to a temporary or surmountable problem. A price decline due to a massive flood of easy money is not the ideal bet. If the risk/reward on individual stocks does not appear compelling, we look for alternative parking spots that are somewhat insulated from market declines. These investments tend to be more dependent upon specific corporate actions, as opposed to market supply and demand relationships, and therefore are more defensive. This past year we have been moving more money into the senior debt of companies taking aggressive measures to shore up their balance sheets. The value we try to add is in quantifying the risk of each investment and monitoring the day-to-day operating fundamentals. When the fundamentals turn up and the price is right, we are in a position to move fast.

### Current Situation

The past year we have put an increased research emphasis on the liability side of corporate balance sheets. Since 1995, off-balance sheet debt has grown in excess of 250%. Under-funded pension charges for S&P companies could exceed \$15 billion in 2003 alone. Source: Mercer. Last July, Moody's reported that 771 investment grade companies had disclosed only 22% of 2,819 conditions that could cause a drop in their credit rating. In the late 1990's many industries attracted huge inflows of cheap capital that fueled an unprecedented capital spending boom and a rapidly accelerating credit cycle. This trend is now reversing. Companies are being forced to slash soaring debt levels, both on- and off-balance sheet, as their asset values have plummeted. Today, 45% of S&P 500 companies are one notch from losing their investment grade ratings. Source: Merrill Lynch. This is prompting companies to aggressively address the problem, enhancing the value of bank and senior debt while potentially diluting the common stock. An added positive is that the issuance of lower rated corporate bonds dropped to \$58.2 billion in 2002, down from \$78.2 billion in 2001. This declining supply, coupled with historically wide spreads over treasuries and a redirecting of cash flow to restore balance sheet health, makes the senior corporate bond sector attractive. In particular, the electric utility industry is struggling with over \$800 billion in debt, which is leading to some very interesting situations as the industry restructures. Senior claims on pipelines or transmission assets provide strong security, yet these bonds offer equity-type upside with much lower risk. Now, more than ever it is important to quantify the risk in each security. This requires scrutiny of the entire business. Looking at a couple of benchmarks or screens just is not sufficient. After three years of market declines, I am getting much more enticed by the price points of some high quality businesses.

### Hidden risks in seemingly low-risk bonds

Money has been flowing into government bonds for the past three years. Historically, when a currency has been tied to a fixed standard like the US dollar was to gold in the 1930s, it is very difficult to reverse deflationary trends. However, when a currency has been allowed to float, like the dollar is now, central banks have been able to "reflate" their economies through the use of monetary and fiscal policies. The broad basket of commodity prices as measured by the CRB index is up over 30% this past year, reflecting this stimulus. The printing of money, increased deficit spending and a depreciating currency all increase the risk of rising rates. The implication to holders of long-term government debt could be painful with current interest so low. A one to two percentage point rise in the 30-year treasury could mean principal losses of over 15%.

### A Final Thought

With a potential conflict in the Middle East pending and "uncertainty" the dominating headline, it might be helpful to revisit some words of wisdom from Warren Buffett. He has been the primary driver of Berkshire Hathaway's share price appreciation from \$80 in 1972 to \$75,000 in 2002 . . . "We will continue to ignore political and economic forecasts, which are an expensive distraction for many investors and businessmen. Thirty years ago, no one could have foreseen the huge expanse of the Vietnam War, wage and price controls, two oil shocks, the resignation of a president, the dissolution of the Soviet Union, a one-day drop of the Dow of 568 points or treasury bill yields fluctuating between 2.8% and 17.4%. But, surprise—none of these blockbuster events made the slightest dent in Ben Graham's investment principles. Nor did they render unsound the negotiated purchases of fine businesses at sensible prices. Imagine the cost to us, then, if we had let a fear of unknowns cause us to defer or alter the deployment of capital. Indeed, we have usually made our best purchases when apprehensions about some macro event were at a peak. Fear is the foe of the faddist but the friend of the fundamentalist."

Thank you!

Jeff Auxier

**Auxier Focus Fund**  
**Schedule of Investments**  
**December 31, 2002 (Unaudited)**

<b>Common Stocks - 60.75%</b>	<b>Shares</b>	<b>Value</b>
<b>Accident &amp; Health Insurance - 0.92%</b>		
AON Corp.	9,500	<u>\$ 179,455</u>
<b>Aircraft - 0.76%</b>		
Boeing Co.	4,500	<u>148,455</u>
<b>Bottled &amp; Canned Soft Drinks &amp; Carbonated Waters - 0.43%</b>		
National Beverage Corp. (a)	5,500	<u>84,150</u>
<b>Cable &amp; Other Pay Television Services - 0.29%</b>		
Liberty Media Corp. (a)	6,247	<u>55,848</u>
<b>Cigarettes - 2.36%</b>		
Philip Morris Companies, Inc.	11,400	<u>462,042</u>
<b>Commercial Banks - 1.77%</b>		
City Bank of Lynnwood, WA	14,000	<u>346,500</u>
<b>Construction, Mining &amp; Materials Handling Machinery &amp; Equip. - 0.46%</b>		
Dover Corp.	3,100	<u>90,396</u>
<b>Electric &amp; Other Services Combined - 0.03%</b>		
Sierra Pacific Resources (a)	1,000	<u>6,500</u>
<b>Electric Housewares &amp; Fans - 0.24%</b>		
Helen of Troy Ltd. (a)	4,000	<u>46,560</u>
<b>Electric Services - 0.48%</b>		
Texas Utilities Co.	5,000	<u>93,400</u>
<b>Electronic Computers - 0.15%</b>		
Ceridian Corp. (a)	2,000	<u>28,840</u>
<b>Federal &amp; Federally - Sponsored Credit Agencies - 1.72%</b>		
Freddie Mac	5,700	<u>336,585</u>
<b>Finance Services - 1.50%</b>		
American Express Co.	7,500	265,125
Lloyds TSB Group Plc. ADR	1,000	<u>28,590</u>
		<u>293,715</u>
<b>Fire, Marine &amp; Casualty Insurance - 2.97%</b>		
Berkshire Hathaway, Inc. - Class B (a)	20	48,460
Chubb Corp.	2,500	130,500
Travelers Property Casualty Corp. Class A (a)	27,150	397,748
Travelers Property Casualty Corp. Class B (a)	310	<u>4,541</u>
		<u>581,249</u>

*See accompanying notes which are an integral part of the financial statements.*

**Auxier Focus Fund**  
**Schedule of Investments**  
**December 31, 2002 (Unaudited) - continued**

<b>Common Stocks - 60.75% - continued</b>	<b>Shares</b>	<b>Value</b>
<b>Food &amp; Kindred Products - 1.38%</b>		
BAT Industries Plc.	13,700	<u>269,890</u>
<b>Iron &amp; Steel Foundries - 0.40%</b>		
Precision Castparts Corp.	3,200	<u>77,600</u>
<b>Laboratory Analytical Instruments - 0.67%</b>		
Waters Corp. (a)	6,000	<u>130,680</u>
<b>Miscellaneous Shopping Goods Stores - 0.22%</b>		
Office Depot, Inc. (a)	3,000	<u>44,280</u>
<b>Motor Vehicle Parts &amp; Accessories - 0.05%</b>		
Visteon Corp.	1,500	<u>10,440</u>
<b>Motor Vehicles &amp; Passenger Car Bodies - 0.45%</b>		
General Motors Corp.	2,375	<u>87,542</u>
<b>National Commercial Banks - 3.72%</b>		
Bank One Corp.	200	7,310
Citigroup, Inc.	3,693	129,957
Fleet Boston Corp.	13,700	332,910
MBNA Corp.	6,000	114,120
U.S. Bancorp	6,745	<u>143,129</u>
		<u>727,426</u>
<b>Oil &amp; Gas Field Services - 0.72%</b>		
Willbros Group, Inc. (a)	17,000	<u>139,740</u>
<b>Operative Builders - 0.36%</b>		
D.R. Horton, Inc.	4,050	<u>70,267</u>
<b>Paper board containers &amp; boxes - 0.29%</b>		
Longview Fibre Co. (a)	8,000	<u>57,840</u>
<b>Pharmaceutical Preparations - 5.09%</b>		
Bristol-Myers Squibb, Inc.	1,500	34,725
Merck & Co., Inc.	5,600	317,016
Pfizer, Inc.	8,000	244,560
Schering-Plough, Inc.	18,000	<u>399,600</u>
		<u>995,901</u>

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**Auxier Focus Fund**  
**Schedule of Investments**  
**December 31, 2002 (Unaudited) - continued**

<b>Common Stocks - 60.75% - continued</b>	<b>Shares</b>	<b>Value</b>
<b>Radio &amp; Tv Broadcasting &amp; Communications Equipment - 0.22%</b>		
Motorola, Inc.	5,000	<u>43,250</u>
<b>Real Estate Investment Trusts - 2.17%</b>		
Plum Creek Timber Co., Inc.	18,000	<u>424,800</u>
<b>Refuse Systems - 0.81%</b>		
Waste Management, Inc.	6,900	<u>158,148</u>
<b>Retail - Drug Stores &amp; Proprietary Stores - 0.23%</b>		
CVS Corp.	1,800	<u>44,946</u>
<b>Retail - Eating Places - 2.52%</b>		
McDonald's Corp.	8,000	128,640
Yum! Brands, Inc. (a)	15,000	<u>363,300</u>
		<u>491,940</u>
<b>Retail - Grocery Stores - 2.40%</b>		
Albertson's, Inc.	5,350	119,091
Kroger Corp. (a)	18,400	284,280
Safeway, Inc. (a)	2,800	<u>65,408</u>
		<u>468,779</u>
<b>Retail - Jewelry Stores - 1.14%</b>		
Tiffany & Co.	6,100	145,851
Zale Corp. (a)	2,400	<u>76,560</u>
		<u>222,411</u>
<b>Retail - Lumber &amp; Other Building Materials Dealers - 0.25%</b>		
The Home Depot, Inc.	2,000	<u>47,920</u>
<b>Retail - Shoe Stores - 0.09%</b>		
Footstar, Inc. (a)	2,500	<u>17,400</u>
<b>Savings Institution, Federally Chartered - 0.13%</b>		
Washington Federal, Inc.	1,000	<u>24,850</u>
<b>Savings Institutions, Not Federally Chartered - 1.05%</b>		
Washington Mutual, Inc.	5,950	<u>205,454</u>
<b>Services - Advertising - 0.45%</b>		
Valassis Communications, Inc. (a)	3,000	<u>88,290</u>
<b>Services - Advertising Agencies - 1.37%</b>		
The Interpublic Group of Co., Inc.	19,000	<u>267,520</u>

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**Auxier Focus Fund**  
**Schedule of Investments**  
**December 31, 2002 (Unaudited) - continued**

<b>Common Stocks - 60.75% - continued</b>	<b>Shares</b>	<b>Value</b>
<b>Services - Business Services - 2.71%</b>		
Efunds Corp. (a)	58,200	<u>530,202</u>
<b>Services - Computer Processing &amp; Data Preparation - 4.41%</b>		
Automatic Data Processing, Inc.	5,000	196,250
Concord EFS, Inc. (a)	22,000	346,280
IMS Health, Inc.	20,000	<u>320,000</u>
		<u>862,530</u>
<b>Services - Computer Programming, Data Processing, Etc. - 1.70%</b>		
Electronic Data Systems Corp.	18,000	<u>331,740</u>
<b>Services - Educational Services - 0.81%</b>		
ITT Educational Services, Inc. (a)	2,900	68,295
Learning Tree International, Inc. (a)	6,600	<u>90,420</u>
		<u>158,715</u>
<b>Services - General Medical &amp; Surgical Hospitals - 0.50%</b>		
Tenet Healthcare Corp. (a)	6,000	<u>98,400</u>
<b>Services - Management Consulting Services - 2.30%</b>		
Maximus, Inc. (a)	17,200	<u>448,920</u>
<b>Services - Motion Picture &amp; Video Tape Production - 0.30%</b>		
AOL Time Warner, Inc.	4,500	<u>58,950</u>
<b>Services - Packaged Software - 0.06%</b>		
Equifax, Inc.	500	<u>11,570</u>
<b>Services - Specialty Outpatient Facilities - 0.72%</b>		
SeraCare, Inc. (a)	23,500	<u>141,000</u>
<b>State Commercial Bank - 0.12%</b>		
Bank of New York, Inc.	1,000	<u>23,960</u>
<b>Surgical &amp; Medical Instruments &amp; Apparatus - 5.00%</b>		
Baxter International, Inc.	12,000	336,000
Guidant Corp. (a)	14,600	450,410
Utah Medical Products, Inc. (a)	10,000	<u>191,000</u>
		<u>977,410</u>
<b>Telephone Communications (No Radiotelephone) - 0.28%</b>		
Sprint Corp.	3,800	<u>55,024</u>
<b>Television Broadcasting Stations - 0.99%</b>		
Grupo Televisa, S.A. (a)	6,900	<u>192,717</u>

*See accompanying notes which are an integral part of the financial statements.*



**Auxier Focus Fund**  
**Schedule of Investments**  
**December 31, 2002 (Unaudited) - continued**

<b>Common Stocks - 60.75% - continued</b>	<b>Shares</b>	<b>Value</b>
<b>Tobacco Products - 0.43%</b>		
UST, Inc.	2,500	<u>83,575</u>
<b>Water Transportation - 0.04%</b>		
Carnival Corp.	300	<u>7,485</u>
<b>Wholesale - Drugs Proprietaries &amp; Druggists' Sundries - 0.12%</b>		
Cardinal Health, Inc.	400	<u>23,676</u>
<b>TOTAL COMMON STOCKS (Cost \$12,955,423)</b>		<u>11,876,883</u>
<b>Unit Investment Trusts - 0.06%</b>		
Sector SPDR Trust	500	<u>11,000</u>
<b>TOTAL UNIT INVESTMENT TRUSTS (Cost \$12,885)</b>		<u>11,000</u>
<b>Preferred Stocks - 2.97%</b>		
Boston Edison, 4.25%	200	13,100
Central Power & Light, 4%	305	18,662
Cincinnati Gas & Electric, 4%	400	36,900
Cincinnati Gas & Electric, 4.75%	300	22,434
Connecticut Light & Power, 1.9%	1,500	38,625
Connecticut Light & Power, 2.0%	1,000	31,531
Dayton Power & Light, 3.90%	1,500	97,500
Hawaiian Electric, Inc., 4.25%	4,000	45,750
Indianapolis Power & Light, 4%	300	16,359
Mississippi Power Co., 7%	600	58,819
Monongahela Power, 4.40%	100	5,340
Northern Ind Pub Sv., 4.25%	500	30,625
Pacific Enterprises, 4.5%	1,000	65,870
Peco Energy, 3.8%	400	24,500
Public Svc Gas & Electric, 4.08%	945	61,898
Westar Energy, Inc., 4.25%	300	<u>12,563</u>
<b>TOTAL PREFERRED STOCKS (Cost \$597,706)</b>		<u>580,476</u>
<b>Corporate Bonds - 22.06%</b>	<b>Principal Amount</b>	
AOL Time Warner, 6.15%, 05/01/07	505,000	525,202
Coastal Corp. Note, 7.5%, 08/15/06	220,000	180,562
Crown Cork & Seal, 6.75%, 04/15/03	100,000	98,500
Finova Capital Corp., 7.5%, 11/15/09	26,000	9,100
Fruit of the Loom, 7.375%, 11/15/23	50,000	-
GATX Capital Corp. Note, 8.25%, 09/01/03	360,000	362,016
GMAC, 7.50%, 01/15/12	40,000	40,799
GMAC, 5.75%, 10/15/06	100,000	100,461
GMAC, 6.875%, 09/15/11	200,000	199,775

See accompanying notes which are an integral part of the financial statements.

**Auxier Focus Fund**  
**Schedule of Investments**  
**December 31, 2002 (Unaudited) - continued**

<b>Corporate Bonds - 22.06% - continued</b>	<b>Principal Amount</b>	
Hilton Hotels, 5%, 05/15/06	440,000	423,500
Interpublic Group, 0%, 12/14/21	50,000	39,250
Monongahela Power, 5%, 10/01/06	50,000	48,318
Nevada Power Company, 6.2%, 04/15/04	65,000	59,822
Newpark Resource, Inc., 8.625%, 12/15/07	50,000	47,750
Pacific Gas & Electric, 6.25%, 03/01/04	130,000	128,700
Pacific Gas & Electric, 6.75%, 10/01/23	21,000	19,845
Pacific Gas & Electric, 5.875%, 10/01/05	125,000	122,500
Pacific Gas & Electric, 8.25%, 11/01/22	60,000	58,500
Sierra Pacific Power Company, 8%, 06/01/08	275,000	257,914
Southern California Edison, 6.375%, 01/15/06	50,000	46,750
Southern California Edison, 6.9%, 10/01/18	100,000	93,500
Tyco International Ltd. Note, 5.875%, 11/01/04	50,000	48,525
Tyco International Ltd. Note, 6.375%, 01/15/04	50,000	48,514
Waste Management, Inc., 7%, 05/15/05	51,000	53,680
Waste Management, Inc., 6.375%, 12/01/03	170,000	173,286
Waste Management, Inc., 7.65%, 03/15/11	871,000	956,622
Waste Management, Inc., 7.375%, 08/01/10	154,000	<u>168,744</u>
<b>TOTAL CORPORATE BONDS (Cost \$4,156,858)</b>		<u><b>4,312,135</b></u>
<b>Government Bonds - 2.54%</b>		
<b>Canada</b>		
Ontario Hydro, 0%, 10/01/20	1,500,000	338,492
Ontario Hydro, 0%, 11/27/20	706,000	<u>157,753</u>
<b>TOTAL GOVERNMENT BONDS (Cost \$495,501)</b>		<u><b>496,245</b></u>
<b>Money Market Securities - 12.17%</b>		
Huntington Money Fund - Invest A, 0.38%, (Cost \$2,379,716) (b)	2,379,716	<u>2,379,716</u>
<b>TOTAL INVESTMENTS (Cost \$20,598,089) - 100.55%</b>		<u><b>\$ 19,656,455</b></u>
<b>Liabilities in excess of cash and other assets - (0.55%)</b>		<u><b>(106,687)</b></u>
<b>TOTAL NET ASSETS - 100.00%</b>		<u><u><b>\$ 19,549,768</b></u></u>

(a) Non-income producing.

(b) Variable rate security; the coupon rate shown represents the yield at December 31, 2002.

*See accompanying notes which are an integral part of the financial statements.*

**Auxier Focus Fund**  
**Statement of Assets and Liabilities**  
**December 31, 2002 (Unaudited)**

<b>Assets</b>	
Investments in securities, at value (cost \$20,598,089)	\$ 19,656,455
Interest receivable	67,130
Dividends receivable	34,003
Receivable for investments sold	14,792
Receivable for fund shares sold	111,260
<b>Total assets</b>	<u>19,883,640</u>
<b>Liabilities</b>	
Accrued advisory fees	22,485
Redemptions payable	42,000
Payable for investments purchased	269,387
<b>Total liabilities</b>	<u>333,872</u>
<b>Net Assets</b>	<u><u>\$ 19,549,768</u></u>
<b>Net Assets consist of:</b>	
Paid in capital	20,636,923
Accumulated net investment income (loss)	24,891
Accumulated net realized gain (loss) on investments	(170,413)
Net unrealized appreciation (depreciation) on investments	(941,633)
	<u>(941,633)</u>
Net Assets, for 1,832,260 shares	<u><u>\$ 19,549,768</u></u>
<b>Net Asset Value,</b>	
Offering and redemption price per share (\$19,549,768 / 1,832,260)	<u><u>\$ 10.67</u></u>

*See accompanying notes which are an integral part of the financial statements.*

**Auxier Focus Fund**  
**Statement of Operations**  
**Six months ended December 31, 2002 (Unaudited)**

<b>Investment Income</b>	
Dividend income	\$ 116,250
Interest income	163,169
<b>Total Income</b>	<u>279,419</u>
<b>Expenses</b>	
Investment advisor fee	125,943
Trustee fees	1,600
<b>Total Expenses</b>	<u>127,543</u>
Reimbursed Expenses	(1,600)
<b>Total Operating Expenses</b>	<u>125,943</u>
<b>Net Investment Income (Loss)</b>	<u>153,476</u>
<b>Realized &amp; Unrealized Gain (Loss)</b>	
Net realized gain (loss) on investment securities	(159,865)
Change in net unrealized appreciation (depreciation) on investment securities	<u>(701,278)</u>
Net realized and unrealized gain (loss) on investment securities	<u>(861,143)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u><u>\$ (707,667)</u></u>

*See accompanying notes which are an integral part of the financial statements.*

**Auxier Focus Fund**  
**Statement of Changes In Net Assets**

	<b>Six months ended Dec. 31, 2002 (Unaudited)</b>	<b>Year ended June 30, 2002</b>
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations</b>		
Net investment income (loss)	\$ 153,476	79,634
Net realized gain (loss) on investment securities	(159,865)	303,257
Change in net unrealized appreciation (depreciation)	(701,278)	(682,921)
Net increase (decrease) in net assets resulting from operations	<u>(707,667)</u>	<u>(300,030)</u>
<b>Distributions</b>		
From net investment income	(172,070)	(71,862)
From net realized gain	(289,083)	(18,729)
Total distributions	<u>(461,153)</u>	<u>(90,591)</u>
<b>Capital Share Transactions</b>		
Proceeds from shares sold	7,964,617	10,074,386
Reinvestment of distributions	460,746	90,185
Amount paid for shares repurchased	(4,344,978)	(219,862)
Net increase (decrease) in net assets resulting from share transactions	<u>4,080,385</u>	<u>9,944,709</u>
<b>Total Increase (Decrease) in Net Assets</b>	<u>2,911,565</u>	<u>9,554,088</u>
<b>Net Assets</b>		
Beginning of period	<u>16,638,203</u>	<u>7,084,115</u>
End of period [including accumulated net investment income (loss) of \$153,476 and \$0, respectively]	<u>\$ 19,549,768</u>	<u>16,638,203</u>
<b>Capital Share Transactions</b>		
Shares sold	736,327	860,061
Shares issued in reinvestment of distributions	42,940	7,863
Shares repurchased	(416,128)	(18,835)
Net increase (decrease) from capital transactions	<u>363,139</u>	<u>849,089</u>

*See accompanying notes which are an integral part of the financial statements.*

**Auxier Focus Fund  
Financial Highlights**

	Six months ended Dec. 31, 2002 (Unaudited)	For the year ended June 30, 2002	For the year ended June 30, 2001	Period ended June 30, 2000 (c)
<b>Selected Per Share Data</b>				
Net asset value, beginning of period	\$ 11.33	\$ 11.43	\$ 9.99	\$ 10.00
Income from investment operations				
Net investment income (loss)	0.09	0.08	0.17	0.18
Net realized and unrealized gain (loss)	(0.48)	(0.07)	1.43	(0.16)
Total from investment operations	(0.39)	0.01	1.60	0.02
<b>Less Distributions to shareholders:</b>				
From net investment income	(0.10)	(0.09)	(0.13)	(0.03)
From net realized gain	(0.17)	(0.02)	(0.03)	0.00
Total distributions	(0.27)	(0.11)	(0.16)	(0.03)
Net asset value, end of period	<u>\$ 10.67</u>	<u>\$ 11.33</u>	<u>\$ 11.43</u>	<u>\$ 9.99</u>
<b>Total Return</b>	(3.42)% (b)	0.07%	16.11%	0.23% (b)
<b>Ratios and Supplemental Data</b>				
Net assets, end of period (000)	\$ 19,550	\$ 16,638	\$ 7,084	\$ 1,336
Ratio of expenses to average net assets	1.35% (a)	1.35% (a)	1.35% (a)	1.35% (a)
Ratio of expenses to average net assets before waiver & reimbursement	1.37% (a)	1.37% (a)	1.41% (a)	1.62% (a)
Ratio of net investment income to average net assets	1.64% (a)	0.73% (a)	1.56% (a)	1.84% (a)
Ratio of net investment income to average net assets before waiver & reimbursement	1.64% (a)	0.71% (a)	1.50% (a)	1.57% (a)
Portfolio turnover rate	20.34%	55.72%	41.46%	187.85%

(a) Annualized.

(b) For periods of less than a full year, total return is not annualized.

(c) For the period July 9, 1999 (commencement of operations) through June 30, 2000.

See accompanying notes which are an integral part of the financial statements.

**Auxier Focus Fund**  
**Notes to Financial Statements**  
**December 31, 2002 (Unaudited)**

**NOTE 1. ORGANIZATION**

The Auxier Focus Fund (the "Fund") was organized as a non-diversified series of the AmeriPrime Funds (the "Trust") on February 2, 1999 and commenced operations on July 9, 1999. The Trust is established under the laws of Ohio by an Agreement and Declaration of Trust dated August 8, 1995 (the "Trust Agreement"). The Agreement permits the Board of Trustees (the "Board") to issue an unlimited number of shares of beneficial interest of separate series without par value. The Fund is one of the series of funds currently authorized by the Trustees. The Fund's investment objective is to provide long-term capital appreciation. The investment advisor to the Fund is Auxier Asset Management, LLC (the "Advisor").

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

*Securities Valuation-* Securities that are traded on any exchange or on the NASDAQ over-the-counter market are valued at the last quoted sale price. Lacking a last sale price, a security is valued at its last bid price except when in the opinion of the Advisor the last bid price does not accurately reflect the current value of the security. All other securities for which over-the-counter market quotations are readily available are valued at their last bid price. When market quotations are not readily available, when the Advisor determines the last bid price does not accurately reflect the current value or when restricted securities are being valued, such securities are valued as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board of Trustees.

Fixed income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Advisor decides that a price provided by the pricing service does not accurately reflect the fair market value of the securities, when prices are not readily available from a pricing service or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board of Trustees. Short term investments in fixed-income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board of Trustees has determined will represent fair value.

*Federal Income Taxes-* The Fund intends to qualify each year as a "regulated investment company" under the Internal Revenue Code of 1986, as amended. By so qualifying, the Fund will not be subject to federal income taxes to the extent that it distributes substantially all of its net investment income and any realized capital gains.

*Dividends and Distributions-* The Fund intends to comply with federal tax rules regarding distribution of substantially all of its net investment income and capital gains. These rules may cause multiple distributions during the course of the year.

*Other-* The Fund follows industry practice and records security transactions on the trade date. The specific identification method is used for determining gains or losses for financial statements and income tax purposes. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities.

**Auxier Focus Fund**  
**Notes to Financial Statements**  
**December 31, 2002 (Unaudited) - continued**

**NOTE 3. FEES AND OTHER TRANSACTIONS WITH AFFILIATES**

Auxier Asset Management, LLC, 8050 S.W. Warm Springs St., Suite 130, Tualatin, OR 97062, serves as investment advisor to the Fund. J. Jeffrey Auxier is President and Chief Investment Officer of the Advisor and is responsible for the day-to-day management of the Fund's portfolio. Also, J. Jeffrey Auxier may be deemed to be a controlling person of the Advisor due to his ownership of a majority of its shares.

Under the terms of the management agreement (the "Agreement"), the Advisor manages the Fund's investments subject to approval of the Board and pays all of the expenses of the Fund except brokerage fees and commissions, taxes, borrowing costs (such as interest and dividends on securities sold short), Rule 12b-1 expenses, fees and expenses of non-interested person Trustees and extraordinary expenses. As compensation for its management services and agreement to pay the Fund's expenses, the Fund is obligated to pay the Advisor a fee computed and accrued daily and paid monthly at an annual rate of 1.35% of the average value of its daily net assets of the Fund. It should be noted that most investment companies pay their own operating expenses directly, while the Fund's expenses, except those specified above, are paid by the Advisor. For the period ended December 31, 2002, the Advisor received a fee of \$125,943 from the Fund. The Advisor has contractually agreed to reimburse the Fund for the fees and expenses of the disinterested Trustees through October 31, 2003. For the period ended December 31, 2002, the Advisor reimbursed expenses of \$1,600.

The Fund retains Unified Fund Services, Inc. ("Unified"), a wholly owned subsidiary of Unified Financial Services, Inc., to manage the Fund's business affairs and provide the Fund with administrative, transfer agency, and fund accounting services, including all regulatory reporting and necessary office equipment and personnel. The Advisor paid all administrative, transfer agency, and fund accounting fees on behalf of the Fund per the Agreement. A Trustee and the officers of the Trust are members of management and /or employees of Unified.

The Fund retains Unified Financial Securities, Inc., a wholly owned subsidiary of Unified Financial Services, Inc. to act as the principal distributor of the Fund's shares. There were no payments made to the distributor during the period ended December 31, 2002. Timothy L. Ashburn (a Trustee and officer of the Trust) and Thomas G. Napurano (an officer of the Trust) are a director and officer, respectively, of the Distributor and of Unified Financial Services, Inc. (the parent company of the Distributor), and may be deemed to be affiliates of the Distributor. Ronald C. Tritschler owns securities of Unified Financial Services, Inc. and may be deemed to be an affiliate of the Distributor.

**NOTE 4. INVESTMENTS**

For the period ended December 31, 2002, purchases and sales of investment securities, other than short term investments, aggregated \$7,918,287 and \$2,887,347, respectively. As of December 31, 2002, the gross unrealized appreciation for all securities totaled \$629,234 and the gross unrealized depreciation for all securities totaled \$1,570,867 for a net unrealized depreciation of \$941,633. The aggregate cost of securities for federal income tax purposes at December 31, 2002 was \$20,598,089.

**NOTE 5. ESTIMATES**

Preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**Auxier Focus Fund**  
**Notes to Financial Statements**  
**December 31, 2002 (Unaudited) – continued**

**NOTE 6. RELATED PARTY TRANSACTIONS**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the Investment Company Act of 1940. As of December 31, 2002, Charles Schwab & Co. held 59.02% of the outstanding Fund shares in an omnibus account for the benefit of others.

**NOTE 7. SUBSEQUENT EVENT**

On January 3, 2003, the Auxier Focus Fund, a series of the Unified Series Trust (the "Successor Fund"), acquired all of the assets and liabilities of the Fund in a tax-free reorganization. Shareholders of the Fund received shares of the Successor Fund in exchange for their Fund shares, and the Fund ceased operations.

## ELECTION OF TRUSTEES

At a special meeting of the shareholders held on December 18, 2002, a vote was held to elect members to serve on the Board of Trustees. The vote tally for each Trustee is as follows:

	For	Against	Withheld	Total
Gary Hippenstiel	11,300,632.473	987.366	4,698,819.489	16,000,439.328
Stephen A. Little	11,300,632.473	987.366	4,698,819.489	16,000,439.328
Daniel Condon	11,300,632.473	987.366	4,698,819.489	16,000,439.328
Ronald C. Tritschler	11,300,632.473	987.366	4,698,819.489	16,000,439.328
Timothy L. Ashburn	11,300,632.473	987.366	4,698,819.489	16,000,439.328