AAM AUXIER•ASSET MANAGEMENT LLC

Auxier REPORT

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Spring 2020 Market Commentary

In the first quarter we witnessed an unprecedented demand shock as many governments around the world instituted stay-at-home social distancing lockdowns to contain the exponentially spreading coronavirus pandemic. In addition to throwing millions out of work, the government mandated shutdowns have led to many supply-demand imbalances. Quality agricultural products are being wasted as demand is shut off from institutions and restaurants. The supply chains cannot adapt fast enough to get food to homes, markets and food banks. Many industries, such as energy, are running out of storage leading to major gluts in supply and material price declines. This contributed to a forced liquidation in some highly indebted exchange traded funds (ETFs)–many utilizing over ten to one leverage. Between February 20 and March 23, the S&P 500 declined 35% and the Dow Jones Industrial Average lost 37%. Smaller stocks fared even worse, with the Russell 2000 losing over 40%. To compound the pain in the oil sector, a price war between Russia and Saudi Arabia broke out, adding millions of barrels of supply just as demand went into freefall. Before the outbreak, the travel sector was growing far faster than the general economy. Young and old cherished "experiences." As many as 135 million Chinese tourists were visiting and spending in other countries. That stopped suddenly.

Financial innovations like exchange traded funds have grown in popularity because of the ease in trading, claims of liquidity and typically lower cost. However, during this correction the herd behavior, massive borrowing and illiquid underlying markets have accentuated the downturn. Walter Bagehot, editor of *The Economist* between 1860 and 1877, argued that financial panics occur when the "blind capital" of the public floods into unwise speculative investments. Recently, the popular United States Oil Fund, LP (USO is an exchange traded fund organized as a limited partnership), was misperceived by retail investors as a lower risk play to buy oil but was actually a speculation in the futures market. The fund dropped over 70% in six weeks. Sound investing is about careful due diligence and knowing what you own. Pooled products can lack transparency and some operators have no "skin in the game." You can't have more liquidity than the underlying asset. Investment products can be very expensive if you don't know what you own. There is no free lunch.

Over the last few quarters, the health insurance sector has been engulfed in pessimism due to the threat of socialized medicine. That risk has been diminished now that Bernie Sanders has dropped out of the race. Companies like UnitedHealth Group, Cigna, CVS and Anthem were driven to bargain price levels due to the negative headlines.

In March, the Fed lowered its benchmark federal funds rate by 1% to a range of 0% to 0.25% which marked the fifth rate cut in the last 12 months. The continued rate cuts have hurt the profitability of both the banking and insurance sectors. Banks are likely to see interest revenue fall as a result. Bank of New York Mellon saw net interest revenue decline 3% during the quarter and their management does not expect the recessionary environment will fully recover until they get into 2021. The insurance sector has been similarly impacted as companies in this sector have substantial investments in interest-sensitive assets such as bonds. Another source of volatility in the market during the quarter was the ongoing global oil price war. In March, Brent Crude prices fell by nearly a third when Russia refused to cut their production. This caused the biggest drop in oil since 1991. Challenging downturns like this emphasize the need for deep dives and daily research as we continue to look for companies with durable business models and balance sheets that may survive in both up and down markets.

Essential Businesses Provide Relief to the Job Market

COVID-19 has rocked the global economy as countries around the world enact social distancing or isolating policies to slow the spread of the virus. Many businesses have closed their doors and were forced to either lay off or furlough their workers resulting in record jobless claims of 3.28 million at the end of March. In the face of this economic shock, businesses selling necessities like CVS, Walmart, Kroger, PepsiCo and Amazon have seen a boost in traffic and are hiring thousands of new employees to meet increased demand. Kroger, for example, had hired more than 23,500 at the end of March and plans to hire an additional 20,000 for its stores, manufacturing plants and distribution centers. Walmart has hired 25,000 and plans to hire a total of 150,000 new workers by the end of May. Amazon plans to add 100,000 new full and part-time positions nationwide to support its delivery business. Companies like CVS have plans to hire workers who have been furloughed by other big companies like Hilton and Marriott.

Healthcare Companies Step Up to Fight COVID-19

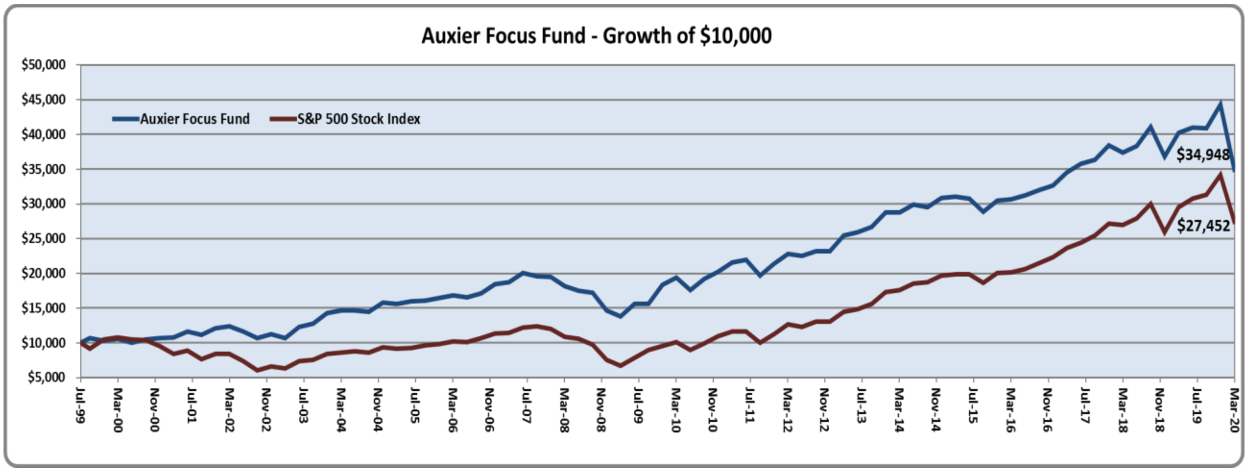
With the novel coronavirus spreading all over the world, many healthcare companies have stepped in to help those who have been impacted. Companies like Johnson & Johnson and Gilead Sciences are working on treatments for the virus while Abbott Laboratories is working on a more efficient and effective method of testing. Johnson & Johnson is partnering with the US Department of Health and Human Services to fund over $1 billion in vaccine R&D. Management wants to begin human clinical trials by September with the first batches being made available for emergency use by early next year. Gilead (who introduced a cure for hepatitis C in 2014) is making great strides with antiviral drug Remdesivir. Abbott Laboratories will begin shipping a new coronavirus test kit that could make diagnosing COVID-19 as easy as diagnosing the flu. Abbott management stated that the test will be able to generate a positive result in 5 minutes and a negative result in 13 minutes. Faster and more effective testing could greatly improve efforts to slow the spread of the virus. Johnson & Johnson, Gilead and Abbott ended the most recent fiscal year with free cash flow of $20 billion, $8.3 billion and $4.5 billion, respectively.

The Importance of Finding Enduring Businesses

Data from the US Commerce Department indicates that total retail sales from February to March were down 8.7%. This marked the biggest decline since 1992. One of the hardest hit sectors was clothing and accessories, where sales declined 50.5%. The best performing sector was food and beverage, with sales up 25.6%. Companies like PepsiCo saw increased sales as people stocked up on popular brands, especially snacks, in anticipation of stay-at-home orders. According to our source from a large beverage distributor, for the first two weeks of the shutdown, every day was the equivalent of Thanksgiving and Christmas sales combined. Companies like Kroger and Walmart have seen robust demand in food and beverage retail. Kroger's same-store sales grew 30% in March, up from the 2% sales growth in the fourth quarter. Walmart saw US sales grow nearly 20% in March. Since most of the population has been forced to stay at home, many people have had to learn to cook for the first time, and once these skills are learned they can last for a lifetime. We envision a newfound frugality after this crisis which could further benefit the grocery channel longer term.

Given that global debt to GDP is now in excess of 350%, we are more attracted to businesses that sell lower ticket items which are less dependent upon a strong economy for their demand.

First Quarter 2020 Performance Update



Auxier Focus Fund – Investor Class
Average Annual Total Returns (3/31/2020)
Since Inception (07/09/1999) 6.22%
10-year 6.07%
5-year 2.39%
1-year -13.13%
3-month -21.10%

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 1.11%. The Fund's adviser has contractually agreed to waive a portion of its fee and/or reimburse Fund expenses to limit total annual operating expenses at 0.94%, which is in effect until October 31, 2020. Other share classes may vary. The Fund charges a 2.0% redemption fee on shares redeemed within six months of purchase. For the most recent month-end performance, please call (877) 328-9437 or visit the Adviser's website at www.auxierasset.com. The Fund recently experienced significant negative short-term performance due to market volatility associated with the COVID-19 pandemic.

Auxier Focus Fund's Investor Class returned -21.10% in the first quarter vs. -19.60% for the cap-weighted S&P 500 Index and -22.73% for the DJIA. The equal-weight S&P 500 lost 26.7%. Small stocks as measured by the Russell 2000 were down 30.61%. Emerging markets as measured by the MSCI Emerging Markets Index declined 23.6%. Stocks in the Fund comprised 94.1% of the portfolio. The equity breakdown was 81.9% domestic and 12.2% foreign, with 5.9% in cash and short-term debt instruments. A hypothetical $10,000 investment in the Fund since inception in July 1999 to March 31, 2020 is now worth $34,948 vs. $27,452 for the S&P 500. The equities in the Fund (entire portfolio, not share class specific) have had a cumulative return of 491.81% since inception and the Fund as a whole has had a cumulative return of 249.48%. vs. 174.52% for the S&P. This was achieved with an average exposure to the market of less than 82% over the entire period. According to Dimensional Fund Advisors in ***Mutual Fund Landscape 2019,*** only 42% of equity mutual funds launched before 1999 were still standing 20 years later, and only 23% of the surviving funds managed to beat their benchmark (as of 12/31/2018).

Contributors to the quarter: Our outlook on a cross section of portfolio positions with a positive return for the quarter ended 3/31/2020.

Kroger (KR)
Unlike many businesses this quarter, Kroger saw increased traffic and demand amid the government lockdowns. Due to uncertainty around the potential impact of the virus and how long the world will be affected, many people have been stocking up on the basics which has translated to strong fundamentals for Kroger. In March alone, Kroger experienced a 30% nationwide rise in sales and was one of the few stocks to gain during the first quarter, up 5.1%.

Biogen (BIIB)
Biogen continues to be one of the most focused biotech companies on diseases of the brain. They have a broad neurology pipeline. Sentiment around Biogen continues to be driven by positive results surrounding the company's Alzheimer's drug Aducanumab. With no current cure for Alzheimer's, the potential that Biogen could have the only successful drug in that space helped keep the stock price up this quarter. Biogen has worked to fortify their supply chain in order to ensure that patients will continue to receive their treatments. Along with Aducanumab, Biogen has four other treatments currently in phase three trials and twelve in phase two trials.

Microsoft Corporation (MSFT)
Microsoft's continued shift to more digital services helped offset some of the virus-related headwinds during the quarter. Their earnings release in January showed that Azure cloud revenue grew 62%. Azure revenue has grown over 50% in each of the last four quarters. Work-from-home policies have led to increased usage of Microsoft's online services. The company revealed that their Teams collaboration and communication service had 75 million daily active users during the shutdown, adding 31 million in just one month. Globally, usage of the company's virtual desktop software has tripled since the crisis began.

Detractors to the quarter: Our outlook on a cross section of portfolio positions with a negative return for the quarter ended 3/31/2020.

Top Equity Holdings	
Security	% Assets
Mastercard Inc.	6.0
UnitedHealth Group Inc.	5.4
Microsoft Corp.	4.9
PepsiCo Inc.	4.1
Medtronic PLC	4.0
Johnson & Johnson	3.7
Philip Morris International	3.4
Kroger Co.	3.2
Merck & Co. Inc. New	3.1
Bank of New York Mellon Corp	2.8

Mastercard Inc. (MA)
Mastercard has seen a deceleration in business from the lockdowns. Roughly 22% of their revenues are cross-border transactions which are sensitive to global travel. With the growth in online shopping, the use of digital payments has accelerated over cash. Also, cash tends to carry more germs and requires face-to-face interactions. They are likely well situated to survive any short-term negative environment with nearly $7 billion in cash and equivalents and the historical ability to generate over $8 billion in cash from operating activities annually.

Bank of America Corp. (BAC)
The projected economic slowdown and low interest rates have severely weakened banks' outlooks. Bank of America increased loan loss reserves by $3.6 billion in the quarter. The Fed's zero interest rate policy is terrible for the entire banking industry. A positive is BAC's leadership in digital banking with 39.1 million digital customers. They have also kept a clean balance sheet with a common equity tier (CET1) ratio[1] of 11.2%. Berkshire Hathaway owns close to a 10 % stake.

Bank of New York Mellon Corp. (BK)
Bank of New York has consistently been number one or two in the US with assets under custody over $35 trillion. Although they are not a spread lender, low interest rates have impacted cash balance returns. In the past financial crisis in 2009 the US government parked their cash with Bank of New York. They have historically earned over 15% on tangible equity while maintaining a strong balance sheet with a CET1 ratio of 11.5%. Berkshire Hathaway has been a recent purchaser of Bank of New York Mellon and now owns approximately 9% of the company.

Past Epidemic Market Returns

We have included a chart that shows past epidemics and market returns six months and 12 months later. The results are encouraging and illustrate how quickly recoveries can take place. However, this virus has the new variable of government mandated lockdowns which adds risk. If California were a country it would rank as the seventh largest on earth, with a GDP of $2.9 trillion. They are instigating one of the harshest stay-at-home orders of any state, contributing to shocking unemployment levels–over 20 million nationally.

Epidemic	Month end	6-month % change of S&P	12-month % change of S&P
HIV/AIDS	June 1981	-0.3	-16.5
Pneumonic plague	September 1994	8.2	26.3
SARS	April 2003	14.59	20.76
Avian flu	June 2006	11.66	18.36
Dengue Fever	September 2006	6.36	14.29
Swine flu	April 2009	18.72	35.96
Cholera	November 2010	13.95	5.63
MERS	May 2013	10.74	17.96
Ebola	March 2014	5.34	10.44
Measles/Rubeola	December 2014	0.20	-0.73
Zika	January 2016	12.03	17.45
Measles/Rubeola	June 2019	9.82%	N/A
			—Source: Dow Jones Market Data

In Closing

As we face a once in a generation pandemic, we strive to position the Fund's portfolio to survive the most challenging markets and economic downturns. After witnessing spectacular blow-ups over the years, we have learned to verify facts and not just trust "experts" and models which are often blindly taken for truth. Our focus on enduring businesses with solid free cash flow and balance sheet strength becomes even more critical during these stressful periods. Short-term the Fed has unleashed an off-the-charts $6 trillion stimulus package that could soon reach $10-12 trillion. This is so powerful it can drive up stock prices dramatically, often at levels detached from underlying cash flows. This stimulus is monumental–three times larger than any prior action. The Fed is buying all kinds of assets, including distressed debt, for the first time. Long-term, earnings and cash flows will ultimately drive the intrinsic value of each company. Our approach to the markets has been consistent since we started the Fund in 1999. Instead of predicting markets we would rather focus on making great buys of quality business models and diligent management that have the potential to survive and thrive in any environment. During these times of heightened volatility and fear we seek wisdom from the likes of Bernard Baruch, a financier who successfully navigated during the Great Depression. He preached, “Facts are facts even in the height of emotion.” Perception of risk can often be distorted in markets when volatility is extreme. The risk can be far lower when fear is high. Conversely, euphoria can be extremely risky with the greater chance of permanent capital loss.

We appreciate your trust.

Jeff Auxier

Before investing you should carefully consider the Fund’s investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling (877) 328-9437 or visiting the Fund’s website. Please read the prospectus carefully before you invest.

Fund returns (i) assume the reinvestment of all dividends and capital gain distributions and (ii) would have been lower during the period if certain fees and expenses had not been waived. Performance shown is for the Fund’s Investor Class shares; returns for other share classes will vary. Performance for Investor Class shares for periods prior to December 10, 2004 reflects performance of the applicable share class of Auxier Focus Fund, a series of Unified Series Trust (the “Predecessor Fund”). Prior to January 3, 2003, the Predecessor Fund was a series of Ameriprime Funds. The performance of the Fund’s Investor Class shares for the period prior to December 10, 2004 reflects the expenses of the Predecessor Fund.

The Fund may invest in value and/or growth stocks. Investments in value stocks are subject to risk that their intrinsic value may never be realized and investments in growth stocks may be susceptible to rapid price swings, especially during periods of economic uncertainty. In addition, the Fund may invest in mid-sized companies which generally carry greater risk than is customarily associated with larger companies. Moreover, if the Fund's portfolio is overweighted in a sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector. An increase in interest rates typically causes a fall in the value of a debt security (Fixed-Income Securities Risk) with corresponding changes to the Fund’s value.

Foreside Fund Services, LLC, distributor.

[1]CET1 ratio compares a bank's capital against its risk-weighted assets to determine its ability to withstand financial distress. The core capital of a bank includes equity capital and disclosed reserves such as retained earnings.

The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 market-capitalization-weighted widely held common stocks. The Dow Jones Industrial Average is a price weighted index designed to represent the stock performance of large, well-known U.S. companies within the utilities industry. The S&P 500 Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight (0.2%) of the index total at each quarterly rebalance. The Russell 2000 index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks. It is a market-cap weighted index. The MSCI Emerging Market Index captures mid and large caps across more than two dozen emerging market countries. The index is a float-adjusted market capitalization index, and represents 13% of global market capitalization. One cannot invest directly in an index or average.

The views in this shareholder letter were those of the Fund Manager as of the letter’s publication date and may not reflect his views on the date this letter is first distributed or anytime thereafter. These views are intended to assist readers in understanding the Fund’s investment methodology and do not constitute investment advice.