AAM AUXIER•ASSET MANAGEMENT LLC

Auxier REPORT

15668 NE Eilers Rd, Aurora, OR 97002 • Phone 503.885.8807 • 800.835.9556 • Fax 503.885.8607 • Email info@auxierasset.com

Fall 2021 Market Commentary

A number of headwinds led to a corrective third quarter for stock markets globally. In the US worries ranged from tax policy, rising inflation, the potential of diminishing Fed stimulus, supply bottlenecks, and the unpredictable COVID-19 Delta variant, to name a few. The US GDP growth in the second quarter was 6.7% then plummeted to 2% by the third quarter. Aggressive regulatory crackdowns by the Chinese government have negatively impacted Asian markets. The secular shift toward e-commerce has contributed to logistical challenges driving prices up for most goods around the world. According to the American Trucking Associations, the US currently has a shortage of 80,000 drivers, an increase of 30% since 2019. The shortage has led to a record backup in California ports with over 100 cargo ships waiting to unload. This backup is expected to continue into 2022. The ambitious movement to decarbonize has led to a sharp 60% decline in capital spending for fossil fuels the past seven years, yet the US still relies on these fossil fuels for 79% of energy generation. The dependence on wind and solar has led to unpredictable gaps in supply. In the UK, the North Sea wind stopped blowing for a period this summer, leading to a shortage in natural gas. Shutdowns in fertilizer plants led to shortages of CO_2 which is a source of carbonation for drinks. Natural gas prices increased more than five-fold this year throughout the UK and Europe (*Reuters*). Over 80% of UK residents heat with natural gas. Even in the US, where natural gas prices tend to be lower, futures touched a $6.31 per million British thermal units (Btu) which is a 12-year high. Research from McKinsey & Company shows that consumer inflation has been over 5% for four consecutive months which has not happened since 2008. Wage rates are showing some of the strongest gains in 30 years and the real estate owners' equivalent rent is starting to kick in with reports of double-digit rent increases coast to coast. Higher inflation and interest rates should eventually cool the casino-like speculation we are seeing in many sectors. Inflation is running at 30-year highs while interest rates are running at 4,000-year lows (*Grant's*). A normal free-market functioning bond market will be just as volatile as stocks. The suppression by central banks has altered the importance of valuation and a margin of safety in the current investment environment, rewarding aggressive borrowing and risk-taking.

Fixed Income

Globally, many countries like Canada, Brazil and Russia have started raising interest rates leading to one of the worst years for bonds in decades. So far, the Bloomberg Global Aggregate Index, which tracks corporate and government debt, is down 4.2% through three quarters, the biggest decline since 1999. Not only do fixed income investors face purchasing power risk but also interest rate risk, as central banks around the world are forced to raise rates to fend off inflation and defend their currencies. Fed Chair Jerome Powell said that the central bank plans to scale back bond purchases by $15 billion per month starting in December. Since the start of the pandemic, the central bank has been buying at least $120 billion of bonds per month. Bank of America sees central bank liquidity potentially falling to $100 billion in 2022, which would be down from $2.1 trillion in 2021 and $8.5 trillion in 2020. Selectively, stocks with strong earnings, margins and pricing power should outperform bonds, in our view. Strong earnings should overcome rising rates. I remember back in 1987 when the market enjoyed a powerful advance for the first three quarters (up over 35%) on the back of improving fundamental earnings even as longer-term interest rates climbed from 7% to 10%. There is a limit, however, as the market corrected hard after rates hit 10%.

Focus on Cash Flow Over Stories

A young generation of investors who have seen essentially nothing but good times for the market are speculating on exciting and high-risk stories. Instead of valuing sustainable earnings and consistent cash flows, many new investors are focusing on small penny stocks and options, hoping for substantial price appreciation in a short period of time. Earlier this year in February, over-the-counter markets saw 1.9 trillion transactions, an increase of 2,000% from the previous year. As a result of the influx of cash into the markets throughout the year, there were record levels of mergers and acquisitions (M&A) and Initial Public Offering (IPO) activity during the quarter. Global M&A activity during the quarter was over $1.5 trillion, up 38% over Q3 2020, and was the highest ever recorded for a single quarter (NASDAQ). Year-to-date, M&A transactions surpassed $4.3 trillion which is higher than the $4.1 trillion in annual M&A in 2007. In just the first nine months of 2021, there have been 770 US IPOs, over three times the 10-year average of 205. The capital raised through US IPOs has surpassed both 1999 and 2008 levels. This means a plethora of supply. Just as fossil fuels are starved for capital today, many areas of new innovation and technology are incredibly exciting but also lead to dangerous levels of competition and supply. Thematic ETFs like ESG (environmental, social and corporate governance) can lead to gluts and shakeouts. The euphoria surrounding the legalization of marijuana led to irrationally excessive planting, which has decimated growers. The history of transportation bubbles dates back to canals, railroads, airlines, bicycles, etc. The first electric car was developed in 1890 and ended by the 1930s. From 1900 to 1919, two thousand companies were involved in the production of autos in the US. Today, largely due to government mandates, many manufacturers are committing to a fully electric future. The massive mandatory capital investment required make it a very high-risk proposition.

In 1999 two popular themes were internet hosting and fiber optic. We flooded the market with fiber optic supply and ended up using less than 20% of the capacity. In the decade from 1999-2009, the S&P 500 was down 9%, but the biggest and most exciting tech stocks fell over 50% during that same time (*Financial Times)*. This chart from Bloomberg demonstrates how, despite having compelling stories in the year 2000, some of the biggest companies were materially overvalued and experienced substantial multiple compression in subsequent years. In referencing the chart below, I remember the period like yesterday. In March of 2000 the level of greed, envy and frenzy was the highest I had ever witnessed. The technology fundamentals looked like they would be growing for years into the future. Then the supply caught up with demand; many stocks with exciting concepts went bankrupt leading to a bursting of the bubble and subsequent 80% decline in the NASDAQ. The Auxier Focus Fund was up over the three years 2000-2002 while many funds that had doubled in the late 1990s went out of business. As mentioned in our prior letter, AOL and Yahoo, two of the most popular stocks at the time, were sold this past year by Verizon after declining 95% from their 2000 peak.

Unsustainable Values

Large-cap companies with price/earnings ratios over 100

COMPANY	MARKET CAP (3/7/00, in bil.)	1999 P/E	EST. GROWTH	P/E IN 5 YRS.	P/E IN 10 YRS.
Cisco Systems	$452	148.4	29.5%	73.9	40.9
AOL/Time Warner	232	217.4	31.5	100.0	51.1
Oracle	211	152.9	24.9	91.3	60.5
Nortel Networks	167	105.6	20.7	74.5	58.4
Sun Microsystems	149	119.0	21.1	82.8	64.0
EMC	130	115.4	31.1	54.0	28.1
JDS Uniphase	99	668.3	44.0	195.5	63.5
Qualcomm	91	166.8	37.3	61.8	25.5
Yahoo!	90	623.2	55.9	122.6	26.8
15 non-tech	2,361	30.4	13.7	23.8	20.3
S&P 500	11,281	28.6	12.5	23.8	21.3

Source: Bloomberg

During the 1999 tech bubble, those who looked past these bubble priced companies and instead focused on value were rewarded. For example, the deeply discounted energy sector gained nearly 150% during the decade from December 1999 to 2009. That was also the best ten-year period for the Fund in relation to the market, with a gain of 83.67% vs. -4.27% for the S&P.

Cryptocurrency Risks Could Lead to Regulation

The cryptocurrency market has exploded in 2021 and reached a total market cap of nearly $2 trillion, a year-to-date gain of 156%. Much of the crypto boom has been due to the growth and popularity of Bitcoin, but alternative options have gained traction as the year has progressed. At the start of 2021, Bitcoin accounted for approximately 70% of the entire market but it now accounts for only 43%. Companies like Visa and Mastercard have begun to embrace the technology with an eye on potential disruption in the future. Visa has partnered with over 50 crypto platforms to allow their customers to eventually use Visa cards to pay with cryptocurrency. Mastercard has partnered with cryptocurrency firm Bakkt to allow their users to hold and pay for card purchases with cryptocurrencies. However, even with increased adoption from reputable businesses, the rapid growth and unpredictability of cryptocurrency has brought with it the risk of increased regulation. In September, the Chinese government announced that all cryptocurrency transactions in the country were illegal. The US has taken a less aggressive approach with Fed chair Jerome Powell saying that he has no intention of banning cryptocurrency. Increased regulation is critical to build confidence and credibility. We are carefully studying the evolution of the blockchain. The decentralized digital ledger could potentially be a disrupter to many centralized cloud-based models.

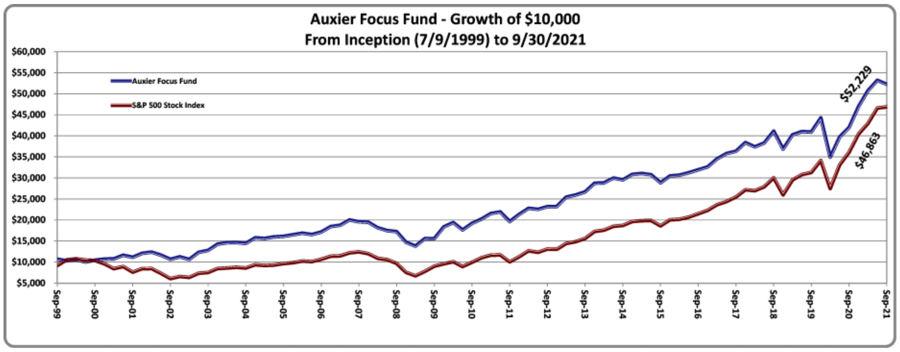
China Fundamentals

China has $52 trillion in bank assets or 56% of world GDP. Their number two real estate developer, Evergrande, binged on easy money. With $300 billion in liabilities, it now faces bankruptcy. Other major developers are facing a similar challenge. 29% of China's economy is tied to real estate and construction, with most savings in apartments. Vacant apartments could house as many as 80 million people. The Chinese government has been aggressive in reigning in excessive borrowing, poor accounting and monopolistic behavior by many of the major platform companies. In addition, they are suffering from severe energy shortfalls. This has led to some bargains in powerful franchises such as Alibaba.

Merck COVID-19 Treatment

In what could be a game changer in the fight against COVID-19, Merck has released data on a new antiviral pill that can lower the risk of hospitalization by 50%. The drug, called Molnupiravir, is designed to be taken orally for just five days and could be a viable treatment option for millions of people who have decided not to or are unable to receive a COVID vaccine. According to the World Health Organization (WHO), by the end of September there were 56 countries that had yet to vaccinate 10% of their population, so Merck's treatment could be a very valuable option for these countries. In the US, treatment courses will cost $712. Merck will allow generic companies to manufacture the drug, which will cost an estimated $12-$15. This will help to disseminate the treatment in poorer countries. Trials of Molnupiravir have also shown that it is effective against the Delta variant, which gives management confidence that there will be long-term demand. Merck is hoping to produce 10 million treatment courses by the end of the year, with the US government already agreeing to purchase 1.7 million courses once the treatment is approved. The FDA is currently evaluating the drug and could approve it as early as December. *Business Insider* reported that industry analysts project Merck could make $22 billion from the drug through 2030. If approved, Molnupiravir could be yet another blockbuster drug for Merck who is already set to benefit from their cancer drug Keytruda, estimated to become the highest selling drug in the world in a few years.

Third Quarter 2021 Performance Update



Auxier Focus Fund's Investor Class returned -1.84% in the third quarter vs. 0.58% for the cap-weighted S&P 500 Index and -1.48% for the DJIA. The equal-weight S&P 500 returned -0.22%. Small stocks as measured by the Russell 2000 declined -4.36%. The MSCI Emerging Markets Index declined -8.09%. A 60/40 S&P 500 and Bloomberg Barclays US Aggregate blended index returned 0.40% and bonds, as measured by the Bloomberg Barclays US Aggregate Bond Index, returned 0.05% for the quarter.

Stocks in the Fund comprised 96.0% of the portfolio. The equity breakdown was 84.9% domestic and 11.1% foreign, with 4.0% in cash and short-term debt instruments. A hypothetical $10,000 investment in the Fund since inception on July 9, 1999 to September 30, 2021 is now worth $52,229 vs. $46,863 for the S&P 500. The equities in the Fund (entire portfolio, not share class specific) have had a cumulative return of 697.31% since inception and the Fund as a whole has had a cumulative return of 422.29% vs. 368.63% for the S&P. This was achieved with an average exposure to the market of 80.8% over the entire period. Our results are unleveraged.

Auxier Focus Fund – Investor Class
Average Annual Total Returns (9/30/2021)
Since Inception (07/09/1999) 7.72%
10-year 10.27%
5-year 10.33%
1-year 24.54%
3-month -1.84%

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 (gross) is 1.10%. The Fund's adviser has contractually agreed to waive a portion of its fee and/or reimburse Fund expenses to limit total annual operating expenses at 0.92%, which is in effect until October 31, 2022. Other share classes may vary. The Fund charges a 2.0% 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 Adviser's website at www.auxierasset.com.

The uncertainty over proposed healthcare legislation hurt healthcare stocks in the Fund. However, many high-quality companies in the industry are trading at the cheapest valuation to the market in over 20 years. Defensive staples in the Fund like Pepsi and Coke have also been underperforming. We tend to opt for the enduring over hypergrowth. Rising interest rates have helped to resuscitate many of the financials that looked awful two years ago but are dramatically outperforming this year.

Top Ten Equity Holdings	% Assets
UnitedHealth Group Inc.	6.1
Microsoft Corp.	6.0
Mastercard Inc.	5.3
Medtronic PLC	4.0
Bank of America Corp	3.3
Philip Morris International	3.1
Kroger Co.	3.1
Bank of New York Mellon Corp	3.1
Johnson & Johnson	2.9
Anthem, Inc.	2.7

Contributors to the quarter: Our outlook on a cross section of positions with a positive impact on the portfolio for the quarter ended 9/30/2021.

Microsoft Corporation (MSFT)
Microsoft continued to benefit from tailwinds related to the pandemic and overall digitization in all industries. Azure cloud remains one of the most consistent sources of growth for the company. Recurring revenue is becoming a more important part of the business led by the success of their Office 365 subscription service which is growing at a faster rate than legacy Office products. Microsoft's Xbox gaming segment has achieved record levels of revenue thanks to the release and continued popularity of their new gaming consoles. The company's gaming subscription service has over 18 million subscribers. Management's guidance for fiscal year 2022 calls for double-digit revenue and operating income growth. Microsoft's board recently approved a new $60 billion share repurchase program. The company also raised its quarterly dividend from 56 cents a share to 62 cents a share.

Kroger Co. (KR)
Despite a slow return to more normal eating habits as restrictions have lifted, Kroger has been able to record solid performance. Year-over-year same-store sales have flattened out but are still above pre-pandemic levels. Digital sales on a two-year basis continue to grow over 100% as customers have become accustomed to Kroger's delivery and pickup options. Management stated that they are on track to double digital sales by 2023. Data analytics on over 60 million households allows Kroger to more effectively target their advertisements. Kroger has been working hard on improving costs and is on track to achieve $1 billion in annual cost savings for the fourth year in a row. Management's guidance for 2021 on a two-year basis calls for same-store sales growth of 12.6%-13.1% and EPS growth of 22%-24%. Guidance also calls for annual free cash flow of $1.9 billion-$2.1 billion. Higher food inflation benefits Kroger with their solid private label offerings.

Alphabet, Inc. (GOOGL)
The online advertisement business has seen impressive growth over the last few years due to digitization and that trend is expected to continue as more businesses move online and more connected devices are released. Morningstar analysts estimate that digital advertising will increase by 22.5% in 2021 and 17.5% in 2022. Alphabet remains the leader in search, with Google controlling over 90% of the market, and this consistent leadership has created a network effect for the company. Alphabet has over $136 billion in cash on their balance sheet and debt levels are at $14.3 billion, providing flexibility to continued investment in areas such as cloud and artificial intelligence. Cash on the balance sheet should also help maintain consistent shareholder returns with the company still approved to repurchase up to $50 billion of shares under its current program.

American International Group, Inc. (AIG)
AIG has been working to improve their flexibility and long-term profitability, and that focus was seen in the announcement of a strategic partnership with Blackstone, Inc. AIG will sell a 9.9% stake of its Life & Retirement business to Blackstone for $2.2 billion and will also sell certain housing assets for $5.1 billion. This deal will provide the company with the financial flexibility to deleverage the business and increase returns to shareholders. AIG has increased their dividend payout for eight consecutive years. The board has increased the stock repurchase authorization to $6 billion and management is targeting at least $2 billion in repurchases for the second half of 2021. They also intend to reduce the debt load by $2.5 billion. The company's combined ratio has been improving throughout 2021 and is expected to continue to see improvement due to fewer business disruptions and pandemic-related claims for the remainder of the year. CEO Peter Zaffino has been executing well.

Detractors to the quarter: Our outlook on a cross section of positions with a negative impact on the portfolio for the quarter ended 9/30/2021.

Zimmer Biomet Holdings, Inc. (ZBH)
A resurgence in COVID cases led to a slowdown in surgeries. However, Zimmer remains the leader in large joint procedures. Their business is very sticky as surgeons stay with the original provider for 5-15 years on roughly 95% of all operations. They continue to innovate with smart technology like Persona IQ which provides data to the patient on their implant with details such as distance walked, range of motion and number of steps. Ten thousand people are

turning 65 every day. The obesity rate is now 42% and growing. These are positive fundamental tailwinds for hip and knee replacements, which tend to take place at an average age of 68.

Mastercard, Inc. (MA)
Mastercard was a laggard this quarter as concerns that the growing usage of "Buy Now Pay Later" (BNPL) will cut into their business coupled with continued global travel restrictions from COVID. In addition, cross border transactions are running at only 77% of 2019 pre-pandemic levels. Our research is finding that BNPL concerns are overblown, as they still need to utilize Mastercard's network. The Federal Reserve also came out with a proposed rule requiring at least two unaffiliated network options. Some analysts see this cutting into revenue for Visa and Mastercard; however, the security and network effects that they provide are much better than smaller competitors who have not invested as heavily in security. The company is penetrating new, fast-growing payment verticals including peer-to-peer, business-to-consumer, and business-to-business.

Corning, Inc. (GLW)
Corning is well positioned in their optical fiber business with sales growing over 20%, supplying companies like AT&T with fiber as 5G rolls out. Corning is seeing growth in the auto sector as they supply the glass for the digital screens in cars. They have Valor Glass that speeds up vial fill times by 70% and have partnered with pharma leaders like Thermo Fisher. They also make the optics for augmented and virtual reality. The stock has been hurt by higher costs due to supply chain disruptions.

Cigna Corp. (CI)
Cigna is a leader in providing customized health-related services for 180 million customers in over 30 countries. It has fallen mainly on concerns over higher medical costs. The stock recently traded below 10 times earnings with a 10-12% growth rate. It sells at a very low price-to-free cash flow as well.

In Closing

We are on pace to see over 104 management teams this year. We strive to know the fundamental earnings power of the companies we own. There is good value in smaller and midsized businesses with high integrity management teams. Most businesses we talk to are seeing robust demand, strong pricing and good margins. Inflation appears to be up across the board with labor increasing 3.5%. For restaurants, wages are growing around 5.5% and over 10% in hospitality. Government mandates for vaccines and green energy are adding to the shortages for labor and fossil fuels. The service side of the economy is very robust. Companies with strong franchises are able to raise prices and so far, the customers are paying up. Inflation seems to be more persistent as wages are hard to retract and we are seeing rents, which are a large part of the consumer price index, showing double-digit increases coast to coast. Companies that are executing with proven business models have been rewarded with huge premium valuations. However, higher inflation historically acts to compress valuations for all stocks, especially those speculative names with little earnings. With vaccinations widely available and the potential for the Merck antiviral, economic conditions should continue to recover from the worst pandemic in 100 years. Politically there remains a sharp divide. Gridlock can be a good thing, as it can mitigate the potential damage of unconstrained government spending and onerous taxation.

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.

Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

Foreside Fund Services, LLC, distributor.

The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 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 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. The 60/40 Hybrid of S&P 500 and Bloomberg Barclays U.S. Aggregate Bond Index is a blend of 60% S&P 500 Composite Index and 40% Barclays U.S. Aggregate Bond Index, as calculated by the adviser, and is not available for direct investment. The Bloomberg Barclays US Aggregate Bond Index, or the Agg, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. The Nasdaq Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the Nasdaq stock exchange. 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. One cannot invest directly in an index or average.

Cash flow is the net amount of cash and cash-equivalents being transferred into and out of a business.

The combined ratio measures the incurred losses as well as expenses in relation to the total collected premiums.

The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living.

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock.

Free cash flow yield is a financial solvency ratio that compares the free cash flow per share a company is expected to earn against its market value per share. The ratio is calculated by taking the free cash flow per share divided by the current share price.

Margin of safety is a principle of investing in which an investor only purchases securities when their market price is significantly below their intrinsic value.

Price to free cash flow is an equity valuation metric used to compare a company's per-share market price to its per-share amount of free cash flow.

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.

Cryptocurrency (notably bitcoin), often referred to as "virtual currency" or "digital currency", operates as a decentralized peer-to-peer financial exchange and value storage that is used like money. Cryptocurrency operates without control authority or banks and is not backed by any government. Even indirectly, cryptocurrencies may experience very high volatility. Cryptocurrency is not a legal tender. Federal, state or foreign governments may restrict the use and exchange of cryptocurrency and regulation in the U.S. is still developing. Cryptocurrency exchanges may stop operating or shut down due to fraud, technical glitches, hackers, or malware.