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

Winter 2021 Market Commentary

The US economy finished the year with the strongest Gross Domestic Product (GDP) growth since 1984, up 5.7%. Earnings for S&P companies rebounded strongly from the 2020 pandemic lows, up nearly 50%. Share buybacks look like they will exceed $850 billion, up 63% from 2020 and 16% from 2019. Companies in the S&P have retired over $5 trillion through buybacks the past decade. US stocks overall had a strong year with the DJIA up 20.95%, the S&P up 28.71%, and the Nasdaq gaining 21.39%. The extremely high level of emergency monetary and fiscal stimulus throughout 2021 kept money funds close to zero. With borrowing rates at historic lows it was like an open bar for easy money. Nobody stops at one drink. Private equity and speculators gorged, leading to a number of asset bubbles throughout the economy. According to *Grants*, the fiscal and monetary response to the pandemic over the past two years was greater than the 1960s Great Society welfare program and the Vietnam War combined. M2 money supply jumped 41% and the Fed's balance sheet doubled to $9 trillion.

Inflation a Top Concern for the Market

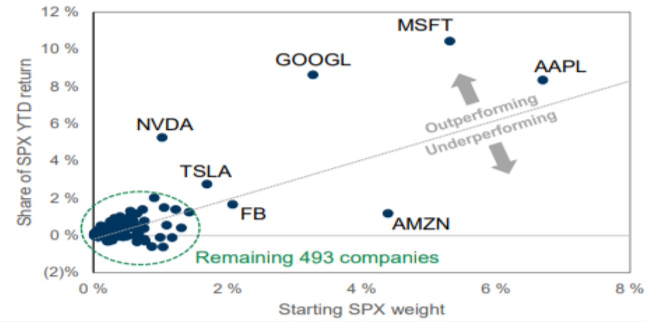
Inflation has been a growing concern over the last few months as consumer prices rose by 6.8% in November and 7% in December, the fastest year-over-year increase since 1982. Recovery of the job market has contributed to rising inflation as the unemployment rate fell to 3.9%, nearing the pre-pandemic low of 3.5% in February of 2020. Average hourly wages increased by 4.7%, higher than the pre-pandemic average increase of 3%. According to the National Federation of Independent Business, about 49% of small businesses planned to raise their prices in the next three months. Starbucks recently raised prices 8%, the largest increase in 20 years, citing food, labor and transportation costs. For the full year 2022, Wells Fargo Investment Institute estimates that consumer inflation will average 5.3%. The trucking industry has also seen significant inflation as costs in the long-haul trucking sector annualized at 25% in December. Higher trucking costs are a significant contributor to rising consumer inflation due to nearly 75% of freight in the US being moved by trucks. In response to inflation, the Fed stated that they would double the pace of their previously announced QE tapering from $15 billion per month to $30 billion, now expected to end three months earlier in March. The Fed wants to end tapering before they begin to raise interest rates which are anticipated to be increased at least three times during 2022. By the end of 2022, rates could rise from their current range of 0%-0.25% to as high as 1%. Three Fed officials now believe that interest rates could reach 2.125% by the end of 2023.

Long duration assets tend to suffer disproportionately when inflation and interest rates rise. With inflation running at 7% and the Fed Funds rate essentially zero, this is one of the largest negative real returns in history. Since 1965 the short term 3-Month Treasury Bill has averaged over 5%, vs. 0.2 % today. Bonds have already started to suffer with the domestic Bloomberg Barclays US Aggregate Bond Index down 1.54% for the full year. Foreign bonds declined 4.71% based on the Bloomberg Global Aggregate Index. Since November we have seen a meaningful "de-risking" in the markets as the most overpriced, unprofitable companies have suffered sharp corrections. We still see historically wide spreads between the most expensive and least expensive stocks with many of the cheaper names outperforming. Assuming just a 3% inflation rate for 2022 there could be price/earnings compression for the major stock indexes from current levels. In numerous meetings with management teams we repeatedly hear concerns over labor and the sticky nature of wage demands. In addition, inflation appears understated as the real estate owners' equivalent rent is far below reality, showing an artificially low 3.8% in December. The powerful global movement to decarbonize the planet and discourage fossil fuel investment has led to surging prices of natural gas, up 47%, and oil up over 50% in 2021. Petroleum is used in over 150 household products.

Market Gains Becoming More Concentrated

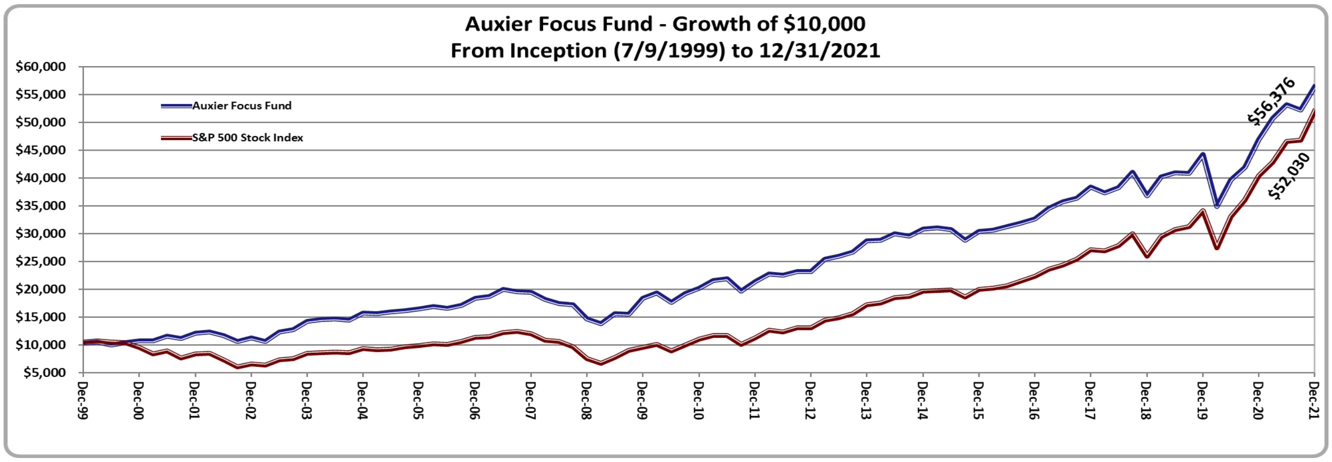
Over the last few years, the market has become increasingly driven by a smaller and smaller set of powerful platform companies. In mid-December, five stocks, Microsoft, Apple, Alphabet, Nvidia and Tesla, accounted for 35% of the S&P's advance. Tesla would need to decline over 70% to trade on par with the valuation of Toyota, the largest US auto seller. That could torpedo the index.

Exhibit 2: 35% of the S&P 500's YTD return has come from five stocks
as of December 9, 2021



Source: Goldman Sachs Global Investment Research

Fourth Quarter 2021 Performance Update



Auxier Focus Fund's Investor Class returned 7.94% in the fourth quarter vs. 11.03% for the cap-weighted S&P 500 Index and 7.87% for the DJIA. Small stocks as measured by the Russell 2000 returned 2.14%. The MSCI Emerging Markets Index declined 1.24%, the MSCI China Index (USD) declined 6.06% and the CSI 300 Index returned 1.60%. A 60/40 S&P 500 and Bloomberg Barclays US Aggregate blended index returned 6.57%. Bonds, as measured by the Bloomberg Barclays US Aggregate Bond Index, returned 0.01% for the quarter. Stocks in the Fund comprised 96.0% of the portfolio. The equity breakdown was 86.4% domestic and 9.6% foreign, with 4.0% in cash and short-term debt instruments. The Fund gained 20.03% for the full year 2021 with the equity component up 21.92%. A hypothetical $10,000 investment in the Fund since inception on July 9, 1999 to December 31, 2021 is now worth $56,376 vs. $52,030 for the S&P 500. The equities in the Fund (entire portfolio, not share class specific) have had a cumulative return of 761.29% since inception and the Fund as a whole has had a cumulative return of 463.75% vs. 420.30% for

Auxier Focus Fund – Investor Class
Average Annual Total Returns (12/31/2021)
Since Inception (07/09/1999) 8.00%
10-year 10.20%
5-year 11.56%
1-year 20.03%
3-month 7.94%

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 1.09%. 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 S&P. This was achieved with an average exposure to the market of 81.20% over the entire period. Our results are unleveraged.

Contributors to the quarter: Our outlook on sectors and positions with a positive impact on the portfolio for the quarter ended 12/31/2021.

The healthcare industry was a positive contributor for the Fund during the quarter thanks to a renewed push to expand the Medicare and Medicaid programs. Health insurers UnitedHealth, Anthem and Cigna enjoy solid fundamentals. In the fourth quarter, UnitedHealth, the Fund's largest holding, grew their net income to $4.19 billion compared to $2.35 billion in 2020. Over the last five years, UnitedHealth's Medicare Advantage enrollment has increased at an average of 13% annually and they expect to add another 600,000 to 650,000 new members in 2022. According to MedPAC, the total enrollment in the Medicare program is expected to increase from about 62 million in 2021 to 78 million by 2030. Medicaid enrollment already reached record highs of over 80 million earlier in the year and continued expansion will benefit insurers. While the recent spending bill has been paused, the current administration has made healthcare expansion a priority and will likely break up the previous bill into smaller parts, making it more likely to be passed. These companies have remained resilient with consistent top-line growth throughout 2021 despite the pandemic headwinds impacting many other companies and industries. In addition to strong top-line performance, valuations for these health insurance companies are still relatively low when compared to the overall market. Our pharmaceutical company holdings such as Pfizer and Johnson & Johnson have fared well during the pandemic due to their COVID-19 vaccines which have greatly boosted profits. Pfizer and Merck also each have pills recently approved by the FDA that are designed to treat COVID infection. Increased medical testing is driving gains at Becton Dickinson, Abbott Laboratories and Quest Diagnostics. Medical device companies like Medtronic and Zimmer Biomet are trading at attractive discounts as elective procedure volumes remain pressured and delayed. The pandemic-driven postponement of elective procedures will likely reverse as time goes on and the virus's impact lessens.

Top Ten Equity Holdings	% Assets
UnitedHealth Group Inc.	7.2
Microsoft Corp.	6.6
Mastercard Inc.	5.1
Bank of America Corp	3.3
Kroger Co.	3.2
Bank of New York Mellon Corp	3.2
Anthem, Inc.	3.2
Medtronic PLC	3.0
Philip Morris International	2.9
Johnson & Johnson	2.8

For the full year housing was exceptionally robust, driving strong gains in portfolio holdings Lowe's, Home Depot, FirstService and D.R. Horton.

Detractors to the quarter: Our outlook on sectors and positions with a negative impact on the portfolio for the quarter ended 12/31/2021.

The fintech sector which for us would include companies like Visa and MasterCard has underperformed this quarter. Large amounts of capital have gone into the fintech space resulting in investments away from incumbents. BNPL (buy now pay later) became the hot payment disruptor, but regulators are now investigating this space as one third of users have already missed one payment. The Visa and Mastercard networks are very powerful. Together they process over 900 million transactions daily and benefit from higher goods inflation. Once cross border payments (mainly payments people make when traveling) return to normal the stocks should rebound. Rising interest rates should continue to benefit financial services stocks that suffered with the Fed's zero rate policy. In addition, nearly 72 million millennials are well on their way into adulthood, leading to an increase in household formations and the need for borrowing and other services. Companies we own such as Bank of America, Franklin Resources and Bank of New York Mellon are some that we feel will benefit from this environment. The pricing environment for property casualty insurers is the best since 2003. Beneficiaries that we believe are undervalued include Berkshire Hathaway, Travelers, AIG and Marsh & McLennan. Rising rates help to increase the value of insurance float too.

Positioning for Higher Inflation and Interest Rates

The level of greed and irrational exuberance in many speculative parts of the market in November was the highest I have witnessed since March of 2000. On average, since 1950, there have been two 5% corrections and one 10% correction a year. These help to purge market excesses and bad behavior, while unwinding leverage. With the rapid growth in exchange traded funds and algorithmic trading, we expect to see much greater volatility, especially with interest rates rising. Our approach tends to offer better relative performance in flat to down markets where rational investment selection and cumulative knowledge can greatly mitigate risk. We have met more management teams this past year than in any other year to drill down deeper on the operating reality of the businesses we own. There are good bargains in smaller, quality names. The valuation of the Fund portfolio is 15 times 2022 earnings vs. 20 times for the market as measured by the S&P. We find it important to be mindful of the power of compounding. We always look at the downside risk first. A steady 8% gain over three years outperforms gains of 50% in year one, 50% in year two, and a declining 50% in year three. As of this writing over 42% of the Nasdaq stocks have declined 50% or more from their 52-week highs. A 90% decline requires a 1000% return to recover. When I first started in the business, inflation was running over 8%. I studied the prior 50 years to see what types of businesses survived and outperformed during high inflation. In general, winners had high integrity management, strong franchises with products and services in constant demand, high returns on equity, nominal mandatory capital spending, rapid inventory turns, strong balance sheets and growing free cash flow. I have seen some of these businesses purchased at bargain prices that led to double and occasionally triple play returns that trounced inflation in the past. The same company characteristics still dominate the Fund portfolio today.

In Closing

I have found it helpful to study history and great investors who managed to endure and thrive during the most difficult economic conditions. J. Paul Getty, who did exceptionally well during the depths of the 1930s Great Depression, said, "For as long as I can remember, veteran businessmen and investors – I among them – have been warning about the dangers of irrational stock speculation and hammering away at the theme that stock certificates are deeds of ownership and not betting slips… The professional investor has no choice but to sit by quietly while the mob has its day, until the enthusiasm or panic of the speculators and non-professionals has been spent. He is not impatient, nor is he even in a very great hurry, for he is an investor, not a gambler or a speculator. The seeds of any bust are inherent in any boom that outstrips the pace of whatever solid factors gave it its impetus in the first place. There are no safeguards that can protect the emotional investor from himself."

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. The MSCI China Index captures large and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g., ADRs). CSI 300 Index is composed of 300 stocks with the largest market capitalization and most active liquidity from the entire basket of listed A share companies in China. The index aims to measure the overall performance of the A shares traded on Shanghai Stock Exchange and Shenzhen Stock Exchange. 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.

M2 money supply is a measure of the money supply that includes cash, checking deposits, and easily-convertible near money.

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.