AAM AUXIER•ASSET MANAGEMENT LLC

Auxier REPORT

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Fourth Quarter and Full Year 2022 Report

Moderating inflation, declining longer-term interest rates and a depreciating US dollar contributed to a rebound in stocks for the fourth quarter. The S&P 500 gained 7.56% for the quarter but declined 18.11% for the year, while the Auxier Focus Fund Investor shares gained 11.21% and lost 4.52% for the full year. The Nasdaq Composite was the worst performing of the major benchmarks, down 32.5% in 2022 as high growth, longer-duration stocks experienced valuation compression. 2022 was tough even for conservative portfolios, with the Morningstar Global 60/40 Index falling by 17.73%, making it one of the worst years in history for the strategy. A record $18 trillion was lost in global securities as the world was caught off guard by rapidly rising inflation and a unified monetary tightening by most global central banks. Bonds, both domestic and international, suffered double-digit declines. It was the worst decline in US bonds since 1774. There is currently an entire generation of investors who have never faced the challenges of higher inflation and increasing interest rates.

Auxier Focus Fund – Investor Class
Average Annual Total Returns (12/31/2022)
Since Inception (07/09/1999) 7.43%
10-year 8.77%
5-year 6.98%
1-year -4.52%
3-month 11.21%

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 1.08%. 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, 2023. 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.

Contributors

Financials represented one of the strongest sectors during the fourth quarter. In banking, disciplined spread lenders are enjoying improving net interest margins. The big risk is in the unregulated shadow banking and $1.3 trillion leveraged loan market. Property & casualty insurers are seeing higher renewal pricing and written premiums as insured losses from natural disasters were $132 billion. According to AON, total global economic losses were $313 billion which adds to worldwide demand as more than half of the losses in 2022 were uninsured. During challenging economic times, we like dull businesses with inspired management that sell low-cost necessities like insurance. This improved pricing environment and higher rates on bond portfolios helped earnings and cash flows for companies like Travelers and AIG. Health and supplement insurers like UnitedHealth, Elevance, Cigna and Aflac are benefiting from a rapid expansion of Medicare and Medicaid spending due to rising demand from aging baby boomers. As hospital staffing continues to be a problem it is projected that the healthcare services provided by retail could double by 2023 which is a positive for CVS, Walmart, Amazon and Kroger. In the pharmaceutical space Merck continues to perform well and was up about 44% in 2022. Merck's recent success has been driven by strong sales of their blockbuster drug Keytruda, which fights cancer using immunotherapy. It is expected to become the highest selling drug in the world within the next few years and Merck is developing a new formulation that would extend its patent protection until at least 2040. The war in Ukraine, together with strong post-pandemic travel, is a positive for aerospace and defense industries. Companies like Raytheon, Lockheed Martin, Parker Hannifin, CAE (pilot training) and Boeing stand to benefit. The increased expenditures on global travel are leading to strong payment and cross border volumes for Visa, Mastercard and Booking. The energy sector has had a historically strong year as the US is now number one in global reserves while exporting 60% of production. Refiner Valero's profits this year exceeded the prior five years combined. Others in the portfolio like Phillips 66, Conoco, Chevron and BP have enjoyed record results as well. The more reliable, lower cost energy supply is bringing jobs back to the US as manufacturers seek to be closer to customers through reshoring. However, as of this writing natural gas prices have hit their lowest levels since April 2021, down 74% from their peak last August. This is good news for the 48% of Americans who heat with natural gas. Don't underestimate the ability of the US to produce and overproduce energy. Back in April 2014 Texas Utilities, that state's biggest utility, filed for bankruptcy, which followed earlier petitions by Enron and Pacific Gas and Electric.

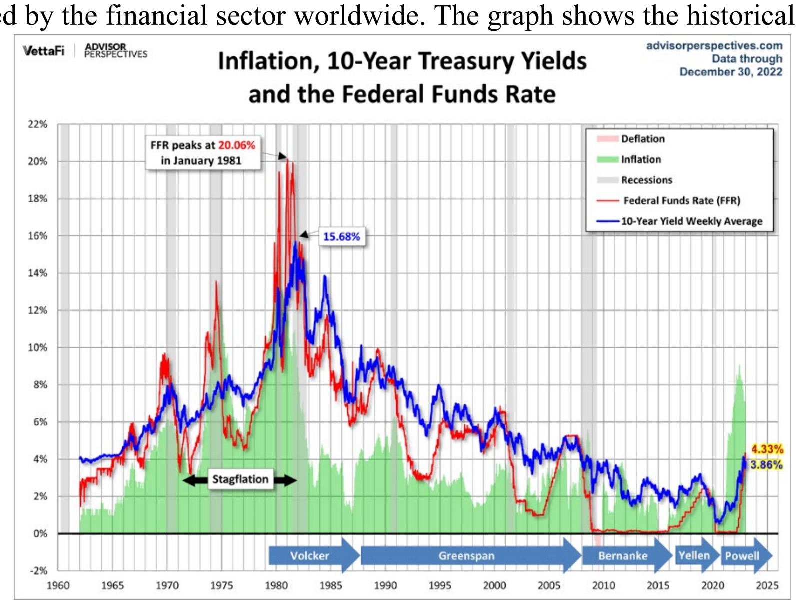
Detractors

Companies like Alphabet and Microsoft, which were major beneficiaries of the pandemic demand for all things digital, had a rough quarter and year. Digital ad sales have suffered as did sales for most tech hardware, especially personal computers. The flood of capital into streaming services crushed the valuations of most media including Comcast and Warner Bros. As the tech industry continues to be stressed due to fears of a recession valuations could return to more reasonable levels and present buying opportunities.

Stock market corrections are a fairly common occurrence though many of them are relatively short-lived. According to Yardeni Research, the S&P 500 has undergone 39 declines of 10% or more since 1950 and 24 of those reached their bottoms in 104 or fewer days. At the end of the quarter the S&P 500 had been in a bear market for over 280 days. According to *Forbes* the average bear market for the S&P 500 is 289 so we are heading for record territory. With the Federal Reserve (the Fed) not expected to enact interest rate easing until 2024 this could become the longest bear market in history, surpassing 2000-2002's 929 days. Bear markets can provide new opportunities. Defensive industries like energy, utilities, consumer staples and healthcare performed well during the fourth quarter and significantly better than more expensive technology stocks for the full year 2022. The potential for a long-term bear market could refocus investors on these more defensive industries.

Normalizing Interest Rates

The Fed hiked rates by 425 basis points during 2022. This has greatly benefited savers and conservative businesses with large cash balances while harming many speculators reliant on easy money. We are seeing a normalization of interest rates which was desperately needed by the financial sector worldwide. The graph shows the historical levels of inflation in relation to short-term rates. At the extreme there were over $17 trillion in negative yielding bonds. Thankfully that has totally reversed with interest rates now globally in positive territory.



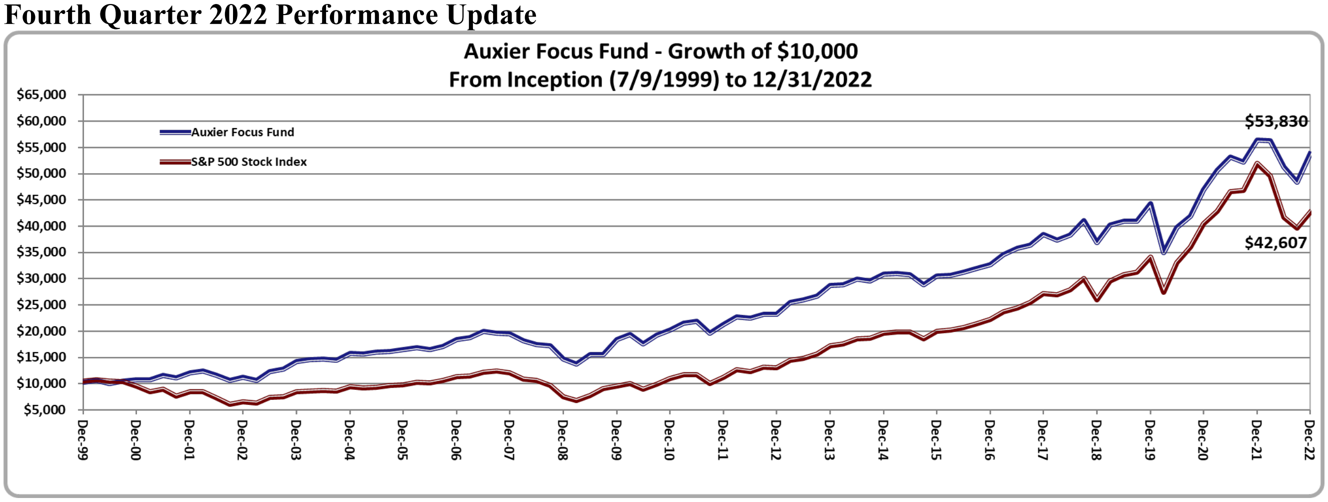
The Consumer Price Index (CPI) increased by 6.5% annually in December and declined by 0.1% month-over-month. Volatile energy prices have heavily impacted consumer inflation, but prices have declined significantly from highs in June. The Fed's preferred inflation gauge is the core personal consumption expenditures (PCE) price index as it takes out volatile food and energy prices and was at 5.7% in December. Despite slowing inflation, Federal Reserve officials are projecting the target range for rates in 2023 will be 5%-5.25%. Currently the market is anticipating a lower range than Fed officials have indicated, and they are expecting some rate declines in the second half of 2023 which seem unlikely at this point. Rate increases are expected to be less aggressive in 2023 with the expectation being several 25 basis point hikes. The Fed will likely maintain rates until inflation begins to fall closer to their long-term 2% target. While goods inflation has been declining, the jobs market remains tight and could force the Fed to keep rates elevated for longer than expected. According to Paychex, small and medium-sized firms continue to add to payroll at a healthy pace while more bloated industries that were beneficiaries of the pandemic boom have been rightsizing.

One area that is seeing significant inflation is the food industry. McDonald's CEO Chris Kempczinski recently projected continued upward pressure on food prices into the new year. According to the Bureau of Labor Statistics the food component of the CPI increased by 10.4% in December compared to 2021. A big factor in food inflation has been water shortages in big farming states. Arizona produces more than 90% of the country's leafy greens and has seen massive cuts to the amount of water they get from the Colorado River. California is in the midst of the driest 3-year period since the late 1800s. Their Central Valley produces 25% of the food in the US. The drought is expected to have shrunk irrigated farmland by nearly 10% and led to $3 billion in losses for California in 2022. The state's water troubles run deeper than just the drought with an infrastructure for containing and transporting water that was built nearly 100 years ago. Even though recent massive storms called "atmospheric rivers" have added welcome volumes of precipitation, much of the water was lost due to antiquated infrastructure.

Value Outperforming Growth

Since the financial crisis in 2008 value stocks have consistently underperformed growth stocks, but with rising inflation and price-earnings multiple compression for the most highly valued companies that trend is changing. Over the last 13 years, growth stocks benefited from slow economic growth which led to low inflation, near zero interest rates and easy money. When capital was cheap investors were more willing to invest in growth at any price which significantly drove up valuations. Tesla is an example of a growth company whose valuation took off without the backing of underlying fundamentals. At its peak market cap in November of 2021, it surpassed the market cap of all other global automakers combined while accounting for less than 2% of global car sales. During 2022, the Russell 1000 Value Index outperformed the Russell 1000 Growth Index by over 20 percentage points which was the second largest value outperformance since the indexes were created in 1979. Finding superior enduring businesses with cheap valuations and double play potential could be vital strategy in the coming years if higher inflation persists.

Fourth Quarter 2022 Performance Update



Auxier Focus Fund's Investor Class returned 11.21% in the fourth quarter and -4.52% YTD through December 31. The cap-weighted S&P 500 Index returned 7.56% for the quarter and -18.11% YTD while the DJIA returned 16.01% and -6.86% over the same periods. Small stocks as measured by the Russell 2000 returned 6.23% for the quarter and -20.44% YTD. The MSCI Emerging Markets Index returned 9.7% for the quarter and -20.09% YTD. Stocks in the Fund comprised 88.8% of the portfolio. The equity breakdown was 80.4% domestic and 8.4% foreign, with 11.2% in cash and short-term debt instruments. A hypothetical $10,000 investment in the Fund since inception on July 9, 1999 to December 31, 2022 is now worth $53,830 vs $42,607 for the S&P 500 and $43,447 for the Russell 1000 Value Index. The equities in the Fund (entire portfolio, not share class specific) have had a gross cumulative return of 847.80%. The Fund had an average exposure to the market of 81.7% over the entire period. Our results are unleveraged.

In Closing

Several important lessons can be learned from the severe market correction in 2022. Highly valued, popular "story stocks" purchased in times of euphoria can torpedo a portfolio. It is important to identify bubbles and avoid them. When interest rates are close to zero, promoters come out of the woodwork. Talk is cheap. Like Peter Lynch used to say, the key organ when investing is the stomach. These challenging markets underscore the importance of transparency, truly understanding what you own and the ability to quantify risk. Stocks represent a share of a business with a heart and soul. The new book *Kick Up Some Dust* by the co-founder of Home Depot, Bernie Marcus, is a terrific story about how core values and culture are critical to creating long term shareholder returns. Home Depot went public on September 22, 1981, and a $5,000 investment has grown to over $74 million today.

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 MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries. 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. Morningstar Global 60/40 Index is a blended benchmark of 60% Morningstar Global Markets Net Return USD / 40% Morningstar Global Core Bond Gross Return USD. Morningstar Global Markets NR: The index measures the performance of the stocks located in the developed and emerging countries across the world. Stocks in the index are weighted by their float capital, which removes corporate cross ownership, government holdings and other locked-in shares. Morningstar Global Core Bond: The index measures the performance of the global fixed-rate investment grade debt market for securities with maturities greater than one year. The Russell 1000 Value Index refers to a composite of large and mid-cap companies located in the United States that also exhibit a value probability. The Russell 1000 Value is published and maintained by FTSE Russell. The Russell 1000® Growth Index measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. One cannot invest directly in an index or average.*

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.

PCE Index A measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services.

A basis point is one hundredth of one percent.

Multiple compression is an effect that occurs when a company's earnings increase, but its stock price does not move in response.

The price-to-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings (EPS).

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

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

As of 12/31/2022, the Fund's top 10 equity holdings were: UnitedHealth Group Inc. (7.2%); Mastercard Inc. (5.1%); Microsoft Corp. (4.6%); Elevance Health Inc. (3.5%); Kroger Co. (3.3%); Philip Morris International (3.2%); Merck & Co. Inc. New (3.0%); Pepsico Inc. (2.8%); Johnson & Johnson (2.7%); Bank of New York Mellon Corp (2.6%).

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.