



Auxier REPORT

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AUXIER FOCUS FUND PERFORMANCE UPDATE September 30, 2008

AUXFX RETURNS VS. S&P 500 INDEX

	<u>Auxier Focus Fund</u>	<u>S&P 500 Index</u>	<u>Difference*</u>
06/30/08 – 09/30/08	-1.55%	-8.37%	6.82
12/31/07 – 09/30/08	-11.56%	-19.29%	7.73
12/31/07 – 06/30/08	-10.17%	-11.91%	1.74
12/31/06 – 12/31/07	5.71%	5.49%	0.22
12/31/05 – 12/31/06	11.75%	15.79%	-4.04
12/31/04 – 12/31/05	4.58%	4.91%	-0.33
12/31/03 – 12/31/04	10.73%	10.87%	-0.14
12/31/02 – 12/31/03	26.75%	28.69%	-1.94
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	72.49%	-3.02%	75.51

* in percentage points

Average Annual Returns for the period ended 09/30/08	1 Year	3 Year	5 Year	Since Inception
Auxier Focus Fund (Investor Shares)	(11.95)%	2.27%	6.21%	6.09% (7/9/99)
S&P 500 Index	(21.98)%	0.22%	5.17%	(0.33)%

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 annual operating expense ratio (gross) is 1.36%. However, the Fund's adviser has agreed to contractually waive a portion of its fees and/or reimburse expenses such that total operating expenses do not exceed 1.35% which is in effect until October 31, 2009. 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 Fund's website at www.auxierasset.com.

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 smaller companies which generally carry greater risk than is customarily associated with larger companies for various reasons such as narrower markets, limited financial resources and less liquid stock. 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. Foreside Fund Services, LLC, distributor.

Market Commentary

Auxier Focus Fund returned -1.55% in the third quarter, a fraction of the Fund's benchmark, S&P 500 Index ("Index") which returned -8.37%. Also note that, since inception in 1999, the Fund has outperformed the Index cumulatively by returning 72.49% vs. -3.02% for the Index. The Fund seeks to match good markets and outperform in down markets using a combination of stocks, bonds, cash and a committed research effort.

According to former Federal Reserve Chairman Alan Greenspan, the current credit crisis is a "once in a century tsunami." We are currently enduring one of the worst global bear markets in stocks in the last fifty years. Specifically, the two worst markets in the US occurred in the periods 2000 – 2002 (824 days; down 51%) and 1973 – 1974 (630 days; down 48.26%). Bear markets are normal and necessary occurrences. On average, once every five years, there is a correction of at least 20%. (Ibbotson 2008) They tend to be brutal and ultimately hit all overpriced assets hard. They purge bad behavior like speculating on borrowed money, chasing performance, thinking short term, living beyond your means, overpaying for assets, and using emotion as the guide for investment decisions. The greed for technology stocks in March 2000 was just as extreme as the fear we are currently witnessing. The VIX Index, which measures volatility and is often referred to as the fear index, recently topped 80 as compared with a general range of 12 to 20 in 2007. The perils of speculating with borrowed money to get rich quick are rapidly becoming apparent as the leveraged players are forced to sell at "fire sale prices." Major financial institutions throughout the world creatively disguised their actual borrowings. The rating agencies were conflicted, contributing to the proliferation of horrible financial products. The resulting losses have created a material capital deficit requiring unified government support to fill the void.

The US is entering a long overdue consumer recession. The savings rate has dropped to zero as instant gratification has ruled. From overindulgent consumers to overindulgent high rolling investment banks, there is a clear trend to reduce borrowings and focus on healthy balance sheets. It is very important to closely scrutinize the capital structure of all investments at this time. Balance sheet repair favors senior debt securities over common stock initially as equity holders can face expensive dilution while firms fight to clean up past allocation mistakes. Stock ownership should be concentrated on those proven, enduring franchises that are self funding, down in cash, can weather difficult economic conditions and sport a record of disciplined capital allocation. Companies that work hard to build value through competitive goods and services are better than those that have relied on creative financial engineering and hidden leverage to juice returns. While these exemplars are not immune to the market perils of emotional selling and debt-driven liquidations, these types of enterprises tend to bounce back quicker once markets stabilize.

Financial Crisis, Past and Present

The Great Depression is one of the most studied economic periods in history. It was "great" because it lasted so long with repeated policy mistakes. The mistakes are well known by current Federal Reserve Chairman Ben Bernanke. Back then, the government comprised less than 3% of the Gross Domestic Product (GDP) compared with over 20% today due to a number of safety nets added over the years. Then, as now, large amounts of borrowed money, taken in times of euphoria, secured with inflated assets, increased risk and ended in painful purging—no matter the class of investment. In the current crisis high levels of hidden leverage and speculation, which started in housing, is now unwinding in derivative markets globally impacting previously "hot" areas like oil, commodities and currencies. In the 1980s we witnessed such extreme borrowing in farming, junk bonds and commercial real estate, resulting in steep bear markets in those areas. Real estate downturns in general, due to the nature of leverage and carrying costs, tend to be more prolonged as well.

In the 1990s Japan, Sweden and Finland suffered similar credit and real estate crises. Sweden and Finland reacted swiftly with tactics similar to those the US Treasury is currently implementing. The recovery was relatively speedy by historical standards. Japan however, was in denial. It failed to respond for three years, and refused to come clean with problem assets, which contributed to declining real estate values for 16 years.

Investing in Troubled Times

Successful investors have sown the seeds of fortune in economic downturns. Buying dollar bills for fifty cents on the dollar is a proven long-term strategy (In other words, buying businesses for a fraction of what they are truly worth). Time and again, investors who were patient, resisted emotional decisions, and could smell a bargain have taken advantage of bear markets and have come out stronger. Crucial traits are commitment to homework, an understanding of facts and fundamentals, and a rational businesslike approach. Sound investors understand favorable

odds and get paid adequately for the risk taken. They price their investments and make it on the buy side. As referenced in past letters, J Paul Getty started buying oil stocks through Tidewater in 1930. The Pamplin family bought leading textile companies at rock bottom prices after steep market corrections in the 1970s. Carlos Slim bought aggressively in 1982 after Mexico defaulted on its government debt. In 1973-74, Warren Buffett added to holdings over 100 times during that bear market as the public was rushing to exits. These investors put their focus on knowable, quantifiable values. Recently, in a *New York Times* editorial, Buffett explained how he is now buying US stocks. The last two times he came out with such public pronouncements to buy were in 1974 and 1979 amid headlines of extreme pessimism. In 1974 *Forbes* headlines declared: "The Gloom is Deepening." *Business Week* similarly warned of "Whistling Past the Graveyard." The market rebounded 75% in 1975. *(There can be no guarantee of success with any technique, strategy or investment. All investing involves risk, including the loss of principal.)*

Final Thoughts

In 25 years of investing for clients, and witnessing firsthand a number of bubbles and crashes, I am always amazed by the manic behavior that takes place in markets. Hopefully, with 25 years of intense day-to-day research, we can add value in these challenging times by seeking to both protect principal and identify compelling bargains to buy. We always strive to operate in a conservative manner consistent with the teachings and wisdom of Ben Graham. What is needed in investing, according to Graham, is "first, reasonably good intelligence; second, sound principles of operation; third, and most important, firmness of character."

Thank you for your trust.

Jeff Auxier

The S&P 500 Index is a broad-based unmanaged measurement of changes in the stock market based on 500 widely held common stocks. One cannot invest directly in an index.

Derivatives are financial instruments (contracts) that do not represent ownership rights in any asset but, rather, derive their value from the value of some other underlying commodity or other asset.

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.