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# AUXIER FOCUS FUND

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## **Annual Report**

**June 30, 2020**

### **Fund Adviser:**

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**AUXIER FOCUS FUND**

A MESSAGE TO OUR SHAREHOLDERS (Unaudited)

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**Market Commentary**

During the second quarter digital business ushered in new innovations and we saw an increased focus on technology due to COVID-19. Companies that used technology to adapt their business models during this time have been able to shield themselves from pandemic-related disruption. While computers and other technologies have been rapidly evolving over the years, the lithium-ion battery was created in 1985 and is still the battery that we use today. Many companies are working on developing new types of batteries and energy storage solutions that will support the growing use of digitally connected devices like computers, phones and vehicles. IBM is researching a new battery chemistry that relies on materials extracted from seawater which could outperform lithium-ion batteries. Fisker Automotive is developing a solid-state battery for electric vehicles that could enable a range of 500 miles and a charging time of just one minute. Samsung just released their own 500-mile battery, although it is not yet commercially available. With the growth of digital businesses, we have seen small teams disrupting entire industries. These companies operate capital light business models by utilizing cloud software and artificial intelligence (AI) to scale more rapidly than large businesses that rely on a massive workforce and years of physical infrastructure. We look for businesses that are using mobile, the cloud, AI and data analytics at the core of their operations because these will only become more vital as the number of connected devices grows.

**Recognize Investment Cycles**

Easy money and industry deregulation often contribute to great booms and busts. The telecom deregulation in the late 1990s and aggressive Fed easing combined to cause massive oversupply leading to a severe downturn. Blue chip telecom leader Lucent dropped over 98%. Soon after the telecom deregulation, the US banking industry was deregulated with the repeal of the Glass-Steagall Act. Eventually, leverage ratios went to extremes—often 100:1—which contributed to the banking crisis and recession in 2008. More recently, relaxed lending standards in the oil shale industry led to a major boom and now bust with \$300 billion in projected asset write-downs in 2020, according to Deloitte. Understanding and tracking investment cycles is important to survival. We believe we are getting late in the current tech cycle given extreme valuations in many money losing enterprises. Euphoric pricing is the enemy of the compounded return. As great as Microsoft has performed recently, if you invested at the peak of excitement during the tech boom of 1999 you lost over 45% the following ten years.

**Homework Needs to be Done Before the Crisis**

We have found over the past forty years that a voracious daily research effort is the key to investment survival. You need to know what you own and what you want to own ahead of time to take advantage of opportunities presented by recessions, stock market panics, wars, etc., when the headlines turn scary and the consensus is “this is no time to be investing in stocks.” We strive to know which businesses are executing and where operating fundamentals are strong or turning up. The Carlos Slim family made their big returns buying into Mexican stocks when the country defaulted in 1982. This was after three generations of study. The top five oil families in Texas made it on the buy side as well when oil dropped to three cents a barrel in the 1930s. In both cases the families had years of diligent homework and cumulative knowledge of individual businesses and acted when the price was right.

**COVID-19 Update**

Even as daily new COVID-19 cases in the US continue to reach all-time highs, the average deaths per day from the virus have not increased at the same rate. This could be due to the greatly increased level of testing. As testing has increased, more mild cases of the virus have been found which has driven the death rate down. This could also indicate that the country has made positive progress on keeping the most vulnerable people isolated and that less vulnerable people have begun making up a larger portion of new cases. While we still do not know the long-term impacts of the virus, the decline in death rate is a positive sign as the country works to contain this pandemic.

**Spending Stays Home**

Stay-at-home orders have changed travel and entertainment habits for many people. In April, the TSA reported a 96% drop in international air travel as the pandemic forced the borders of many countries to close. The fall in global travel could bring opportunities for growth in domestic travel as people look for summer destinations in the US. In May, a survey of more than 14,000 US and Canadian travelers found that 57% of those surveyed said that if they were to travel in 2020 it would be domestically, with 43% saying they would be interested in traveling by road. Our channel checks show robust sales in RVs, boats, bikes, camping supplies and off-road vehicles. RV sales have increased 170% compared to last year as people look for alternative ways to travel instead of flying. A “nesting” trend has stimulated sales for home offices, pools, computer games, garden supplies and pets.

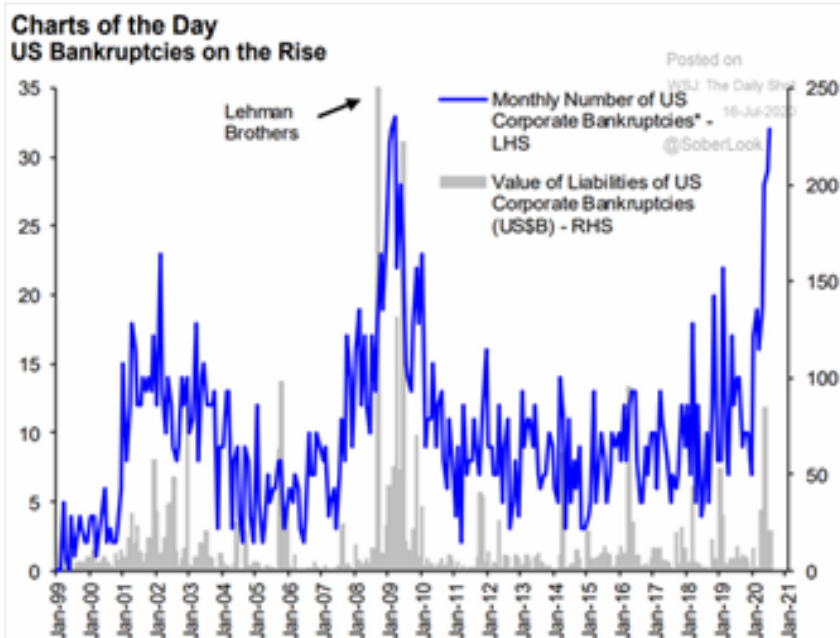
Many non-essential businesses are suffering the effects of stay-at-home orders as demand fell dramatically during the second quarter. During the first half of the year Chapter 11 bankruptcy filings grew by 26% with a total of 3,604 businesses filing for the protection. Commercial Chapter 11 filings in June were up 43% over last year, bringing filings near 2008 recession levels.

Unusual times like these strengthen our focus on businesses with strong balance sheets and ample cash over pure growth stories. After the second quarter 43% of the Russell 2000 was losing money, yet largely due to the surge in government stimulus and money printing, lower quality money losers outperformed profitable companies by over 32%. Globally, over \$18 trillion was pumped into the markets following the sharpest first quarter decline since the 1930s. Although the digitization of the economy has been a powerful theme, many of the stocks in the technology space are trading on euphoria and pure momentum. The current Fed stimulus is more than three times that which

preceded the internet bubble in 1999. In addition, in an unprecedented move the Fed has started buying individual companies' bonds. This is a big factor in the rising prices. A reversion to the mean could be painful for those speculating in exciting stories with little cash flow support. Sometimes it is easy to get swept up by these rapid growth stories, but it is always important to look past the stories and find the most financially sound businesses.

### Acceleration of Digital Trends

Though COVID-19 forced many businesses to close their physical locations, the rate of digitization has dramatically accelerated. Many companies have had to quickly transition to utilizing digital collaboration tools to support most of their employees working from home. Apps from companies like Microsoft and Alphabet have seen substantial growth in users and meeting minutes because of the coronavirus. Microsoft's Skype saw daily users increase 70% to 40 million at the start of the shutdown and their Teams app has reached over 75 million daily active users. Growth in collaboration apps like Skype and Teams could also benefit Microsoft's other products like their Office suite. Businesses will be able to fully integrate other Microsoft apps like Word, Excel and PowerPoint into their digital meetings, creating a more seamless and effective work environment. Google Meet has been adding about three million new users each day and has seen a thirty-fold increase in usage since January. If companies can find success with a large portion of their employees working from home, then the increase in digital collaboration usage could become the norm going forward. Another area of digitization that has benefited from the current economic environment is the cloud. Cloud revenues for the major players, Amazon, Microsoft and Alphabet, have remained essentially unaffected by the pandemic. According to the Wall Street Journal, companies spent \$34.6 billion on cloud services in the second quarter up 30% from the prior year. The public Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) segments performed the best as businesses have moved more functions like databases and software to the cloud to better facilitate remote work. Another area where COVID-19 has made the need for digitization more apparent than ever is in physical retail, as stay-at-home orders have taken a toll on many businesses that were not prepared for disruption at this scale. Coresight Research has recorded a total of 4,005 announced closures by US retailers so far in 2020, and they estimate that retailers could announce between 20,000 and 25,000 closures this year due to the coronavirus, a record for the industry. These store closures could benefit some businesses as they will be able to reevaluate their footprint and downsize to a more sustainable level. In 2019 there were 8.5 billion square feet of retail space in the US which equates to about 24.5 square feet of space per person, over five times Europe's average of 4.5 square feet per person. This overcapacity has crippled big retailers like Macy's and JCPenney and a shift must take place for the industry to survive in a digital age. By reducing their physical footprint and building out their e-commerce capabilities, physical retailers could become more resilient to future disruptions while also improving profitability. Rapid shifts in the market like what we have seen with COVID-19 emphasize the need to find companies on the right side of digital that will be able to succeed in a digitally focused economy. Things like working remotely and increased



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online shopping activity could become the norm once the dust settles and it is important to know which companies will be ready for that new environment.

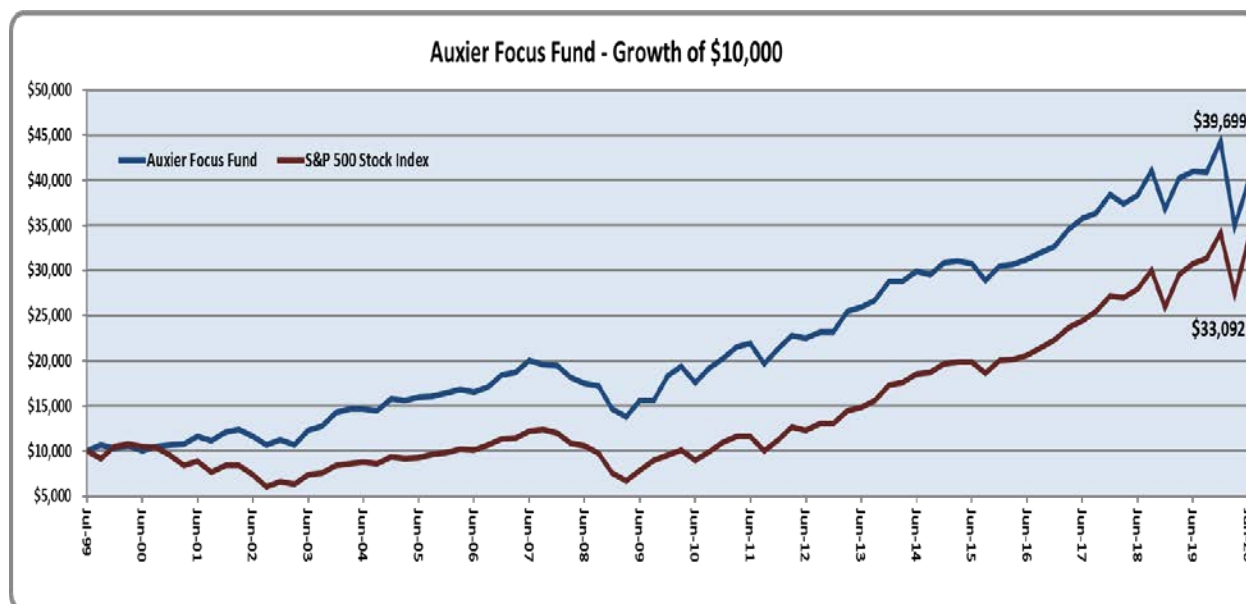
**Blockchain a Potential Disruptor**

As the world becomes more reliant on the internet and digital business, the topic of data security has become more important than ever. Blockchain technology was originally created to securely manage transactions of digital currency but there are many more potential uses for the technology that could change the way people and businesses interact on the internet. One of the biggest advantages of storing data in a blockchain is that the data is secure, nearly impossible to alter and it can be verified by anyone in the world without having to rely on a third party for ensuring its authenticity. Blockchain is a public ledger of all transactions executed in a particular market that works by placing data into blocks with a unique identifying number; these blocks are then linked to the blocks before and after them, creating a chain. Thousands or millions of computers can then independently check and verify that this data is correct and then add the block to their ledger. These blocks all remain in the exact order they were placed into the network so that any data can be quickly and easily traced to its origin and verified. This creates a safe data environment that makes it effectively impossible for someone to alter or steal data in the blocks, because any change to a previous block of data will change every block that follows it. So, an attacker would have to change every block in the blockchain on more than 50% of every single computer in the network for their change to go unnoticed. Blockchains automatically update every 10 minutes, so an attacker would have to do this in that timeframe which would be nearly impossible. Because of this security, companies are looking at using the technology for many different applications that could disrupt existing online cloud solutions. The medical industry could use blockchain technology for safe recordkeeping. Patient data could be stored on the blockchain which could then only be accessed by authorized medical professionals. Ranchers in Wyoming are using blockchain with radio frequency identification (RFID) to track animals while greatly improving transparency. Other applications in the food industry include using blockchain to accurately track where products were produced and where they have traveled. Walmart and IBM have been using this technology and have been able to reduce the time for tracking certain food products from seven days down to 2.2 seconds. This can be vitally important as the World Health Organization estimates that 600 million people get sick from contaminated food every year. The future of blockchain technology is unknown but it has the potential to disrupt many industries including the massive cloud infrastructure industry. Cloud providers like Microsoft host their services on centralized servers which can face outages and outside attacks. Decentralizing the cloud could help lower the chances of these risks. One problem that blockchain technology currently faces is that its decentralized nature means that it is much slower and more expensive to operate than traditional cloud services. Even though blockchain offers increased reliability and security, consumers may choose to stay with traditional cloud providers to take advantage of lower operating costs and faster service. Blockchain technology is still in its early days and even with its current limitations it has the potential to one day disrupt many industries, so it will be important to see how the technology evolves and improves over the coming years.

**Potential for Biotech and Medtech**

Microsoft founder Bill Gates is predicting that more people will die from pandemics in the next thirty years than in wars. As a result, we have increased our research in biologics, specialty pharma, genomics and other areas of medical technology. We own many companies that are working on therapeutics and vaccines being developed to fight COVID-19. We see the focus on the immune system as a critical factor in not only the battle against cancer but also current and future pandemics. The exponential growth in critical data should accelerate cures for many debilitating diseases. We see this as an exciting investment opportunity for years to come.

**Performance Update**



Auxier Focus Fund’s Investor Class returned 13.59% in the second quarter vs. 20.54% for the cap-weighted S&P 500 Index and 18.51% for the DJIA. The equal-weight S&P 500 returned 21.73%. Small stocks as measured by the Russell 2000 were up 25.42%. Emerging markets as measured by the MSCI Emerging Markets Index were up 18.08%. Stocks in the Fund comprised 95.3% of the portfolio. The equity breakdown was 83.9% domestic and 11.3% foreign, with 4.8% in cash and short-term debt instruments. A hypothetical \$10,000 investment in the Fund since inception in July 1999 to June 30, 2020 is now worth \$39,699 vs. \$33,092 for the S&P 500. The equities in the Fund (entire portfolio, not share class specific) have had a cumulative return of 564.19% since inception and the Fund as a whole has had a cumulative return of 296.98% vs. 230.92% for the S&P. This was achieved with an average exposure to the market of less than 80% over the entire period.

**Contributors: Our outlook on a cross section of positions with a positive impact on the portfolio for the period ended 6/30/2020.**

**Microsoft (MSFT)**

During the quarter, Microsoft’s cloud and digital collaboration tools helped the company grow during uncertain times. Stay-at-home orders forced many companies to rethink how they do business as they begin to look for ways to digitize their operations more rapidly. Azure cloud continued to drive growth for Microsoft and its revenue has grown over 45% in each

Auxier Focus Fund – Investor Class  
Average Annual Total Returns (06/30/2020)  
Since Inception (07/09/1999) 6.79%  
10-year 8.45%  
5-year 5.23%  
1-year -3.17%  
3-month 13.59%

*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 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](http://www.auxierasset.com). The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future.*



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of the last 4 quarters. The shift to working remotely has significantly boosted collaboration apps like Teams and Skype. COVID-19 has also had a positive impact on the gaming industry in which Microsoft has an interest with their Xbox brand. Play time on Xbox's subscription service increased by 130% during the peak of the shutdown and the Xbox ecosystem now has nearly 90 million monthly active users. As a software focused company, Microsoft should be able to capitalize on the continued shift to digital following the disruption caused by COVID-19.

**Mastercard (MA)**

Even though stay-at-home orders have drastically reduced spending in areas such as travel and entertainment, Mastercard was still able to find success during the quarter. As more people were forced to stay home, spending in areas such as grocery, gaming and home improvement slightly offset the decrease in spending in travel and entertainment. According to JP Morgan Chase, total spending from customers fell 40% during the height of the stay-at-home orders in April compared to last year. While Mastercard could face some near-term headwinds due to a drastic drop in air travel and entertainment spending, management is confident that they will return to a position of strength once the economy begins to recover and the use of digital currency grows.

| <b>Top Equity Holdings</b>   | <b>% Assets</b> |
|------------------------------|-----------------|
| Mastercard, Inc., Class A    | 6.5%            |
| UnitedHealth Group, Inc.     | 5.7%            |
| Microsoft Corp.              | 5.5%            |
| PepsiCo., Inc                | 3.9%            |
| Medtronic PLC.               | 3.7%            |
| Johnson & Johnson            | 3.4%            |
| Kroger Co.                   | 3.2%            |
| Phillip Morris International | 2.9%            |
| Visa, Inc.                   | 2.9%            |
| Bank of New York Mellon Corp | 2.8%            |

**Lowe's Companies Inc. (LOW)**

Lowe's has performed well as spending on home improvement has seen a boost during the pandemic. Home improvement spending grew 16.4% in May. E-commerce sales for the company grew by 80% as people took on more do-it-yourself (DIY) projects while staying at home. As many other companies temporarily laid off workers, Lowe's has been able to continue hiring and recently announced another \$100 million in bonuses for their hourly employees in the US. Home improvement retailers like Lowe's can defend against the digitization of retail due to many large products being too expensive for online retailers to ship. DIY consumers also value the in-person help from the experts at Lowe's stores that is difficult for an online home improvement retailer to replicate. Recently lumber prices are up over 40% for the year. We are hearing about extreme shortages of lumber at Home Depot (HD) due to supply disruptions. Interest rates on home mortgages are hitting record lows—near 3%—boosting housing demand.

**Quest Diagnostics Inc. (DGX)**

As a leading provider of diagnostic information services, Quest Diagnostics has been vital in testing for COVID-19. At the start of the crisis, testing was limited and volume for Quest fell as much as 50% due to stay-at-home orders and the overwhelmed healthcare system, but the last few months have marked an uptick in testing. At the peak of the crisis, Quest accounted for nearly 50% of all COVID-19 testing across the US, and by June Quest was processing as many as 100,000 active infection tests and 200,000 antibody tests per day. As the US continues to increase testing for the virus, Quest management is confident that their scale will offer significant cost advantages compared to hospital-based labs and smaller regional players. The company's nationwide footprint and extensive network of patient service centers would be difficult for another company to replicate from scratch.

**DuPont de Nemours Inc. (DD)**

DuPont CEO Ed Breen has a very strong capital allocation track record. He achieved a 700% return over his tenure at Tyco. COVID-19 has created headwinds for segments like transportation, but the pandemic helped increase sales of the company's Tyvek personal protective equipment (PPE) by 55%. Once shutdowns are lifted, management is expecting demand for leading products like Kevlar and Nomex will normalize as people spend less time working from home. DuPont still plans to sell off and merge their nutrition business with International Flavors & Fragrances in the first quarter of 2021, which would further tighten their focus on a smaller portfolio of products.

**UnitedHealth Group Inc. (UNH)**

As the largest health insurer in the US, UnitedHealth has seen positive tailwinds from deferred elective procedures due to social distancing policies. The deferring of procedures caused earnings for the June quarter to double, but management reaffirmed their guidance for 2020 indicating that they believe the benefit will be short-lived once stay-at-home orders are lifted and elective procedures normalize. The company generates healthy annual cash flow of \$19 billion. It has a top three pharmacy benefit manager in OptumRx and an analytics platform in Optum Insight which means the company can interact more with their patients during the health care process. This can create a network effect as patients who utilize more of UnitedHealth's services can take advantage of discounts that would be hard for smaller regional competitors to replicate.

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**Detractors to the period: Our outlook on a cross section of portfolio positions with a negative return for the period ended 6/30/2020:****Berkshire Hathaway Inc. (BRKB)**

Berkshire Hathaway has suffered from major exposures to insurance, banking, energy and aerospace industries. According to the Wall Street Journal, property casualty insurance losses tied to Covid-19 are estimated to come in between \$50 to \$100 billion. This is the largest loss in history. Zero interest rates also diminish the value of Berkshire's insurance float while negatively impacting bank net interest margins. Banks, as measured by the KBW Bank Index recently traded under 85% of book value—the cheapest since the early 1990s thrift crisis. Jet engine demand has crashed negatively impacting Precision Castparts. The stock is very cheap and represents good value selling close to book value with over \$130 billion in cash.

**Molson Coors Beverage Co. (TAP)**

While many types of alcohols saw record sales during the stay-at-home orders, non-craft beer was not one of them. Major brands for Molson Coors, such as Coors Light and Miller Lite, saw their sales decline as bars, restaurants and sports venues shut down. The pandemic has also accelerated consumers' changing alcohol preferences from beer to hard seltzers and marijuana. Still, the company has a powerful North American distribution network and is working hard to develop attractive offerings in hard seltzers, wine spritzers, CBD drinks and hard coffee. Molson Coors has a history of survival. Molson was founded in 1786 while Coors was founded in 1873. The stock is selling at one of the lowest valuations in a decade.

**Philip Morris International Inc. (PM)**

Philip Morris is making great strides with their smokeless, heated tobacco product IQOS that was recently approved by the FDA. It greatly reduces the risk for those who enjoy the taste of nicotine. This product is seeing sales growth from 15%-40% throughout the world. The company continues to evolve as they are focusing heavily on ESG (Environmental, Social, and Governance), recently putting out a 192-page report.

**Biogen Inc. (BIIB)**

In June, a judge in West Virginia ruled that the patent for Biogen's drug Tecfidera was invalid. While Biogen intends to appeal the ruling their chances for success are not high. Mylan (MYL), who brought the lawsuit, has said they will start producing biosimilars as soon as possible. In 2019, Tecfidera had sales of \$4.4 billion which was around 31% of Biogen's total revenues. Despite the setback from Tecfidera, Biogen still has a promising pipeline, headlined by their Alzheimer's drug Aducanumab, and a fast-growing drug in Spinraza for spinal muscular atrophy (SMA). In 2019, sales of Spinraza grew 22% year-over-year to over \$2 billion. Meanwhile management at Biogen is confident the FDA will approve Aducanumab, giving them another potential avenue for growth. Biogen had over \$4.8 billion in cash and equivalents and sells for less than 12 times earnings.

**Medtronic plc (MDT)**

Medtronic has been hit by the pandemic as elective surgeries have been postponed. It is the largest pure-play medical device maker and is utilizing advances in technology to attack a wide range of chronic conditions in diabetes, neurology, cardiac care and spinal conditions. The management is very innovative and the company has a fortress balance sheet with over \$6 billion in free cash flow.

**Merck & Co., Inc. (MRK)**

Merck is one of the many companies currently working on producing a COVID-19 vaccine. In May they bought the company Themis, which has a COVID-19 vaccine in development based on an existing measles vaccine. Merck has also teamed up with the nonprofit group IAVI to develop a vaccine based on their already existing Ebola vaccine. With the sheer number of companies attempting to develop a COVID-19 vaccine, it remains unlikely that any one company will be the first to succeed, however Merck's size and vast resources make them a better bet than most. Even if their vaccine efforts fail, Merck could benefit in the long run from a positive change of perception. Recently, the FDA approved animal health drug Bravecto for dogs to treat ticks and fleas. The fundamentals for the pet business are strong and we are monitoring many stocks in the space including Zoetis and IDEXX Labs. However, the biggest value driver for Merck is in battling cancer through their PD-1 drug Keytruda which has the potential to be the top selling drug globally by 2023.

**In Closing**

This pandemic has been horrible for many nonessential segments of the economy and has accelerated digital trends from years to months. We have never seen such a high percentage (over 90%) of the world's economies drop into recession nor have we seen

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such a swift and powerful response by the US Federal Reserve. They have aggressively cut rates to zero, expanded their balance sheet by three trillion to \$7.2 trillion and are buying junk bonds for the first time in history. M2 money supply has been growing at a 24% annual clip. Total government stimulus is running \$5 trillion through June. This is more than double what was administered in the 2009 recession, in a fraction of the time. It has totally distorted the bond market. The ten-year treasury rate recently dropped under 0.6%. Rampant speculation has returned following exciting stories with little cash flow. With interest rates at 5000-year lows and the printing presses rolling we believe purchasing power risk is rising. \$1 in 1940 would require \$19 today. The Fund portfolio is currently far more attractive based on measures of earnings yield, return on equity and free cash flow yield than anything we are seeing in the fixed income market. We utilize years of cumulative knowledge and ownership not only to mitigate risk but to be prepared for double play opportunities by knowing intimately the fundamentals of each investment. Rather than trying to predict markets we try to research and monitor daily the operating reality of great managers and businesses that can endure the most challenging economic conditions. There are no shortcuts when protecting one's hard earned savings. Andy Grove, one of the greatest technology CEOs of Intel wrote about crisis investing. "Bad companies are destroyed by crisis, good companies survive them, great companies are improved by them."

We appreciate your trust.

Jeff Auxier

**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.

*The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 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. The KBW Bank Index is a benchmark index for the banking sector made up of 24 banking stocks selected as indicators for large U.S. national money center banks, regional banks and thrift institutions. One cannot invest directly in an index or average.*

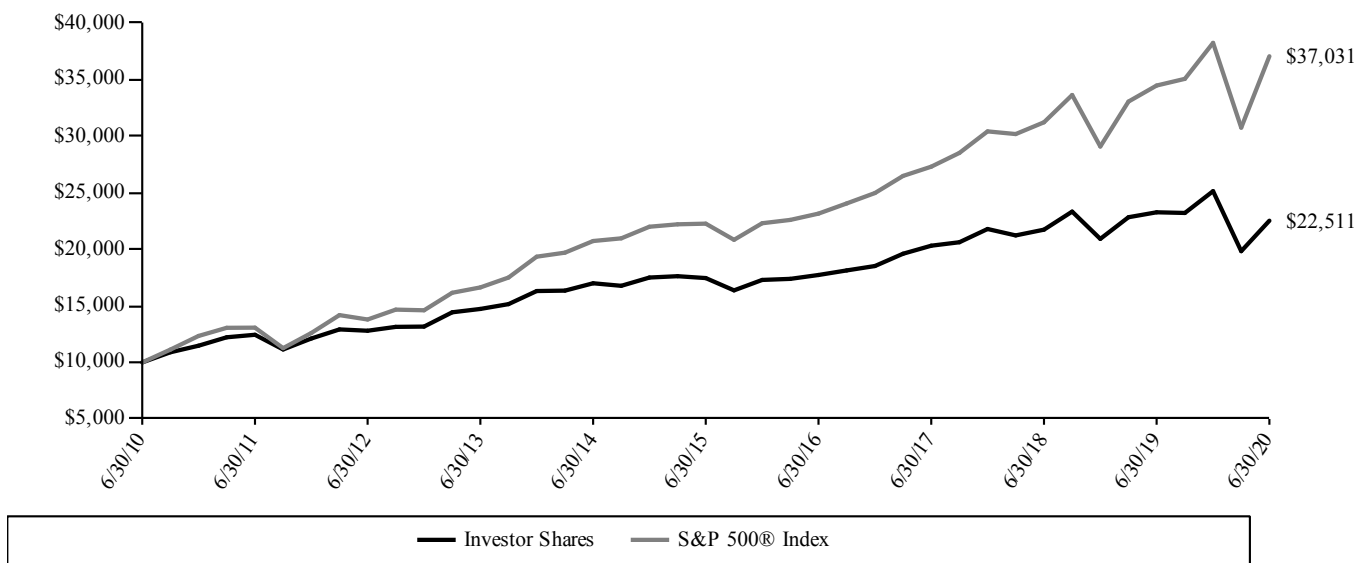
*The views in this shareholder letter were those of the Fund Manager as of the letter's publication date and may not reflect his views on the date this letter is first distributed or anytime thereafter. These views are intended to assist readers in understanding the Fund's investment methodology and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



**AUXIER FOCUS FUND**  
**PERFORMANCE CHART AND ANALYSIS (Unaudited)**  
**JUNE 30, 2020**

The following chart reflects the change in the value of a hypothetical \$10,000 investment in Investor Shares, including reinvested dividends and distributions, in the Auxier Focus Fund (the “Fund”) compared with the performance of the benchmark, the S&P 500 Index (“S&P 500”), over the past ten fiscal years. The S&P 500 is a broad-based measurement of the U.S. stock market based on the performance of 500 widely held large capitalization common stocks. The total return of the Fund’s classes includes the maximum sales charge of 5.75% (A Shares only) and operating expenses that reduce returns, while the total return of the S&P 500 does not include the effect of sales charges and expenses. A Shares are subject to a 1.00% contingent deferred sales charge on shares purchased without an initial sales charge and redeemed less than one year after purchase. The total return of the index includes the reinvestment of dividends and income. The total return of the Fund includes operating expenses that reduce returns, while the total return of the index does not include expenses. The Fund is professionally managed, while the index is unmanaged and is not available for investment.

**Comparison of Change in Value of a \$10,000 Investment  
Investor Shares vs. S&P 500 Index**



**Average Annual Total Returns**

| Periods Ended June 30, 2020                    | One Year | Five Years | Ten Years | Since Inception <sup>(1)</sup> |
|--|----------|------------|-----------|--------------------------------|
| Investor Shares                                | -3.17%   | 5.23%      | 8.45%     | 6.79%                          |
| S&P 500® Index (Since July 9, 1999)            | 7.51%    | 10.73%     | 13.99%    | 5.87%                          |
| A Shares (with sales charge) <sup>(2)(3)</sup> | -9.02%   | 3.75%      | 7.68%     | 6.43%                          |
| Institutional Shares <sup>(3)</sup>            | -3.00%   | 5.41%      | 8.62%     | 6.87%                          |

<sup>(1)</sup> Institutional, A Shares and Investor Shares commenced operations on May 9, 2012, July 8, 2005 and July 9, 1999, respectively.

<sup>(2)</sup> Due to shareholder redemptions on August 21, 2005, net assets of the class were zero from the close of business on that date until September 22, 2005. Financial information presented for the period August 21, 2005 to September 22, 2005 reflects performance of Investor Shares of the Fund.

<sup>(3)</sup> For Institutional Shares, performance for the 10-year and since inception periods are blended average annual returns which include the returns of the Investor Shares prior to commencement of operations of the Institutional Shares. For A Shares, performance for the since inception period is a blended average annual return which includes the return of the Investor Shares prior to commencement of operations of the A Shares.

**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 shares, when redeemed, may be worth more or less than original cost. As stated in the Fund’s prospectus, the annual operating expense ratios (gross) for Investor Shares, A Shares and Institutional Shares are 1.11%, 1.53% and 1.10%, respectively. However, the Fund’s Adviser has contractually agreed to waive its fee and/or reimburse Fund expenses to limit Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement (excluding all taxes, interest, portfolio transaction expenses, dividend expenses on short sales, and extraordinary expenses) to 0.94%, 1.25% and 0.80% of the Investor Shares, A Shares and Institutional Shares, respectively, through October 31, 2020 (the “Expense Cap”). The Expense Cap may be raised or eliminated only with the consent of the Board of Trustees. The Adviser may be reimbursed by the Fund for fees waived and expenses reimbursed by the Adviser pursuant to the Expense Cap if such payment is made within three years of the fee waiver or expense reimbursement and does not cause the Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to exceed the lesser of (i) the then-current Expense Cap and (ii) the Expense Cap in place at the time the fees/expenses were waived/reimbursed. Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement will increase if exclusions from the Expense Cap apply. Shares redeemed or exchanged within 180 days of purchase will be charged a 2.00% redemption fee. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Returns greater than one year are annualized. For the most recent month-end performance, please call (877) 328-9437 or visit [www.auxierasset.com](http://www.auxierasset.com).

Performance for Investor Shares for periods prior to December 10, 2004, reflects performance and expenses 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.

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2020**

| <u>Shares</u>                        | <u>Security Description</u>                       | <u>Value</u>      | <u>Shares</u>                                  | <u>Security Description</u>                   | <u>Value</u>       |
|--------------------------------------|---|-------------------|--|---|--------------------|
| <b>Common Stock - 95.1%</b>          |   |                   | <b>Financials - 22.3% (continued)</b>          |   |                    |
| <b>Communication Services - 1.0%</b> |   |                   | 63,668   | Franklin Resources, Inc.                      | \$ 1,335,118       |
| 1,535                                | 58.com, Inc., ADR <sup>(a)</sup>                  | \$ 82,798         | 2,025  | Marsh & McLennan Cos., Inc.                   | 217,424            |
| 84,275                               | America Movil SAB de CV, ADR                      | 1,069,450         | 45,225   | Mastercard, Inc., Class A                     | 13,373,033         |
| 3,719                                | Cisco Systems, Inc.                               | 173,454           | 1,100  | PayPal Holdings, Inc. <sup>(a)</sup>          | 191,653            |
| 113,738                              | Telefonica SA, ADR                                | 548,217           | 150,625  | The Bank of New York Mellon Corp.             | 5,821,656          |
| 4,081                                | ViacomCBS, Inc., Class B                          | 95,169            | 18,918   | The Travelers Cos., Inc.                      | 2,157,598          |
|                                      |   | <u>1,969,088</u>  | 3,200  | U.S. Bancorp                                  | 117,824            |
| <b>Consumer Cyclical - 1.3%</b>      |   |                   | 15,249   | Unum Group                                    | 252,981            |
| 1,241                                | Booking Holdings, Inc. <sup>(a)</sup>             | 1,976,094         | 30,600   | Visa, Inc., Class A                           | 5,911,002          |
| 13,675                               | DR Horton, Inc.                                   | 758,279           | 6,200  | Wells Fargo & Co.                             | 158,720            |
|                                      |   | <u>2,734,373</u>  |  |   | <u>45,677,615</u>  |
| <b>Consumer Discretionary - 6.8%</b> |   |                   | <b>Health Care - 26.8%</b>                     |   |                    |
| 114,314                              | Arcos Dorados Holdings, Inc., Class A             | 478,976           | 38,299   | Abbott Laboratories                           | 3,501,678          |
| 34,000                               | Beckle SAB de CV <sup>(a)</sup>                   | 64,940            | 3,663  | AbbVie, Inc.                                  | 359,633            |
| 45,908                               | Comcast Corp., Class A                            | 1,789,494         | 2,900  | Alkermes PLC <sup>(a)</sup>                   | 56,275             |
| 13,715                               | CVS Health Corp.                                  | 891,064           | 18,731   | Anthem, Inc.                                  | 4,925,878          |
| 103,092                              | Discovery, Inc., Class A <sup>(a)</sup>           | 2,175,241         | 10,000   | Becton Dickinson and Co.                      | 2,392,700          |
| 4,641                                | Discovery, Inc., Class C <sup>(a)</sup>           | 89,386            | 10,250   | Biogen, Inc. <sup>(a)</sup>                   | 2,742,387          |
| 100                                  | Domino's Pizza, Inc.                              | 36,944            | 13,490   | Cigna Corp.                                   | 2,531,399          |
| 16,250                               | General Motors Co.                                | 411,125           | 49,145   | Johnson & Johnson                             | 6,911,261          |
| 176,238                              | Lincoln Educational Services Corp. <sup>(a)</sup> | 687,328           | 81,368   | Medtronic PLC                                 | 7,461,446          |
| 17,725                               | Lowe's Cos., Inc.                                 | 2,395,002         | 73,249   | Merck & Co., Inc.                             | 5,664,345          |
| 4,756                                | McDonald's Corp.                                  | 877,339           | 7,282  | Pfizer, Inc.                                  | 238,121            |
| 52,302                               | Sally Beauty Holdings, Inc. <sup>(a)</sup>        | 655,344           | 21,337   | Quest Diagnostics, Inc.                       | 2,431,565          |
| 3,870                                | The Home Depot, Inc.                              | 969,474           | 33,000   | Sundial Growers, Inc. <sup>(a)</sup>          | 26,367             |
| 12,850                               | Walmart, Inc.                                     | 1,539,173         | 39,676   | UnitedHealth Group, Inc.                      | 11,702,436         |
| 4,550                                | Yum China Holdings, Inc.                          | 218,718           | 32,400   | Zimmer Biomet Holdings, Inc.                  | 3,867,264          |
| 7,050                                | Yum! Brands, Inc.                                 | 612,715           |  |   | <u>54,812,755</u>  |
|                                      |   | <u>13,892,263</u> | <b>Industrials - 3.7%</b>                      |   |                    |
| <b>Consumer Staples - 17.9%</b>      |   |                   | 1,240  | Caterpillar, Inc.                             | 156,860            |
| 65,455                               | Altria Group, Inc.                                | 2,569,109         | 122,841  | Corning, Inc.                                 | 3,181,582          |
| 34,055                               | British American Tobacco PLC, ADR                 | 1,322,015         | 3,695  | FedEx Corp.                                   | 518,113            |
| 13,200                               | Coca-Cola HBC AG, ADR                             | 333,960           | 27,157   | Gates Industrial Corp. PLC <sup>(a)</sup>     | 279,174            |
| 3,635                                | Diageo PLC, ADR                                   | 488,508           | 85,521   | Manitex International, Inc. <sup>(a)</sup>    | 425,039            |
| 664                                  | Lamb Weston Holdings, Inc.                        | 42,449            | 26,850   | Raytheon Technologies Corp.                   | 1,654,497          |
| 50,327                               | Molson Coors Beverage Co., Class B                | 1,729,236         | 2,780  | The Boeing Co.                                | 509,574            |
| 34,800                               | Monster Beverage Corp. <sup>(a)</sup>             | 2,412,336         | 7,795  | United Parcel Service, Inc., Class B          | 866,648            |
| 60,895                               | PepsiCo., Inc.                                    | 8,053,973         |  |   | <u>7,591,487</u>   |
| 84,525                               | Philip Morris International, Inc.                 | 5,921,821         | <b>Information Technology - 8.9%</b>           |   |                    |
| 69,280                               | Tesco PLC, ADR                                    | 597,893           | 1,742  | Alphabet, Inc., Class A <sup>(a)</sup>        | 2,470,243          |
| 51,300                               | The Coca-Cola Co.                                 | 2,292,084         | 33,910   | Cerner Corp.                                  | 2,324,531          |
| 195,126                              | The Kroger Co.                                    | 6,605,015         | 18,775   | Cognizant Technology Solutions Corp., Class A | 1,066,796          |
| 8,525                                | The Procter & Gamble Co.                          | 1,019,334         | 3,155  | Facebook, Inc., Class A <sup>(a)</sup>        | 716,406            |
| 59,421                               | Unilever NV, ADR                                  | 3,165,357         | 14,000   | Forrester Research, Inc. <sup>(a)</sup>       | 448,560            |
|                                      |   | <u>36,553,090</u> | 55,142   | Microsoft Corp.                               | 11,221,948         |
| <b>Energy - 2.8%</b>                 |   |                   |  |   | <u>18,248,484</u>  |
| 136,810                              | BP PLC, ADR                                       | 3,190,409         | <b>Materials - 3.2%</b>                        |   |                    |
| 7,430                                | Chevron Corp.                                     | 662,979           | 14,225   | Celanese Corp., Class A                       | 1,228,186          |
| 13,600                               | ConocoPhillips                                    | 571,472           | 28,458   | Corteva, Inc.                                 | 762,390            |
| 7,800                                | Phillips 66                                       | 560,820           | 28,458   | Dow, Inc.                                     | 1,159,948          |
| 14,415                               | Valero Energy Corp.                               | 847,891           | 28,458   | DuPont de Nemours, Inc.                       | 1,511,973          |
|                                      |   | <u>5,833,571</u>  | 26,505   | LyondellBasell Industries NV, Class A         | 1,741,909          |
| <b>Financials - 22.3%</b>            |   |                   | 4,980  | The Mosaic Co.                                | 62,300             |
| 53,260                               | Aflac, Inc.                                       | 1,918,958         |  |   | <u>6,466,706</u>   |
| 49,495                               | American International Group, Inc.                | 1,543,254         | <b>Telecommunications - 0.1%</b>               |   |                    |
| 2,480                                | Ameriprise Financial, Inc.                        | 372,099           | 19,075   | CenturyLink, Inc.                             | 191,322            |
| 201,699                              | Bank of America Corp.                             | 4,790,351         | <b>Transportation - 0.3%</b>                   |   |                    |
| 16,545                               | Berkshire Hathaway, Inc., Class B <sup>(a)</sup>  | 2,953,448         | 2,550  | Delta Air Lines, Inc.                         | 71,527             |
| 61,374                               | Central Pacific Financial Corp.                   | 983,825           | 3,110  | Union Pacific Corp.                           | 525,808            |
| 25,975                               | Citigroup, Inc.                                   | 1,327,323         |  |   | <u>597,335</u>     |
| 5,616                                | Colliers International Group, Inc.                | 321,853           | <b>Total Common Stock (Cost \$105,865,882)</b> |   |                    |
| 132,268                              | Credit Suisse Group AG, ADR                       | 1,363,683         |  |   | <b>194,568,089</b> |
| 5,616                                | FirstService Corp.                                | 565,812           |  |   |                    |

See Notes to Financial Statements.

**AUXIER FOCUS FUND**  
**SCHEDULE OF INVESTMENTS**  
**JUNE 30, 2020**

| <u>Principal</u>  | <u>Security Description</u>                                       | <u>Rate</u> | <u>Maturity</u> | <u>Value</u>                 |
|---|---|-------------|-----------------|------------------------------|
| <b>Corporate Non-Convertible Bonds - 0.9%</b>             |   |             |                 |                              |
| <b>Financials - 0.7%</b>                                  |   |             |                 |                              |
| \$ 200,000  | American Express Co. (callable at 100) <sup>(b)(c)</sup>          | 3.60%       | 09/15/20        | \$ 170,696                   |
| 500,000   | JPMorgan Chase & Co. (callable at 100) <sup>(b)(c)</sup>          | 4.63        | 11/01/22        | 475,917                      |
| 500,000   | The Goldman Sachs Group, Inc. (callable at 100) <sup>(b)(c)</sup> | 5.00        | 11/10/22        | 467,754                      |
| 400,000   | Truist Financial Corp. (callable at 100) <sup>(b)(c)</sup>        | 5.13        | 12/15/27        | 386,345                      |
|   |   |             |                 | <u>1,500,712</u>             |
| <b>Industrials - 0.2%</b>                                 |   |             |                 |                              |
| 450,000   | General Electric Co. (callable at 100) <sup>(b)(c)</sup>          | 5.00        | 01/21/21        | 353,990                      |
| Total Corporate Non-Convertible Bonds (Cost \$2,000,432)  |   |             |                 | <u>1,854,702</u>             |
| <b>Investments, at value - 96.0% (Cost \$107,866,314)</b> |   |             |                 | <b>\$ 196,422,791</b>        |
| <b>Other Assets &amp; Liabilities, Net - 4.0%</b>         |   |             |                 | <b>8,260,116</b>             |
| <b>Net Assets - 100.0%</b>                                |   |             |                 | <b><u>\$ 204,682,907</u></b> |

ADR American Depositary Receipt  
PLC Public Limited Company  
(a) Non-income producing security.  
(b) Variable or adjustable rate security, the interest rate of which adjusts periodically based on changes in current interest rates. Rate represented is as of June 30, 2020.  
(c) Perpetual maturity security.

The following is a summary of the inputs used to value the Fund's investments as of June 30, 2020.

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels used in the table below, please refer to the Security Valuation section in Note 2 of the accompanying Notes to Financial Statements.

|                                 | <u>Level 1</u>        | <u>Level 2</u>      | <u>Level 3</u> | <u>Total</u>          |
|---------------------------------|-----------------------|---------------------|----------------|-----------------------|
| <b>Investments at Value</b>     |                       |                     |                |                       |
| Common Stock                    |                       |                     |                |                       |
| Communication Services          | \$ 1,969,088          | \$ -                | \$ -           | \$ 1,969,088          |
| Consumer Cyclicals              | 2,734,373             | -                   | -              | 2,734,373             |
| Consumer Discretionary          | 13,892,263            | -                   | -              | 13,892,263            |
| Consumer Staples                | 36,553,090            | -                   | -              | 36,553,090            |
| Energy                          | 5,833,571             | -                   | -              | 5,833,571             |
| Financials                      | 45,677,615            | -                   | -              | 45,677,615            |
| Health Care                     | 54,812,755            | -                   | -              | 54,812,755            |
| Industrials                     | 7,591,487             | -                   | -              | 7,591,487             |
| Information Technology          | 18,248,484            | -                   | -              | 18,248,484            |
| Materials                       | 6,466,706             | -                   | -              | 6,466,706             |
| Telecommunications              | 191,322               | -                   | -              | 191,322               |
| Transportation                  | 597,335               | -                   | -              | 597,335               |
| Corporate Non-Convertible Bonds | -                     | 1,854,702           | -              | 1,854,702             |
| <b>Investments at Value</b>     | <b>\$ 194,568,089</b> | <b>\$ 1,854,702</b> | <b>\$ -</b>    | <b>\$ 196,422,791</b> |

**PORTFOLIO HOLDINGS (Unaudited)**

| <u>% of Total Investments</u>   |               |
|---------------------------------|---------------|
| Communication Services          | 1.0%          |
| Consumer Cyclicals              | 1.4%          |
| Consumer Discretionary          | 7.1%          |
| Consumer Staples                | 18.6%         |
| Energy                          | 3.0%          |
| Financials                      | 23.2%         |
| Health Care                     | 27.9%         |
| Industrials                     | 3.9%          |
| Information Technology          | 9.3%          |
| Materials                       | 3.3%          |
| Telecommunications              | 0.1%          |
| Transportation                  | 0.3%          |
| Corporate Non-Convertible Bonds | 0.9%          |
|                                 | <u>100.0%</u> |

**AUXIER FOCUS FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**JUNE 30, 2020**

|   |                       |
|---|-----------------------|
| <b>ASSETS</b>   |                       |
| Investments, at value (Cost \$107,866,314)  | \$ 196,422,791        |
| Cash  | 7,705,761             |
| Receivables:  |                       |
| Fund shares sold  | 154,129               |
| Investment securities sold  | 210,647               |
| Dividends and interest  | 361,065               |
| Prepaid expenses  | 26,020                |
| Total Assets  | <u>204,880,413</u>    |
| <b>LIABILITIES</b>  |                       |
| Payables:   |                       |
| Fund shares redeemed  | 41,337                |
| Accrued Liabilities:  |                       |
| Investment Adviser fees   | 84,071                |
| Fund services fees  | 22,640                |
| Other expenses  | 49,458                |
| Total Liabilities   | <u>197,506</u>        |
| <b>NET ASSETS</b>   | <u>\$ 204,682,907</u> |
| <b>COMPONENTS OF NET ASSETS</b>   |                       |
| Paid-in capital   | \$ 112,082,185        |
| Distributable earnings  | <u>92,600,722</u>     |
| <b>NET ASSETS</b>   | <u>\$ 204,682,907</u> |
| <b>SHARES OF BENEFICIAL INTEREST AT NO PAR VALUE (UNLIMITED SHARES AUTHORIZED)</b>        |                       |
| Investor Shares   | 5,581,842             |
| A Shares  | 133,415               |
| Institutional Shares  | 4,219,776             |
| <b>NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE*</b>                          |                       |
| Investor Shares (based on net assets of \$113,809,767)                                    | <u>\$ 20.39</u>       |
| A Shares (based on net assets of \$2,769,900)   | <u>\$ 20.76</u>       |
| A Shares Maximum Public Offering Price Per Share (net asset value per share/(100%-5.75%)) | <u>\$ 22.03</u>       |
| Institutional Shares (based on net assets of \$88,103,240)                                | <u>\$ 20.88</u>       |

\*Shares redeemed or exchanged within 180 days of purchase are charged a 2.00% redemption fee.

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**AUXIER FOCUS FUND**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED JUNE 30, 2020**

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**INVESTMENT INCOME**

|  |                  |
|--|------------------|
| Dividend income (Net of foreign withholding taxes of \$31,176) | \$ 4,956,368     |
| Interest income  | 189,737          |
| Total Investment Income  | <u>5,146,105</u> |

**EXPENSES**

|                             |                  |
|-----------------------------|------------------|
| Investment Adviser fees     | 1,789,013        |
| Fund services fees          | 308,289          |
| Transfer agent fees:        |                  |
| Investor Shares             | 53,910           |
| A Shares                    | 1,258            |
| Institutional Shares        | 9,636            |
| Distribution fees:          |                  |
| A Shares                    | 6,765            |
| Custodian fees              | 22,517           |
| Registration fees:          |                  |
| Investor Shares             | 14,332           |
| A Shares                    | 3,859            |
| Institutional Shares        | 14,992           |
| Professional fees           | 50,567           |
| Trustees' fees and expenses | 9,282            |
| Other expenses              | 182,217          |
| Total Expenses              | <u>2,466,637</u> |
| Fees waived                 | <u>(466,547)</u> |
| Net Expenses                | <u>2,000,090</u> |

**NET INVESTMENT INCOME**

3,146,015

**NET REALIZED AND UNREALIZED GAIN (LOSS)**

|   |                     |
|---|---------------------|
| Net realized gain on investments                                    | 3,957,269           |
| Net change in unrealized appreciation (depreciation) on investments | <u>(15,070,059)</u> |
| <b>NET REALIZED AND UNREALIZED LOSS</b>                             | <u>(11,112,790)</u> |

**DECREASE IN NET ASSETS RESULTING FROM OPERATIONS** **\$ (7,966,775)**



**AUXIER FOCUS FUND**  
**STATEMENTS OF CHANGES IN NET ASSETS**

|   | <b>For the Year<br/>Ended<br/>June 30, 2020</b> |                  | <b>For the Year<br/>Ended<br/>June 30, 2019</b> |                  |
|---|---|------------------|---|------------------|
|   |   | <b>Shares</b>    |   | <b>Shares</b>    |
| <b>OPERATIONS</b>   |   |                  |   |                  |
| Net investment income                                       | \$ 3,146,015                                    |                  | \$ 3,080,608                                    |                  |
| Net realized gain   | 3,957,269                                       |                  | 12,107,726                                      |                  |
| Net change in unrealized appreciation (depreciation)        | (15,070,059)                                    |                  | 580,575   |                  |
| Increase (Decrease) in Net Assets Resulting from Operations | <u>(7,966,775)</u>                              |                  | <u>15,768,909</u>                               |                  |
| <b>DISTRIBUTIONS TO SHAREHOLDERS</b>                        |   |                  |   |                  |
| Investor Shares   | (8,128,004)                                     |                  | (9,536,436)                                     |                  |
| A Shares  | (151,099)                                       |                  | (161,105)                                       |                  |
| Institutional Shares  | (5,663,780)                                     |                  | (4,612,293)                                     |                  |
| Total Distributions Paid                                    | <u>(13,942,883)</u>                             |                  | <u>(14,309,834)</u>                             |                  |
| <b>CAPITAL SHARE TRANSACTIONS</b>                           |   |                  |   |                  |
| Sale of shares:   |   |                  |   |                  |
| Investor Shares   | 6,856,973                                       | 326,470          | 8,398,246                                       | 380,608          |
| A Shares  | 338,878   | 16,867           | 303,403   | 13,720           |
| Institutional Shares  | 11,009,653                                      | 484,969          | 22,260,504                                      | 973,396          |
| Reinvestment of distributions:                              |   |                  |   |                  |
| Investor Shares   | 7,658,790                                       | 336,765          | 9,152,257                                       | 438,980          |
| A Shares  | 146,537   | 6,342            | 156,607   | 7,387            |
| Institutional Shares  | 5,465,117                                       | 234,913          | 4,441,627                                       | 208,820          |
| Redemption of shares:                                       |   |                  |   |                  |
| Investor Shares   | (25,909,544)                                    | (1,258,506)      | (41,202,344)                                    | (1,879,232)      |
| A Shares  | (146,650)                                       | (7,145)          | (598,448)                                       | (27,043)         |
| Institutional Shares  | (10,458,283)                                    | (486,997)        | (8,219,687)                                     | (357,162)        |
| Redemption fees:  |   |                  |   |                  |
| Investor Shares   | 8,095   | -                | 5,173   | -                |
| A Shares  | 163   | -                | 93  | -                |
| Institutional Shares  | 5,838   | -                | 2,637   | -                |
| Decrease in Net Assets from Capital Share Transactions      | <u>(5,024,433)</u>                              | <u>(346,322)</u> | <u>(5,299,932)</u>                              | <u>(240,526)</u> |
| Decrease in Net Assets                                      | <u>(26,934,091)</u>                             |                  | <u>(3,840,857)</u>                              |                  |
| <b>NET ASSETS</b>   |   |                  |   |                  |
| Beginning of Year   | <u>231,616,998</u>                              |                  | <u>235,457,855</u>                              |                  |
| End of Year   | <u>\$ 204,682,907</u>                           |                  | <u>\$ 231,616,998</u>                           |                  |

**AUXIER FOCUS FUND**  
**FINANCIAL HIGHLIGHTS**

These financial highlights reflect selected data for a share outstanding throughout each year.

|   | <b>For the Years Ended June 30,</b> |             |             |             |             |
|---|-------------------------------------|-------------|-------------|-------------|-------------|
|   | <b>2020</b>                         | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
| <b>INVESTOR SHARES</b>                    |                                     |             |             |             |             |
| <b>NET ASSET VALUE, Beginning of Year</b> | \$ 22.34                            | \$ 22.25    | \$ 21.95    | \$ 19.69    | \$ 20.50    |
| <b>INVESTMENT OPERATIONS</b>              |                                     |             |             |             |             |
| Net investment income (a)                 | 0.29                                | 0.28        | 0.26        | 0.23        | 0.21        |
| Net realized and unrealized gain (loss)   | (0.87)                              | 1.18        | 1.28        | 2.59        | 0.08        |
| Total from Investment Operations          | (0.58)                              | 1.46        | 1.54        | 2.82        | 0.29        |
| <b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b> |                                     |             |             |             |             |
| Net investment income                     | (0.29)                              | (0.30)      | (0.25)      | (0.23)      | (0.20)      |
| Net realized gain                         | (1.08)                              | (1.07)      | (0.99)      | (0.33)      | (0.90)      |
| Total Distributions to Shareholders       | (1.37)                              | (1.37)      | (1.24)      | (0.56)      | (1.10)      |
| <b>REDEMPTION FEES(a)(b)</b>              | 0.00                                | 0.00        | 0.00        | 0.00        | 0.00        |
| <b>NET ASSET VALUE, End of Year</b>       | \$ 20.39                            | \$ 22.34    | \$ 22.25    | \$ 21.95    | \$ 19.69    |
| <b>TOTAL RETURN</b>                       | (3.17)%                             | 7.08%       | 6.97%       | 14.55%      | 1.58%       |
| <b>RATIOS/SUPPLEMENTARY DATA</b>          |                                     |             |             |             |             |
| Net Assets at End of Year (000s omitted)  | \$ 113,810                          | \$ 137,995  | \$ 161,032  | \$ 185,363  | \$ 203,921  |
| Ratios to Average Net Assets:             |                                     |             |             |             |             |
| Net investment income                     | 1.34%                               | 1.25%       | 1.14%       | 1.11%       | 1.10%       |
| Net expenses                              | 0.95%                               | 0.98%       | 0.98%       | 1.03%       | 1.14%       |
| Gross expenses (c)                        | 1.10%                               | 1.11%       | 1.10%       | 1.16%       | 1.30%       |
| <b>PORTFOLIO TURNOVER RATE</b>            | 2%                                  | 3%          | 3%          | 5%          | 6%          |

- (a) Calculated based on average shares outstanding during each year.  
(b) Less than \$0.01 per share.  
(c) Reflects the expense ratio excluding any waivers and/or reimbursements.

**AUXIER FOCUS FUND**  
**FINANCIAL HIGHLIGHTS**

These financial highlights reflect selected data for a share outstanding throughout each year.

|   | For the Years Ended June 30, |          |          |          |          |
|---|------------------------------|----------|----------|----------|----------|
|   | 2020                         | 2019     | 2018     | 2017     | 2016     |
| <b>A SHARES SHARES</b>                    |                              |          |          |          |          |
| <b>NET ASSET VALUE, Beginning of Year</b> | \$ 22.70                     | \$ 22.56 | \$ 22.23 | \$ 19.90 | \$ 20.64 |
| <b>INVESTMENT OPERATIONS</b>              |                              |          |          |          |          |
| Net investment income (a)                 | 0.23                         | 0.22     | 0.20     | 0.19     | 0.19     |
| Net realized and unrealized gain (loss)   | (0.89)                       | 1.21     | 1.29     | 2.61     | 0.09     |
| Total from Investment Operations          | (0.66)                       | 1.43     | 1.49     | 2.80     | 0.28     |
| <b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b> |                              |          |          |          |          |
| Net investment income                     | (0.20)                       | (0.22)   | (0.17)   | (0.14)   | (0.12)   |
| Net realized gain                         | (1.08)                       | (1.07)   | (0.99)   | (0.33)   | (0.90)   |
| Total Distributions to Shareholders       | (1.28)                       | (1.29)   | (1.16)   | (0.47)   | (1.02)   |
| <b>REDEMPTION FEES(a)(b)</b>              | 0.00                         | 0.00     | 0.00     | 0.00     | 0.00     |
| <b>NET ASSET VALUE, End of Year</b>       | \$ 20.76                     | \$ 22.70 | \$ 22.56 | \$ 22.23 | \$ 19.90 |
| <b>TOTAL RETURN(c)</b>                    | (3.47)%                      | 6.80%    | 6.68%    | 14.28%   | 1.49%    |
| <b>RATIOS/SUPPLEMENTARY DATA</b>          |                              |          |          |          |          |
| Net Assets at End of Year (000s omitted)  | \$ 2,770                     | \$ 2,664 | \$ 2,782 | \$ 2,797 | \$ 2,698 |
| Ratios to Average Net Assets:             |                              |          |          |          |          |
| Net investment income                     | 1.06%                        | 0.98%    | 0.87%    | 0.91%    | 0.94%    |
| Net expenses                              | 1.25%                        | 1.25%    | 1.25%    | 1.25%    | 1.25%    |
| Gross expenses (d)                        | 1.51%                        | 1.53%    | 1.44%    | 1.54%    | 1.61%    |
| <b>PORTFOLIO TURNOVER RATE</b>            | 2%                           | 3%       | 3%       | 5%       | 6%       |

- (a) Calculated based on average shares outstanding during each year.  
(b) Less than \$0.01 per share.  
(c) Total Return does not include the effect of front end sales charge or contingent deferred sales charge.  
(d) Reflects the expense ratio excluding any waivers and/or reimbursements.

**AUXIER FOCUS FUND**  
**FINANCIAL HIGHLIGHTS**

These financial highlights reflect selected data for a share outstanding throughout each year.

|   | <b>For the Years Ended June 30,</b> |             |             |             |             |
|---|-------------------------------------|-------------|-------------|-------------|-------------|
|   | <b>2020</b>                         | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
| <b>INSTITUTIONAL SHARES</b>               |                                     |             |             |             |             |
| <b>NET ASSET VALUE, Beginning of Year</b> | \$ 22.81                            | \$ 22.66    | \$ 22.29    | \$ 19.96    | \$ 20.74    |
| <b>INVESTMENT OPERATIONS</b>              |                                     |             |             |             |             |
| Net investment income (a)                 | 0.33                                | 0.33        | 0.31        | 0.28        | 0.25        |
| Net realized and unrealized gain (loss)   | (0.88)                              | 1.19        | 1.30        | 2.61        | 0.08        |
| Total from Investment Operations          | (0.55)                              | 1.52        | 1.61        | 2.89        | 0.33        |
| <b>DISTRIBUTIONS TO SHAREHOLDERS FROM</b> |                                     |             |             |             |             |
| Net investment income                     | (0.30)                              | (0.30)      | (0.25)      | (0.23)      | (0.21)      |
| Net realized gain                         | (1.08)                              | (1.07)      | (0.99)      | (0.33)      | (0.90)      |
| Total Distributions to Shareholders       | (1.38)                              | (1.37)      | (1.24)      | (0.56)      | (1.11)      |
| <b>REDEMPTION FEES(a)(b)</b>              | 0.00                                | 0.00        | 0.00        | 0.00        | 0.00        |
| <b>NET ASSET VALUE, End of Year</b>       | \$ 20.88                            | \$ 22.81    | \$ 22.66    | \$ 22.29    | \$ 19.96    |
| <b>TOTAL RETURN</b>                       | (3.00)%                             | 7.24%       | 7.20%       | 14.72%      | 1.74%       |
| <b>RATIOS/SUPPLEMENTARY DATA</b>          |                                     |             |             |             |             |
| Net Assets at End of Year (000s omitted)  | \$ 88,103                           | \$ 90,958   | \$ 71,644   | \$ 59,518   | \$ 42,969   |
| Ratios to Average Net Assets:             |                                     |             |             |             |             |
| Net investment income                     | 1.51%                               | 1.43%       | 1.34%       | 1.32%       | 1.27%       |
| Net expenses                              | 0.80%                               | 0.80%       | 0.80%       | 0.86%       | 1.00%       |
| Gross expenses (c)                        | 1.10%                               | 1.10%       | 1.10%       | 1.16%       | 1.31%       |
| <b>PORTFOLIO TURNOVER RATE</b>            | 2%                                  | 3%          | 3%          | 5%          | 6%          |

- (a) Calculated based on average shares outstanding during each year.  
(b) Less than \$0.01 per share.  
(c) Reflects the expense ratio excluding any waivers and/or reimbursements.

### **Note 1. Organization**

The Auxier Focus Fund (the “Fund”) is a diversified portfolio of Forum Funds (the “Trust”). The Trust is a Delaware statutory trust that is registered as an open-end, management investment company under the Investment Company Act of 1940, as amended (the “Act”). Under its Trust Instrument, the Trust is authorized to issue an unlimited number of the Fund’s shares of beneficial interest without par value.

The Fund currently offers three classes of shares: Investor Shares, A Shares and Institutional Shares. A Shares are offered at net asset value plus a maximum sales charge of 5.75%. A Shares are also subject to contingent deferred sales charge (“CDSC”) of 1.00% on purchases without an initial sales charge and redeemed less than one year after they are purchased. Investor Shares and Institutional Shares are not subject to a sales charge. Investor Shares, A Shares and Institutional Shares commenced operations on July 9, 1999, July 8, 2005 and May 9, 2012, respectively. The Fund’s investment objective is to provide long-term capital appreciation.

### **Note 2. Summary of Significant Accounting Policies**

The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, “Financial Services – Investment Companies.” These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of increases and decreases in net assets from operations during the fiscal year. Actual amounts could differ from those estimates. The following summarizes the significant accounting policies of the Fund:

**Security Valuation** – Securities are valued at market prices using the last quoted trade or official closing price from the principal exchange where the security is traded, as provided by independent pricing services on each Fund business day. In the absence of a last trade, securities are valued at the mean of the last bid and ask price provided by the pricing service. Debt securities may be valued at prices supplied by a fund’s pricing agent based on broker or dealer supplied valuations or matrix pricing, a method of valuing securities by reference to the value of other securities with similar characteristics such as rating, interest rate and maturity. Shares of non-exchange traded open-end mutual funds are valued at net asset value (“NAV”). Short-term investments that mature in sixty days or less may be valued at amortized cost.

The Fund values its investments at fair value pursuant to procedures adopted by the Trust’s Board of Trustees (the “Board”) if (1) market quotations are not readily available or (2) the Adviser, as defined in Note 4, believes that the values available are unreliable. The Trust’s Valuation Committee, as defined in the Fund’s registration statement, performs certain functions as they relate to the administration and oversight of the Fund’s valuation procedures. Under these procedures, the Valuation Committee convenes on a regular and ad hoc basis to review such investments and considers a number of factors, including valuation methodologies and significant unobservable inputs, when arriving at fair value.

The Valuation Committee may work with the Adviser to provide valuation inputs. In determining fair valuations, inputs may include market-based analytics that may consider related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant investment information. Adviser inputs may include an income-based approach in which the anticipated future cash flows of the investment are discounted in determining fair value. Discounts may also be applied based on the nature or duration of any restrictions on the disposition of the investments. The Valuation Committee performs regular reviews of valuation methodologies, key inputs and assumptions, disposition analysis and market activity.

Fair valuation is based on subjective factors and, as a result, the fair value price of an investment may differ from the security’s market price and may not be the price at which the asset may be sold. Fair valuation could result in a different NAV than a NAV determined by using market quotes.

GAAP has a three-tier fair value hierarchy. The basis of the tiers is dependent upon the various “inputs” used to determine the value of the Fund’s investments. These inputs are summarized in the three broad levels listed below:

Level 1 - Quoted prices in active markets for identical assets and liabilities.



Level 2 - Prices determined using significant other observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Short-term securities with maturities of sixty days or less are valued at amortized cost, which approximates market value, and are categorized as Level 2 in the hierarchy. Municipal securities, long-term U.S. government obligations and corporate debt securities are valued in accordance with the evaluated price supplied by a pricing service and generally categorized as Level 2 in the hierarchy. Other securities that are categorized as Level 2 in the hierarchy include, but are not limited to, warrants that do not trade on an exchange, securities valued at the mean between the last reported bid and ask quotation and international equity securities valued by an independent third party with adjustments for changes in value between the time of the securities' respective local market closes and the close of the U.S. market.

Level 3 - Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The aggregate value by input level, as of June 30, 2020, for the Fund's investments is included at the end of the Fund's Schedule of Investments.

**Security Transactions, Investment Income and Realized Gain and Loss** – Investment transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as possible after determining the existence of a dividend declaration after exercising reasonable due diligence. Income and capital gains on some foreign securities may be subject to foreign withholding taxes, which are accrued as applicable. Interest income is recorded on an accrual basis. Premium is amortized to the next call date above par and discount is accreted to maturity using the effective interest method. Identified cost of investments sold is used to determine the gain and loss for both financial statement and federal income tax purposes.

**Foreign Currency Translations** – Foreign currency amounts are translated into U.S. dollars as follows: (1) assets and liabilities at the rate of exchange at the end of the respective period; and (2) purchases and sales of securities and income and expenses at the rate of exchange prevailing on the dates of such transactions. The portion of the results of operations arising from changes in the exchange rates and the portion due to fluctuations arising from changes in the market prices of securities are not isolated. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

**Distributions to Shareholders** – The Fund declares any dividends from net investment income and pays them annually. Any net capital gains and net foreign currency gains realized by the Fund are distributed at least annually. Distributions to shareholders are recorded on the ex-dividend date. Distributions are based on amounts calculated in accordance with applicable federal income tax regulations, which may differ from GAAP. These differences are due primarily to differing treatments of income and gain on various investment securities held by the Fund, timing differences and differing characterizations of distributions made by the Fund.

**Federal Taxes** – The Fund intends to continue to qualify each year as a regulated investment company under Subchapter M of Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as amended (“Code”), and to distribute all of its taxable income to shareholders. In addition, by distributing in each calendar year substantially all of its net investment income and capital gains, if any, the Fund will not be subject to a federal excise tax. Therefore, no federal income or excise tax provision is required. The Fund files a U.S. federal income and excise tax return as required. The Fund's federal income tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed. As of June 30, 2020, there are no uncertain tax positions that would require financial statement recognition, de-recognition or disclosure.

**Income and Expense Allocation** – The Trust accounts separately for the assets, liabilities and operations of each of its investment portfolios. Expenses that are directly attributable to more than one investment portfolio are allocated among the respective investment portfolios in an equitable manner.

The Fund's class-specific expenses are charged to the operations of that class of shares. Income and expenses (other than expenses attributable to a specific class) and realized and unrealized gains or losses on investments are allocated to each class of shares based on the class' respective net assets to the total net assets of the Fund.

**Redemption Fees** – A shareholder who redeems or exchanges shares within 180 days of purchase will incur a redemption fee of 2.00% of the current NAV of shares redeemed or exchanged, subject to certain limitations. The fee is charged for the benefit of the remaining shareholders and will be paid to the Fund to help offset transaction costs. The fee is accounted for as an addition to paid-in capital. The Fund reserves the right to modify the terms of or terminate the fee at any time. There are limited exceptions to

the imposition of the redemption fee. Redemption fees incurred for the Fund, if any, are reflected on the Statements of Changes in Net Assets.

**Commitments and Contingencies** – In the normal course of business, the Fund enters into contracts that provide general indemnifications by the Fund to the counterparty to the contract. The Fund’s maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote. The Fund has determined that none of these arrangements requires disclosure on the Fund’s balance sheet.

### **Note 3. Cash – Concentration in Uninsured Account**

For cash management purposes, the Fund may concentrate cash with the Fund’s custodian. This typically results in cash balances exceeding the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. As of June 30, 2020, the Fund had \$7,455,761 at MUFG Union Bank, N.A. that exceeded the FDIC insurance limit.

### **Note 4. Fees and Expenses**

**Investment Adviser** – Auxier Asset Management LLC (the “Adviser”) is the investment Adviser to the Fund. Pursuant to an investment advisory agreement, the Adviser receives an advisory fee, payable monthly, from the Fund at an annual rate of 0.80% of the Fund’s average daily net assets.

**Distribution** – Foreside Fund Services, LLC serves as the Fund’s distributor (the “Distributor”). The Distributor is not affiliated with the Adviser or Atlantic Fund Administration, LLC, a wholly owned subsidiary of Apex US Holdings, LLC (d/b/a Apex Fund Services) (“Apex”) or their affiliates. The Fund has adopted a Distribution Plan (the “Plan”) for A Shares of the Fund in accordance with Rule 12b-1 of the Act. Under the Plan, the Fund pays the Distributor and/or any other entity as authorized by the Board a fee of up to 0.25% of the average daily net assets of A Shares. The Distributor has no role in determining the investment policies or which securities are to be purchased or sold by the Trust or its Funds.

For the year ended June 30, 2020, there were \$11,872 front-end sales charges assessed on the sale of A Shares and no contingent deferred sales charges were assessed on the sale of A Shares. The Distributor received \$2,572 of the total front-end sales charges.

**Other Service Providers** – Apex provides fund accounting, fund administration, compliance and transfer agency services to the Fund. The fees related to these services are included in Fund services fees within the Statement of Operations. Apex also provides certain shareholder report production and EDGAR conversion and filing services. Apex provides a Principal Executive Officer, a Principal Financial Officer, a Chief Compliance Officer and an Anti-Money Laundering Officer to the Fund, as well as certain additional compliance support functions.

**Trustees and Officers** – Each Independent Trustee’s annual retainer is \$31,000 (\$41,000 for the Chairman), and the Audit Committee Chairman receives an additional \$2,000 annually. The Trustees and Chairman may receive additional fees for special Board meetings. Each Trustee is also reimbursed for all reasonable out-of-pocket expenses incurred in connection with his or her duties as a Trustee, including travel and related expenses incurred in attending Board meetings. The amount of Trustees’ fees attributable to the Fund is disclosed in the Statement of Operations. Certain officers of the Trust are also officers or employees of the above named service providers, and during their terms of office received no compensation from the Fund.

### **Note 5. Expense Reimbursement and Fees Waived**

The Adviser has contractually agreed to waive its fee and/or reimburse Fund expenses to limit Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement (excluding all taxes, interest, portfolio transaction expenses, dividend expenses on short sales, and extraordinary expenses) to 0.94%, 1.25% and 0.80% of the Investor Shares, A Shares and Institutional Shares, respectively, through at least October 31, 2020. Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement for Investor Shares do not correlate to the ratio of expenses to average net assets given in the financial highlights due to a reduction in the expense cap for the Investor Shares that went into effect on November 1, 2019. These contractual waivers may only be raised or eliminated with consent of the Board. Other fund service providers have voluntarily agreed to waive a portion

**AUXIER FOCUS FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

of their fees. These voluntary reductions may be reduced or eliminated at any time. For the year ended June 30, 2020, the fees waived and expenses reimbursed were as follows:

| <u>Investment Adviser<br/>Fees Waived</u> | <u>Investment Adviser<br/>Expenses Reimbursed</u> | <u>Other Waivers</u> | <u>Total Fees Waived<br/>and Expenses<br/>Reimbursed</u> |
|---|---|----------------------|--|
| \$ 180,888                                | \$ 197,907  | \$ 87,752            | \$ 466,547   |

The Adviser may be reimbursed by the Fund for fees waived and expenses reimbursed by the Adviser pursuant to the Expense Cap if such payment is made within three years of the fee waiver or expense reimbursement, and does not cause the Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to exceed the lesser of (i) the then-current expense cap, or (ii) the expense cap in place at the time the fees/expenses were waived/reimbursed. As of June 30, 2020, \$1,058,094 is subject to recapture by the Adviser. Other Waivers are not eligible for recoupment.

**Note 6. Security Transactions**

The cost of purchases and proceeds from sales of investment securities (including maturities), other than short-term investments, during the year ended June 30, 2020, totaled \$3,209,163 and \$17,281,729.

**Note 7. Federal Income Tax**

As of June 30, 2020, cost for federal income tax purposes is \$107,816,654 and net unrealized appreciation consists of:

|                               |                      |
|-------------------------------|----------------------|
| Gross Unrealized Appreciation | \$ 102,500,020       |
| Gross Unrealized Depreciation | <u>(13,893,883)</u>  |
| Net Unrealized Appreciation   | <u>\$ 88,606,137</u> |

Distributions paid during the fiscal years ended as noted were characterized for tax purposes as follows:

|                        | <u>2020</u>          | <u>2019</u>          |
|------------------------|----------------------|----------------------|
| Ordinary Income        | \$ 3,106,233         | \$ 3,201,085         |
| Long-Term Capital Gain | <u>10,836,650</u>    | <u>11,108,749</u>    |
|                        | <u>\$ 13,942,883</u> | <u>\$ 14,309,834</u> |

As of June 30, 2020, distributable earnings (accumulated loss) on a tax basis were as follows:

|                               |                      |
|-------------------------------|----------------------|
| Undistributed Ordinary Income | \$ 1,498,733         |
| Undistributed Long-Term Gain  | 2,495,852            |
| Unrealized Appreciation       | <u>88,606,137</u>    |
| Total                         | <u>\$ 92,600,722</u> |

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to wash sales and equity return of capital.

**Note 8. Subsequent Events**

Management is currently evaluating the recent introduction of the COVID-19 virus and its impact on the financial services industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the fair value of the Fund's investments and results of operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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To the Board of Trustees of Forum Funds  
and the Shareholders of Auxier Focus Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Auxier Focus Fund, a series of shares of beneficial interest in Forum Funds (the “Fund”), including the schedule of investments, as of June 30, 2020, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the five-year period then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2020, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended and its financial highlights for each of the years in the five-year period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities law and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2020 by correspondence with the custodian. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*BBD, LLP*

BBD, LLP

*We have served as the auditor of one or more of the Funds in the Forum Funds since 2009.*

Philadelphia, Pennsylvania  
August 26, 2020

### **Proxy Voting Information**

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling (877) 328-9437 and on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's proxy voting record for the most recent twelve-month period ended June 30 is available, without charge and upon request, by calling (877) 328-9437 and on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Availability of Quarterly Portfolio Schedules**

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT. Forms N-PORT are available free of charge on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Shareholder Expense Example**

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments on certain classes, redemption fees, exchange fees and CDSC fees, and (2) ongoing costs, including management fees, 12b-1 fees, and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund, and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from January 1, 2020 through June 30, 2020.

**Actual Expenses** – The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during the period.

**Hypothetical Example for Comparison Purposes** – The second line under each share class of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads) on purchase payments on certain classes, redemption fees, exchange fees, and CDSC fees. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.



**AUXIER FOCUS FUND**  
**ADDITIONAL INFORMATION (Unaudited)**  
**JUNE 30, 2020**

|  | <b>Beginning<br/>Account Value<br/>January 1, 2020</b> | <b>Ending<br/>Account Value<br/>June 30, 2020</b> | <b>Expenses<br/>Paid During<br/>Period*</b> | <b>Annualized<br/>Expense<br/>Ratio*</b> |
|--|--|---|---|--|
| <b>Investor Shares</b>                   |  |   |   |  |
| Actual                                   | \$ 1,000.00  | \$ 896.26   | \$ 4.43                                     | 0.94%                                    |
| Hypothetical (5% return before expenses) | \$ 1,000.00  | \$ 1,020.19                                       | \$ 4.72                                     | 0.94%                                    |
| <b>A Shares</b>                          |  |   |   |  |
| Actual                                   | \$ 1,000.00  | \$ 894.82   | \$ 5.89                                     | 1.25%                                    |
| Hypothetical (5% return before expenses) | \$ 1,000.00  | \$ 1,018.65                                       | \$ 6.27                                     | 1.25%                                    |
| <b>Institutional Shares</b>              |  |   |   |  |
| Actual                                   | \$ 1,000.00  | \$ 896.90   | \$ 3.77                                     | 0.80%                                    |
| Hypothetical (5% return before expenses) | \$ 1,000.00  | \$ 1,020.89                                       | \$ 4.02                                     | 0.80%                                    |

\* Expenses are equal to the Fund's annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year (182) divided by 366 to reflect the half-year period.

**Federal Tax Status of Dividends Declared during the Fiscal Year**

For federal income tax purposes, dividends from short-term capital gains are classified as ordinary income. The Fund designates 100.00% of its income dividend distributed as qualifying for the corporate dividends-received deduction (DRD), 100.00% for the qualified dividend rate (QDI), 4.41% of its income dividends as qualified interest income exempt from U.S. tax for foreign shareholders (QII) and 0.74% as short-term capital gain dividends exempt from U.S. tax for foreign shareholders (QSD) as defined in Section 1(h)(11) of the Code.

**Trustees and Officers of the Trust**

The Board is responsible for oversight of the management of the Trust's business affairs and of the exercise of all the Trust's powers except those reserved for the shareholders. The following table provides information about each Trustee and certain officers of the Trust. Each Trustee and officer holds office until the person resigns, is removed, or is replaced. Unless otherwise noted, the persons have held their principal occupations for more than five years. The address for all Trustees and officers is Three Canal Plaza, Suite 600, Portland, Maine 04101. The Fund's Statement of Additional Information includes additional information about the Trustees and is available, without charge and upon request, by calling (877) 328-9437.

**AUXIER FOCUS FUND**  
**ADDITIONAL INFORMATION (Unaudited)**  
**JUNE 30, 2020**

| <b>Name and Year of Birth</b>            | <b>Position with the Trust</b>           | <b>Length of Time Served</b>       | <b>Principal Occupation(s) During Past Five Years</b>  | <b>Number of Series in Fund Complex Overseen By Trustee</b> | <b>Other Directorships Held By Trustee During Past Five Years</b> |
|--|--|------------------------------------|--|---|---|
| <b>Independent Trustees</b>              |  |                                    |  |   |   |
| David Tucker<br>Born: 1958               | Trustee;<br>Chairman of the Board        | Since 2011 and Chairman since 2018 | Director, Blue Sky Experience (a charitable endeavor) since 2008; Senior Vice President & General Counsel, American Century Companies (an investment management firm) 1998-2008.                                 | 1   | Trustee, Forum Funds II and U.S. Global Investors Funds           |
| Mark D. Moyer<br>Born: 1959              | Trustee; Chairman of the Audit Committee | Since 2018                         | Chief Financial Officer, Freedom House (a NGO advocating political freedom and democracy) since 2017; independent consultant providing interim CFO services, principally to non-profit organizations, 2011-2017. | 1   | Trustee, Forum Funds II and U.S. Global Investors Funds           |
| Jennifer Brown-Strabley<br>Born: 1964    | Trustee                                  | Since 2018                         | Principal, Portland Global Advisors (a registered investment adviser), 1996-2010.  | 1   | Trustee, Forum Funds II and U.S. Global Investors Funds           |
| <b>Interested Trustees<sup>(1)</sup></b> |  |                                    |  |   |   |
| Jessica Chase<br>Born: 1970              | Trustee                                  | Since 2018                         | Director, Apex Fund Services since 2019; Senior Vice President, Atlantic Fund Services 2008-2019.  | 1   | Trustee, Forum Funds II and U.S. Global Investors Funds           |

<sup>(1)</sup>Jessica Chase is currently an interested person of the Trust, as defined in the 1940 Act, due to her affiliation with Apex Fund Services and her role as President of the Trust. Apex Fund Services is a wholly owned subsidiary of Apex US Holdings LLC.

| <b>Name and Year of Birth</b>   | <b>Position with the Trust</b>   | <b>Length of Time Served</b> | <b>Principal Occupation(s) During Past 5 Years</b>  |
|---------------------------------|--|------------------------------|---|
| <b>Officers</b>                 |  |                              |   |
| Jessica Chase<br>Born: 1970     | President; Principal Executive Officer                                 | Since 2015                   | Director, Apex Fund Services since 2019. Senior Vice President, Atlantic Fund Services 2008-2019.   |
| Karen Shaw<br>Born: 1972        | Treasurer; Principal Financial Officer                                 | Since 2008                   | Senior Vice President, Apex Fund Services since 2019; Senior Vice President, Atlantic Fund Services 2008-2019.                                      |
| Zachary Tackett<br>Born: 1988   | Vice President; Secretary and Anti-Money Laundering Compliance Officer | Since 2014                   | Senior Counsel, Apex Fund Services since 2019; Counsel, Atlantic Fund Services 2014-2019.   |
| Michael J. McKeen<br>Born: 1971 | Vice President   | Since 2009                   | Senior Vice President, Apex Fund Services since 2019; Senior Vice President, Atlantic Fund Services 2008-2019.                                      |
| Timothy Bowden<br>Born: 1969    | Vice President   | Since 2009                   | Manager, Apex Fund Services since 2019; Manager, Atlantic Fund Services 2008-2019.  |
| Geoffrey Ney<br>Born: 1975      | Vice President   | Since 2013                   | Manager, Apex Fund Services since 2019; Manager, Atlantic Fund Services 2013-2019.  |
| Todd Proulx<br>Born: 1978       | Vice President   | Since 2013                   | Manager, Apex Fund Services since 2019; Manager, Atlantic Fund Services 2013-2019.  |
| Carlyn Edgar<br>Born: 1963      | Vice President   | Since 2008                   | Senior Vice President, Apex Fund Services since 2019; Senior Vice President, Atlantic Fund Services 2008-2019; Chief Compliance Officer, 2008-2016. |
| Dennis Mason<br>Born: 1967      | Chief Compliance Officer   | Since 2016                   | Fund Compliance Officer, Apex Fund Services since 2019; Fund Compliance Officer, Atlantic Fund Services 2013-2019.                                  |

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# AUXIER FOCUS FUND

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## FOR MORE INFORMATION

P.O. Box 588  
Portland, Maine 04112  
(877) 3AUXIER  
(877) 328-9437

## INVESTMENT ADVISER

Auxier Asset Management LLC  
15668 NE Eilers Road  
Aurora, Oregon 97002

## TRANSFER AGENT

Apex Fund Services  
P.O. Box 588  
Portland, Maine 04112  
[www.theapexgroup.com](http://www.theapexgroup.com)

## DISTRIBUTOR

Foreside Fund Services, LLC  
Three Canal Plaza, Suite 100  
Portland, Maine 04101  
[www.foreside.com](http://www.foreside.com)

This report is submitted for the general information of the shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus, which includes information regarding the Fund's risks, objectives, fees and expenses, experience of its management, and other information.