AAM AUXIER-ASSET MANAGEMENT LLC

# Auxier REPORT

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## AUXIER FOCUS FUND
## PERFORMANCE UPDATE
## September 30, 2009

AUXFX RETURNS VS. S&P 500 INDEX

| | Auxier Focus Fund | S&P 500 Index | Difference* |
|---|---|---|---|
| 06/30/09 – 09/30/09 | 12.58% | 15.61% | -3.03 |
| 12/31/08 – 09/30/09 | 19.35% | 19.26% | 0.09 |
| 12/31/07 – 12/31/08 | -24.52% | -37.00% | 12.48 |
| 12/31/06 – 12/31/07 | 5.71% | 5.49% | 0.22 |
| 12/31/05 – 12/31/06 | 11.75% | 15.79% | -4.04 |
| 12/31/04 – 12/31/05 | 4.58% | 4.91% | -0.33 |
| 12/31/03 – 12/31/04 | 10.73% | 10.87% | -0.14 |
| 12/31/02 – 12/31/03 | 26.75% | 28.69% | -1.94 |
| 12/31/01 – 12/31/02 | -6.79% | -22.10% | 15.31 |
| 12/31/00 – 12/31/01 | 12.67% | -11.88% | 24.55 |
| 12/31/99 – 12/31/00 | 4.05% | -9.10% | 13.15 |
| Since Inception 7/9/99 | 75.71% | -9.72% | 85.43 |

* in percentage points

| Average Annual Returns for the period ended 9/30/09 | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |
|---|---|---|---|---|---|
| **Auxier Focus Fund (Investor Shares)** | **1.87%** | **0.84%** | **3.98%** | **5.73%** | **5.67% (7/9/99)** |
| **S&P 500 Index** | **(6.91)%** | **(5.43)%** | **1.02%** | **(0.15)** | **(0.99)%** |

*Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. As stated in the current prospectus, the Fund's annual operating expense ratio (gross) is 1.35%. The Fund's adviser has contractually agreed to maintain annual operating expenses at 1.35%, which is in effect until October 31, 2010. The Fund charges a 2.0% redemption fee on shares redeemed within six months of purchase. For the most recent month-end performance, please call (877)328-9437 or visit the Fund's website at www.auxierasset.com.*

*Before investing you should carefully consider the Fund's investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy of which may be obtained by calling (877) 328-9437 or visiting the Fund's website. Please read the prospectus carefully before you invest.*

Fund returns (i) assume the reinvestment of all dividends and capital gain distributions and (ii) would have been lower during the period if certain fees and expenses had not been waived. Performance shown is for the Fund's Investor Class shares; returns for other share classes will vary. Performance for Investor Class shares for periods prior to December 10, 2004 reflects performance of the applicable share class of Auxier Focus Fund, a series of Unified Series Trust (the "Predecessor Fund"). Prior to January 3, 2003, the Predecessor Fund was a series of Ameriprime Funds. The performance of the Fund's Investor Class shares for the period prior to December 10, 2004 reflects the expenses of the Predecessor Fund.

**The Fund may invest in value and/or growth stocks. Investments in value stocks are subject to risk that their intrinsic value may never be realized and investments in growth stocks may be susceptible to rapid price swings, especially during periods of economic uncertainty. In addition, the Fund may invest in smaller companies which generally carry greater risk than is customarily associated with larger companies for various reasons such as narrower markets, limited financial resources and less liquid stock. Moreover, if the Fund's portfolio is overweighted in a sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector.** Foreside Fund Services, LLC, distributor.

Fall 2009

## Market Commentary

As of September 30, 2009, Auxier Focus Fund returned 12.58%, versus 15.61% for Standard and Poor's 500 Index (S&P) for the third quarter of 2009. Year-to-date, with approximately 70% stock exposure, the fund gained 19.35%, beating the S&P's 19.26%. For the 12 months the fund earned 1.87% vs. -6.91% for the market (S&P). Since inception (7/9/99) the fund has returned 75.71% vs. a negative 9.72% for the S&P (an 85.43 percentage point cumulative outperformance).

Over the past nine months, the fund profited by scooping up high-yielding corporate bonds. Forced liquidations by institutional holders of such bonds led to drastic misappraisals and historic bargain prices. By carefully monitoring company capital structures, and being flexible, corporate bond bargains can occasionally achieve equity type returns with far less risk. Higher yield corporate bonds have actually far outperformed domestic stock indexes this year. We try to understand each business and its capital structure to determine its cash generating potential. It is rare when you can buy senior debt securities sporting double-digit returns like we have seen the past year.

Stocks stellar rally since March is a reminder of how costly it can be to focus on unknowables such as the market, interest rates and the economy instead of specific investment opportunities with mouth-watering odds. The window of opportunity is often very brief. So being prepared in advance is critical to have the conviction to act. Having a database built over a number of years helps to decipher facts from fiction in the height of a crisis.

This past quarter, ironically, our high-quality companies lagged riskier stocks (those most dependent on the capital markets and crushed in the market decline). One reason: the aggressive fiscal and monetary action by the Federal Reserve tightened credit spreads dramatically over a short period of time. Just goes to show that outperformance is possible for any asset class when starting from a point of severe undervaluation. Everything has a price.

## A Solid Investment Approach

We have endured one of the longest recessions (22 months as of June), the third worst stock market decline since 1900 (a 57% drop to the March 9 lows) and one of the poorest 10-year periods for stocks since 1871. As we have seen, markets tend to be harsh to those who don't follow a sound investment approach. To win the race you must first finish, focus on the balance sheet and understand risk factors that can lead to permanent capital loss. Supply and demand must be monitored closely. The misperception of risk and odds continues to take many investors out of the game.

## Economic Recovery May Surprise

A current worry is that we will have structurally high unemployment for years—that we will have a "jobless" recovery. Historically, companies coming out of recession operate lean to insure survival. Caution is evidenced by corporate cash levels now near 40-year highs, according to the *Wall Street Journal*.

As Jim Grant, editor of *Grant's Interest Rate Observer* has recently commented, "Currently, 25% of American workers are employed in jobs that the Census Bureau didn't even list as occupations in 1967. We underestimate the resiliency and capacity of market economies to reinvent the nature of work." Contrary to the current consensus, Grant adds, the key determinant to the strength of an economic upturn was the severity of the downturn that preceded it. There were no exceptions to this rule. The recent downturn ranks as the worst since World War II.

**Master the Game -10 year minimum**

Geoff Colvin's *Talent Is Overrated* studies high performance in a number of fields. Colvin cites highly specific "deliberate practice" over a 10-year period as a key to extraordinary achievement in any field. The most important is solitary practice, and the advantage is cumulative. More total practice is powerfully associated with better performance. Anders Ericsson's "The Role of Deliberate Practice in the Acquisition of Expert Performance" noticed a theme that emerged in research on top-level performers. No matter who they were, or what explanation of their performance was being advanced, it always took them many years to become excellent. If a person achieves elite status only after many years of toil, assigning the principal role in that success to innate gifts becomes problematic. The phenomenon seems nearly universal whether in math, science, chess, musical composition, swimming or tennis. No one, not even the most "talented" performers, became great without at least 10 years of hard preparation. Many scientists and authors produce their greatest work only after twenty or more years of devoted effort. The "deliberate practice" made all the difference. Colvin says, "The difference between expert performers and normal adults reflect a lifelong period of deliberate effort to improve performance in a specific domain."

**Final Thoughts: The Search for Drive and Passion**

We are constantly on the lookout for corporate managers who have integrity and a passion for the business. They also have a focused obsession to navigate through the most challenging of economic conditions. *USA Today* published a list in April of 2007 of the top 25 US stocks over a 25 year period starting in the 1982 recession. You see returns ranging from 17,808% to 64,224%. And you can see why the goal is to be a diligent business analyst, not a stock market prognosticator.

Thank you for your continued trust.

Jeff Auxier

*There can be no guarantee of success with any technique, strategy, or investment. All investing involves risk, including the loss of principal. The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 widely held common stocks. One can not invest directly in an index.*

*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.*