AAM AUXIER•ASSET MANAGEMENT LLC

Auxier REPORT

5285 Meadows Rd., Ste. 333 Lake Oswego, OR 97035 Phone 503.885.8807 800.835.9556 Fax 503.885.8607 Email info@auxierasset.com

J. Jeffrey Auxier

Fall 2015 Market Commentary

Major stock indices continued their correction through the third quarter of 2015. Corporate revenue gains and product pricing have been weak. Concerns over slowing global growth and currency devaluations, starting with China, have added to uncertainty. Commodity-driven emerging markets have suffered over $1 trillion in outflows, the first net exodus in 27 years. So it shouldn't be surprising that a long overdue 10% correction took place in a week in August. The price you pay for seeking superior compounded returns is enduring the volatility of free market pricing. The key to compounding is to stick with good companies when it gets ugly and painful.

It is also important to lighten up some during boom times. The commodities and energy sectors are suffering a huge hangover from China's now-deflating construction bubble financed with mounting levels of debt. The Reuters/Jefferies (CRB) commodity index has now corrected 45% from the 2011 highs. Such global cyclical stocks, as a group, have trailed far behind high-quality consumer businesses, particularly those with strong brands that sell smaller ticket necessities like foods and beverages. The current market environment has some similarities to the markets in the mid-1990s. Japan in 1994 had a debt-driven boom similar to China's today, with much of the proceeds going into construction. Mexico devalued the peso in 1994. By 1998 Russia defaulted on government bonds as oil prices crashed close to $10 a barrel, versus around $45 now. Asian countries then suffered a series of currency devaluations. These events heightened global investors' ardor for the dollar, US assets and the perceived safety of our "rule of law" economy.

Today we are seeing rampant corruption in China, Russia, Venezuela, Brazil and other Latin countries. Debt-laden China is starting to devalue its currency, leading to comparable markdowns throughout Asia. Greece has been a well-publicized casualty of "easy money" as well. Once again the rule of law matters to investment markets, making US assets more attractive as many commodity-based economies weaken in the face of too much supply. In August food prices were down 19% year over year. The USDA forecasts a 36% decline in farm income this year, the largest since 1983. Brazil has tripled the output of soybeans since 2000. And this crop is exported with a 35% price discount thanks to the devalued Real. Too much supply is also a problem in the US oil patch. The average well in the Texas Eagle Ford Shale now is producing 719 barrels a day versus 215 barrels a day in 2011.

Contrast these issues with the plight of so-called statism economies (in which the state dominates output, social policies or both). In Venezuela, despite a leading position in oil reserves, GDP is declining 7% and inflation is running over 100% a year and shortages are the norm. The Bolivar currency has crashed to a level where it requires 700 for every US dollar on the black market. People are starving as food is scarce. Russia similarly suffers from a deep recession with double digit inflation and acute shortages for necessities. These leaders get into office promising many "free" things to the populace. In 1918 Lenin promised free health care and education in Russia. Socialism and statism are devastating to long-term capital preservation and purchasing power. The importance of the fundamental rule of law can't be overemphasized. In market-driven economies like ours, periods of declining prices (deflation) are typically more likely than rising prices (inflation). The exceptions are war times.

Why Consumer-Based Economies Are Better Bets

Two-thirds of the US economy is consumption driven. Gasoline and diesel prices have continued to plummet along with natural gas. Natural gas supplies 30% of US electricity and heats over half the homes. Natural gas has declined to close to $2 per mcf or less than $19 a barrel on an oil equivalent price. Lifting of economic sanctions on Iran add further downward pressure on energy prices. Iran, once the number two oil producer in the world, is looking to materially increase production as their barrels per day dropped from 3.7 million in 2011 to the current 2.7 million barrels. These declining energy inputs act like a tax cut. Consumption spending was up 3.6% in the second quarter, 3.2% in the third quarter. Residential investment is up 6.1%. Adobe Digital Index predicts online sales on Thanksgiving to gain 17% to $1.6 billion with 29% of purchases on mobile devices. Cyber Monday, the first Monday after Thanksgiving, is expected to be $3 billion up 13.2% and Black Friday (the day after Thanksgiving) $2.7 billion up 13.8% over 2014. The increase in real consumer spending has now exceeded 3% in the past five quarters. Car sales are running in excess of 17.5 million units, home prices are firm and unemployment has declined close to 5%. The service sector as measured by the Institute of Supply Management's ISM Non-Manufacturing Index continues to show improvement as well.

Risk Is More Than a Four-Letter Word

The ability to identify and quantify risk through price discovery is crucial to maintain high compounded returns. We believe that risk is not having the facts and not understanding the odds associated with an investment. We spend years studying businesses and industries in search for those enduring enterprises that can survive the most difficult competitive challenges. Some of the risks we look for:

- Obsolescence. Can the product be blown away by new disruptive technology? Microsoft lost 90% of its investment in mobile operator Nokia in a year.
- Valuation. Too high a price can lead to mediocre results even for the best business. Internet funds that doubled in a year in the late 1990s were out of business within three years.
- Currency declines. Devaluations of over 35% in Brazil and Russia have hammered shareholders even of those companies doing well operationally.
- Corruption. This has been a core problem with China over centuries. To endure in a market-based system leadership has to be honest. Bigger is not necessarily better in this area. Giant carmaker Volkswagen is a good example with the most recent emissions cheating debacle.
- Balance sheet. Rapid growth through borrowed money without regard to price can lead to implosions in stock market value. Examples include copper king Glencore PLC overseas and Chesapeake Energy in the US. Both suffered portfolio torpedoing losses that resulted when you combine ego with aggressive debt accumulation and overpriced acquisitions.
- Execution risk. Kroger is an example of a retailer that is executing and building tremendous value, whereas Britain-based competitor Tesco is not.
- Other people's money (OPM). The lack of sufficient skin in the game by leadership can be disastrous. Once the big Wall Street firms converted from private partnerships to public ownership they no longer had the same vested interest—their own money was not on the line. The result: many failed under the stress of financial panic in 2008-09. We prefer leadership that loves the business more than the stock options.

Fall 2015 Auxier Focus Fund Performance Update

ANNUALIZED

	Inception *	Ten Year	Five Year	Three Year	One Year	3Q2015
Auxier Focus Fund Investor Class Shares	6.75%	5.99%	8.48%	7.59%	-2.35%	-6.20%
S&P 500 Index	3.90%	6.80%	13.34%	12.40%	-0.61%	-6.44%

CUMULATIVE

	Inception *	Ten Year	Five Year	Three Year	One Year	3Q2015
Auxier Focus Fund Investor Class Shares	188.54%	78.94%	50.25%	24.54%	-2.35%	-6.20%
S&P 500 Index	86.00%	93.05%	87.02%	42.02%	-0.61%	-6.44%

* Fund inception: July 9, 1999

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 1.26%. 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 1.14%, which is in effect until October 31, 2016. Other share classes may vary. 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 Advisor's website at 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.

Auxier Focus Fund's Investor share class declined 6.20% in the third quarter 2015. The Standard & Poor's 500 Index lost 6.44%. The Dow Jones Industrial Average declined 7% and value stocks, as measured by the Russell 1000 Value Index, declined 8.39%. Small companies, as measured by the Russell 2000 Index, lost 11.92%. Income-minded investors in master limited partnerships (MLPs) represented by the Alerian Energy Infrastructure Index shed 23.3%. Emerging markets suffered a

16.5% drop while gold mining stocks plummeted 25%. The extreme pessimism reading we saw in August was rare and has been seen in recent years: August 2009, September 2010, and October 2011. Since 1963 such negative sentiment has led to average returns of 11% the following 12 months.

Portfolio Highlights

The Fund entered the third quarter with 72% US stocks, 15% foreign stocks, 7% cash and the balance in market agnostic "workouts." Generally, the more defensive businesses like foods and beverages outperformed the more economically cyclical issues. Molson Coors is an example of a defensive name that also had an industry catalyst. To wit: we felt the odds were high Molson would benefit from the merger of rivals Ambev and SAB Miller. The added catalyst provided a greater "margin of safety" in a declining market.

We sadly lost a great fund holding when Precision Castparts was acquired by Berkshire Hathaway for $235 per share in cash. Precision came public in 1968 and has returned over 300 times the original investment since that time. We have stock in the separately managed accounts at close to $1 a share. Precision is an example of how you can do very well with a strong, honest, focused leadership in a relatively dull business (metal fabricating) over long periods. Most recently CEO Mark Donegan has done a terrific job. The ride has been volatile as the stock would fluctuate over 50% on average per year. That is why we are so convinced that a dedicated research effort is critical to find great operators like Precision when they are still small enough to enjoy meaningful growth. We currently like the potential for consolidation in the media content space, in particular companies like Discovery Communications. Low cost fertilizer companies like Mosaic are becoming interesting as farm commodities drop under the price of production.

Top Holdings on 9/30/2015	% Assets
Pepsico	3.5
Bank of New York Mellon	3.4
Kroger	3.0
UnitedHealth Group	2.8
Molson Coors Brewing	2.7
Philip Morris	2.6
Medtronic	2.6
Microsoft	2.6
Johnson & Johnson	2.2
MasterCard	2.2

Looking back over the years, our businesses have tended to fare well in periods of declining energy prices. Typically it takes 18 months for the full effect of energy savings to be realized in a consumption/service economy like ours. Although painful, we much prefer allocating capital in declining markets where fear, pessimism and panic dominate. One of the main advantages when investing in auction markets is the material mispricing and bargain purchases that can result from irrational behavior. Looking ahead, we tend to add more value in difficult times from our years of cumulative experience in sharp market declines while adhering to an enduring value approach.

We appreciate your trust.

Jeff Auxier

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

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

The Fund may invest in value and/or growth stocks. Investments in value stocks are subject to risk that their intrinsic value may never be realized and investments in growth stocks may be susceptible to rapid price swings, especially during periods of economic uncertainty. In addition, the Fund may invest in mid-sized companies which generally carry greater risk than is customarily associated with larger companies. Moreover, if the Fund's portfolio is overweighted in a sector, any negative development affecting that sector will have a greater impact on the Fund than a fund that is not overweighted in that sector. An increase in interest rates typically causes a fall in the value of a debt security (Fixed-Income Securities Risk) with corresponding changes to the Fund's value.

Foreside Fund Services, LLC, distributor.

The S&P 500 Index is a broad-based, unmanaged measurement of changes in stock market conditions based on 500 widely held common stocks. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. The Reuters Jefferies CRB Index is a global commodity index that tracks the price movement of commodity futures as a whole. Adobe Digital Index publishes research on digital marketing based on the analysis of anonymous, aggregated data from over 5,000 companies worldwide. ISM Non-Manufacturing Index is an index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data, like the ISM Non-Manufacturing Business Activity Index. A composite diffusion index is created based on the data from these surveys, that monitors economic conditions of the nation. The Alerian Energy Infrastructure Index is a composite of North American energy infrastructure companies. The index, whose constituents are engaged in the pipeline transportation, gathering, processing, and storage of energy commodities, is disseminated real-time on a price-return basis (AMEI) and on a total-return basis (AMEIX). The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.The Russell 2000 Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index. 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.