AAM AUXIER-ASSET MANAGEMENT LLC

Auxier REPORT

15668 NE Eilers Road, Aurora, OR 97002 • Phone 503.885.8807 • 800.835.9556 • Fax 503.885.8607 • Email info@auxierasset.com

J. Jeffrey Auxier

Fall 2018 Market Commentary

In the third quarter the US was a global leader in equity returns. Strong GDP growth, tax cut stimulus, deregulation, employment gains and higher wages contributed to strong consumer confidence and spending. However, after recently meeting with CEOs and CFOs of over 50 companies we learned firsthand about negative headwinds weighing on earnings forecasts for 2019. Namely, a strong dollar hurting export demand, tariffs, higher oil, transportation, labor and interest costs, which all can negatively impact profit margins. China's depreciating currency has posed additional challenges while emerging market currencies have reached multi-decade lows. The stocks of industrials, autos, chemicals, semiconductors and homebuilders have been discounting a global growth slowdown–possibly an earnings recession. Rising mortgage rates, loss of deductions in high-tax states and overheated markets are hampering high-end housing. Auto affordability has declined with high prices and tighter bank credit as most buyers make payments, although domestic truck sales are surging. With US oil companies solidly profitable at $50 a barrel, fundamentals support lower fuel inputs as commodities will tend to trade close to the cost of production over time.

Rising Interest Rates Are Bringing Back Discipline to Capital Allocation

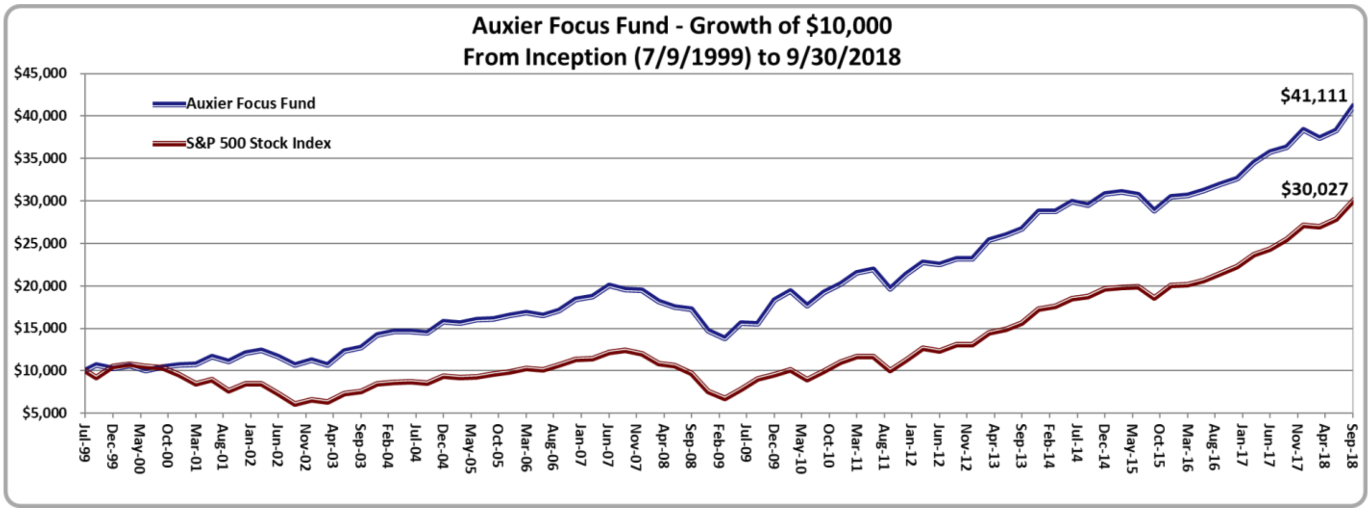
For the past decade momentum strategies continued to outpace those based on price, value and buying at a discount to intrinsic value. That may be changing. Overpaying and overborrowing are recurring investment sins that tend to destroy intrinsic value over time. General Electric is a good example of a company that mispriced long term care policies, and grossly overpaid for energy assets. A $10,000 investment in GE in July of 1999 when GE was one of the most popular and highly valued companies in the world is now worth less than $6,300. When money is free and easy it is common to pay for "growth at any price." Rising interest rates are starting to expose the misallocation of capital while flushing out excesses. Money losing speculations are suffering. Bitcoin has corrected over 75% from its speculative high earlier this year (source Standard & Poor's.) 83% of initial public offerings (IPOs) are losing money (WSJ) while the cash burn[1] of the top 200 private Silicon Valley startups is 5-10 times worse than at the peak of the tech mania in 2000 (source Benchmark Capital.) Do we really need 130 food delivery companies? Wall Street tends to ignore signs of excess supply which often follows exuberance in an industry doing well.

Overall supply of publicly traded stocks in the US continues to decline as stock buybacks in the US is expected to reach $1 trillion in 2018 according to Goldman Sachs. This demand is favorable, although ultimately rising revenues and cash flows are the critical metric in building underlying intrinsic values. Global mergers exceeded $2.5 trillion in the first half of 2018, up 61% over the prior year. Mergers for the full year 2018 are on pace to exceed $5 trillion (source Thomson Reuters.) According to KPMG over half of mergers negatively impact shareholder value.

Watch the Growth in Borrowed Money

Historically, a financial crisis usually follows a rapid buildup of debt. We are witnessing steep corrections in countries where economic policies are poor and where there has been excessive borrowing, especially in dollar denominated debt. Turkey, Argentina, Italy and China are a few examples of countries that have been struggling with deteriorating balance sheets. Excess borrowings can create a risky situation for companies perceived to be conservative. AT&T has accumulated a massive $250 billion in liabilities. Leverage loans seem to be the preferred method for funding speculative grade companies and excesses continue to build with the proliferation of covenant-lite loans. That market now is larger than the high yield bond market. The price to EBITDA (earnings before interest, taxes, depreciation and amortization) paid for acquisitions between 2007-2015 averaged nine times. The past two years that price has jumped to 15 times EBITDA, reflecting increased risk from higher acquisition costs. It is vitally important to know the status of individual balance sheets. Higher interest rates and the withdrawal of liquidity should help to normalize volatility in the stock markets where the average NYSE stock has typically fluctuated 50% a year.

Third Quarter 2018 Performance Update



Auxier Focus Fund's Investor Class returned 7.37% in the third quarter vs. 7.71% for the S&P 500 Index. The stocks in the Fund returned over 8.3%. Domestic stocks comprised 80%, foreign 15%, with cash and "workouts" 5%. From inception at the top of the market in 1999 to September 30, 2018, a hypothetical $10,000 investment in the Fund has grown to $41,111 with an average equity exposure of 80%. This compares favorably to $30,027 for the fully invested S&P 500. Healthcare names, from health insurers, pharmaceuticals and biotech were strong recent performers in the Fund. Many were purchased at attractive prices in the teeth of negative headlines over the past two years.

Auxier Focus Fund – Investor Class
Average Annual Total Returns (9/30/2018)
Since Inception (07/09/1999) 7.63%
10-year 9.07%
5-year 9.01%
1-year 13.10%
3-month 7.37%

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 1.10%. 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 0.98%, which is in effect until October 31, 2019. 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 Adviser'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.

Contributors to the quarter: our outlook on a cross section of portfolio positions with a positive return for the quarter ended 9/30/2018.

Express Scripts Holding Co. (ESRX) 23.05%
Cigna is acquiring pharmacy benefit manager Express Scripts for an estimated $67B or over $95 a share. The deal includes $48.75 in cash and 0.2434 shares of Cigna for each share of Express Scripts and is expected to close by the end of the year. We originally invested in ESRX at $7.63 a share after a face-to-face meeting with management late on a Friday.

Abbott Laboratories (ABT) 20.79%
Abbott is a leader in nutrition, diagnostics, pharmaceuticals and medical devices. One of their new devices, MitraClip, did better than expected on the Cardiovascular Outcomes Assessment of the MitraClip Percutaneous Therapy leading to high expectations for the future of the device. The introduction of the FreeStyle Libre blood glucose monitor is an exceptional new innovative product.

Biogen Inc. (BIIB) 21.73%
Biogen is a market leader in the treatment of Multiple Sclerosis (MS) and Spinal Muscular Atrophy (SMA). In addition to their current treatments, Biogen has been heavily investing in research into Alzheimer's drugs with two drugs, Aducanumab and E2609, currently in phase three trials. According to analytics company GlobalData, the Alzheimer's market is expected to grow to over $15 billion over the next decade. Biogen's free cash flow for 2018 appears likely to exceed $4 billion.

Top Equity Holdings	% Assets
UnitedHealth Group Inc.	4.4
Mastercard Inc.	4.2
Microsoft Corp.	3.8
Medtronic PLC	3.6
Bank of New York Mellon Corp	3.6
Johnson & Johnson	3.1
PepsiCo Inc.	3.1
Philip Morris International	2.7
Merck & Co. Inc. New	2.7
BP p.l.c.	2.7

Zimmer Biomet Holdings (ZBH) 18.21%
According to AARP, 10,000 baby boomers in the US turn 65 every single day. The demographics for Zimmer Biomet medical devices are improving. Zimmer Biomet is a leader in hip, shoulder, elbow and knee replacements as well as producing vital devices for heart and spinal surgery. Their free cash flow is over $1 billion annually.

Merck & Co. (MRK) 17.80%
Merck's signature drug, Keytruda, is an immunotherapy that is currently approved to treat seven types of cancer. Keytruda works by blocking the PD-1 pathway that cancerous cells use to hide from the body's T cells and then letting the patient's own immune system destroy the cancer. Keytruda was recently approved in China for adults with unrespectable or metastatic melanoma. In addition to Keytruda, Merck has a strong pipeline that includes nineteen drugs in phase 3 trials and three drugs that have already passed phase 3 trials and are awaiting FDA approval.

Microsoft (MSFT) 16.43%
Microsoft has been very successful in their transition into the new age of computers. Personal computing now only makes up 33% of their revenue and that includes their Xbox, Surface and advertising revenues. LinkedIn now has over 575 million users while Office 365 reaches over two billion first-line users. Microsoft Azure, growing over 70%, is a cloud product that is not in direct competition with its customers. The company has over $130 billion in cash and short-term assets.

Medtronic (MDT) 15.55%
Hoping to take advantage of the rapidly growing medical sector, Medtronic has focused on four high growth areas: Cardiac and Vascular, Restorative Therapies, Minimally Invasive Therapies, and Diabetes. The diabetes group has seen particularly strong growth from the MiniMed 670G featuring Smartguard, which is the world's first hybrid closed loop insulin system. The Tax Cuts and Jobs Act freed up over 40% of their cash helping them towards their goal of returning 50% of free cash flow to shareholders.

Corning Inc. (GLW) 29.05%
The maker of Gorilla Glass, Corning has enjoyed a rebound period with the introduction of the new iPhones and surging demand in the automotive sector. Gorilla Glass is a durable, light, scratch-resistant glass that is in high demand in smartphones, tablets and laptops. As automobile companies look to add touch screens in their new cars, the demand for Gorilla Glass looks solid.

Detractors to the quarter: our outlook on a cross section of portfolio positions with a negative return for the quarter ended 9/30/2018.

Quest Diagnostics Inc. (DGX) -1.15%
Despite missing top line expectations, Quest Diagnostics has established a close partnership with UnitedHealth. They are now the in-network lab for all of UnitedHealthcare's 48 million patients as well as collaborating with UnitedHealth on a variety of programs designed to increase standard of care while reducing costs.

Lamb Weston Holdings (LW) -2.51%
Based in Idaho, Lamb Weston is a leader in the frozen vegetable industry with a focus on potatoes. They saw a significant boost in earnings per share from the Tax Cuts and Jobs Act as well as rapidly increasing sales after their spin-off from Conagra Brands in November of 2016.

Bank of New York Mellon Corp (BK) -4.95%
Under the leadership of Charles Scharf, BK is investing heavily to improve operating platforms and their technology infrastructure while working to keep their costs down across the rest of the company. Mr. Scharf had great success using the same formula at Visa. Higher interest rates should also enhance earnings power as the company is a huge generator of free cash. We see good value in the banks both large and small, with many selling at price earnings ratios of 10-11 times 2019 earnings estimates.

Cognizant Technology Solutions (CTSH) -2.08%
Cognizant is one of the world's top regarded IT firms with operations all over the world. Management is excited about the possible program servicing opportunities that come with growing Medicare and Medicaid. They are a leader in connecting companies to the cloud.

Central Pacific Financial Co. (CPF) -7.02%
With most of their holdings in Hawaii, Central Pacific has recently suffered from the unusual hurricane season in the Hawaiian archipelago. Despite the strange hurricane season, total deposits increased year over year to $4.98 billion while core deposits also increased to over $4 billion. On September 27th, Central Pacific announced that Paul Yonamine would take over for Catherine Ngo as president and CEO effective October 1st. John Dean has done an exceptional job turning around this franchise.

Manitex International Inc. (MNTX) -15.62%
Manitex International was helped in their deleveraging efforts by Tadano buying 14.9% of their shares in May of this year. After seeing steady growth in market share in straight-mast cranes over the last five years, Manitex management is excited about the opportunities for knuckle boom cranes where their current market share is under 5%. After meeting management a little over a year ago we were very impressed with their plans to turn the business around.

Molson Coors Brewing Co. (TAP) -9.02%
Molson Coors is working to reduce costs and diversifying their brand as consumer demand has shifted away from macro beer brands. In addition to investing in spiked seltzer, iced coffee, kombucha, non-alcoholic beer and craft beer Molson Coors has been testing non-alcoholic cannabis infused teas, seltzers and beers. Recreational marijuana became legal across Canada on October 1st and is currently legal in nine US states covering over a quarter of the US population. Coors has been in business since 1873.

Franklin Resources Inc. (BEN) -4.43%
Franklin Resources has had several quarters of negative growth in operating revenues, net income, and assets under management as they work to improve their company. Management at Franklin Resources is focused on reducing risk and augmenting their investment capabilities. Their earnings per share have not decreased as much as the rest of their financials due to management's aggressive share buyback program. Over half the companies market capitalization is in cash. The Johnson family has run the company since 1947.

A Proven Approach to Volatile Markets

We strive to invest carefully in well-researched businesses that have enduring products or services with the historical ability to survive and thrive in the most stressful market and economic downturns. We see meaningful advantages to our size, cumulative knowledge and experience negotiating severe market declines. We don't pay steep premiums, sometimes referred to as control premiums[2], like private equity firms who are attempting to gain a controlling interest and have a wide mandate with flexibility to try to protect in down markets. We have major "skin in the game." It was the "other people's money" syndrome that contributed to the last financial downturn. The true cost in investing is the lack of knowledge in what you own. The big advantage to buying pieces of businesses in the auction markets is the emotion, volatility and liquidity that can contribute to bouts of irrational behavior and unprecedented bargains when compared to private markets. Panic may be a profitable backdrop for investing whereas euphoria may be disastrous. The proliferation of exchange traded funds (ETFs) and mathematical algorithms have further enhanced volatility. We generally know ahead of time–usually after years of research–what we want to own, and welcome negative headlines to provide the best entry point. In the past many attractive purchase prices below intrinsic value, combined with quality operating performance, lead to the double-triple play investment return over time while deferring tax bites. There are so many forces at work to separate you from your hard-earned savings. Without cumulative knowledge and the right temperament, the risks to compounding returns can be very high.

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.

[1] Cash burn aka burn rate is normally used to describe the rate at which a new company is spending its venture capital to finance overhead before generating positive cash flow from operations; it is a measure of negative cash flow.

[2] Control premium is an amount paid to gain enough ownership interest to control a corporation or other entity. This would typically be an amount in excess of the simple fair market value of the shares sought to be purchased.

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. 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.