



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

AUXIER FOCUS FUND PERFORMANCE UPDATE March 31, 2010

AUXIFX RETURNS VS. S&P 500 INDEX

	<u>Auxier Focus Fund</u>	<u>S&P 500 Index</u>	<u>Difference*</u>
12/31/09 – 03/31/10	5.55%	5.39%	0.16
12/31/08 – 12/31/09	24.76%	26.46%	-1.70
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	93.87%	0.89%	92.98

* in percentage points

Average Annual Returns for the period ended 03/31/2010	1 Year	3 Year	5 Year	10 Year	Since Inception
Auxier Focus Fund (Investor Shares)	40.51%	1.07%	4.40%	6.25%	6.36% (7/9/99)
S&P 500 Index	49.77%	(4.17)%	1.92%	(0.65)	0.08%

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 1.25%. The Fund's adviser has contractually agreed to maintain annual operating expenses at 1.25%, 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.

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. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.

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.

Spring 2010

Market Commentary

Auxier Focus Fund ended first quarter 2010 with a 5.55% return, versus 5.39% for Standard & Poor's 500 stock index. The equity component of the fund appreciated over 6.5%. What's more, Auxier Focus Fund has outperformed the market by 93 percentage points cumulatively since inception in 1999.

Rapid expansion in the US government's balance sheet (from \$850 billion to \$2.3 trillion), coupled with the Federal Reserve's ("the Fed") policy of zero interest rates, has helped stimulate the economy and recapitalize banks. At year-end 2009, over \$8.2 trillion in federal loans and guarantees backstopped the economy (*Grants Interest Rate Observer*). Recovery appears to be broadening. Inventories are being rebuilt; equipment spending is rising, and non-financial firms are sitting on roughly \$2.8 trillion in cash, or 15.7% of total assets. That's the highest level in over 20 years (*Kiplingers.com* 31 Mar. 2010). As credit trends improve, some \$1 trillion sitting in bank reserves (source: the Fed) could further boost the octane of rocket fuel provided by the government. There tends to be a twelve month lag from the time of policy changes to when effects are felt on Main Street. Witness China, where government's \$1.4 trillion in aggressive lending over the past year has ignited a growth rate exceeding 12%.

Food Chain Fast Lane

Severe price deflation in the past year has created opportunities to profit along the food chain. Massive herd liquidations in pork, chicken and beef led to "mouth watering" opportunities in both the debt and equities of such meat producers as Smithfield Foods and Tyson. Cattle inventories by year-end were back to 1959 levels, contributing to the greatest price appreciation for beef (so far in 2010) in over 50 years. Shares of grocers Wal-Mart, Kroger, Supervalu and Tesco corrected on both food and fuel price declines last year. These companies offer consistent value to the customer and, due to high inventory turns, can perform well during periods of high inflation. In the 1970s for example, grocers proved to be one of the best performing groups as inflation exceeded 10%. More expensive food often tracks growing middle-class populations in emerging countries, whose obstructionist socialist policies can mean more bottlenecks in supply as demand swells. Younger populations in emerging countries are also attracted to western brands, benefiting those companies with strong international distribution (Tesco, Wal-Mart, Unilever, Nestle). The United States is a global leader in high-quality food products. In 1940 one US farm produced food and fiber for 15 people. Today one farm feeds 155. We will need to feed another 2 billion over the next forty years.

Dr Pepper Pops

One of our larger investments in the past year is Dr Pepper Snapple Group (DPS). At the time of our purchase, many skeptical investors assumed (incorrectly) that DPS suffered from poor trends in the domestic soft-drink business. The stock drifted down to nine times earnings. However, after being spun off from Cadbury (in November 2008), CEO Larry Young and his management team successfully focused on re-energizing a strong stable of brands. As a result, the company has enjoyed an upward revaluation, expanding its earnings multiple over 60% to 15. Outstanding management can add enormous value. This is the benefit of our practice of studying and judging the character and diligence of managements. We want the business to generate our returns, not the market.

Mispriced Government Bonds

Early last year, corporate bonds were discounting a so-called loss probability approaching 50%. That's the worst since the 1930s, when the worst-case reality was 5%. This led to a tremendous double-play return, generating high cash interest with above-average appreciation. Conversely, government bonds now appear to be mispriced in the other direction—too little return for the risk.

There is currently no such thing as a safe government. I can't remember a time in my career when there was so little return for the risk of owning local, state and federal government securities. Local and state governments collectively have amassed over \$3.3 trillion in pension and health benefits that need to be paid out over the next thirty years (The Pew Center on the States). To further compound the problem, state pensions were major players in funding the private equity bubble during the 2005-2008 period. As we have seen, borrowed money secured with inflated assets is a lethal combo. It can take years to dig out of losses resulting from extreme leverage. Ironically, in the face of such deteriorating fundamentals, more money flowed into municipal bonds in 2009 (\$78 billion) than in the prior ten years combined. Investors have continued to trust rating agencies, which again are behind the curve. California seems to be emulating the failed policies of countries like Greece and Argentina, where uncontrolled government spending leads to insolvency (and in the case of Argentina, 3000% inflation in 1989).

Growth in the US federal deficit, both on and off balance sheet, is dangerous and worth monitoring. Pew Research Center polls recently found that trust in government is at a "historic low" of only 22%. Leadership at the federal level seems out of touch with voters, a disparity that hopefully, is a catalyst for change.

The Number One Cause of Business Failure

I had a recent discussion with David Coffman, author of a number of books on factors leading into bankruptcy. What is the number one reason for business failure I asked Coffman. He countered without hesitation: "Three letters, EGO." Lack of humility and decisions based on emotions, not facts, can sink the ship. We are seeing the dangers of unchecked egos in Washington, DC.

Final Thoughts

The powerful fiscal and monetary stimulus orchestrated by the Fed has worked to bring "animal spirits" back to the markets. A zero interest rate policy has rewarded speculators (to the detriment of savers) as the highest risk categories have shown dramatic outperformance. Ironically, many of the more stable, higher quality stocks have lagged. But they now represent better relative value and could prove to be the best place to endure once the proverbial punch bowl is removed. Prognostications can be expensive when wrong, of course. So our approach is to seek the right business with tenacious, high-integrity managements more than equal to the most daunting challenges.

Your trust and support is appreciated.

Jeff Auxier

As of 03/31/2010, the Fund held those securities mentioned in the letter as follows: Smithfield Foods (1.2%); Tyson Foods, Inc. (1.0%); Wal-Mart Stores (2.6%); Kroger Co. (1.6%); Supervalu (1.5%); Tesco PLC ADR (1.3%); Unilever NV (1.3%); Nestle (0.1%); Cadbury (0%); Dr Pepper Snapple Group (4.0%).

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. The Nasdaq Composite Index is a market-value weighted index of all common stocks listed on Nasdaq. One cannot 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.