AAM AUXIER•ASSET MANAGEMENT LLC

Auxier REPORT

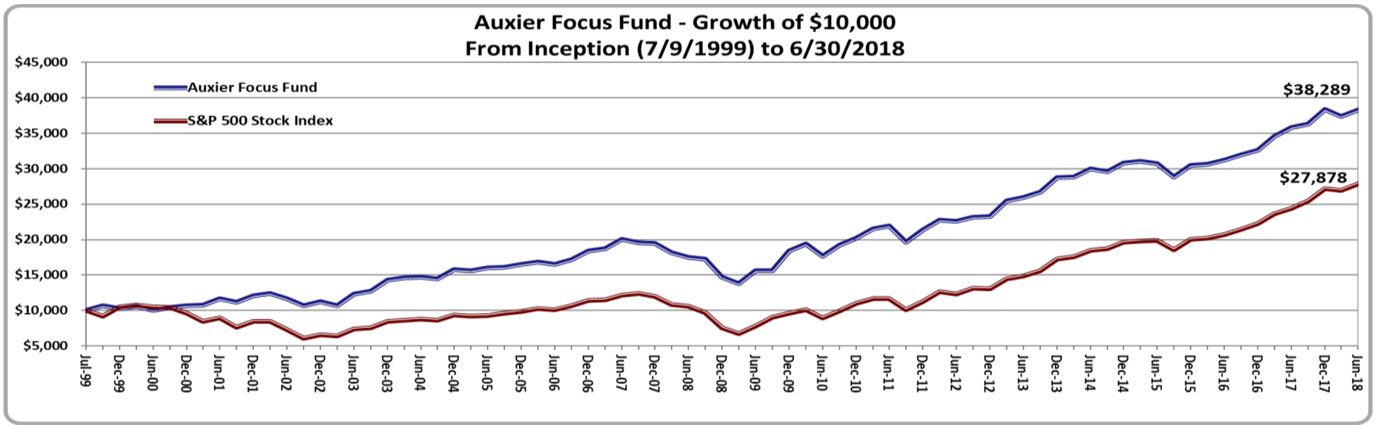
15668 NE Eilers Road, Aurora, OR 97002 • Phone 503.885.8807 • 800.835.9556 • Fax 503.885.8607 • Email info@auxierasset.com

J. Jeffrey Auxier

Summer 2018 Market Commentary

In the second quarter, the US enjoyed improving fundamentals in terms of GDP[1], employment, service sector and manufacturing gains. Home equity continues to increase, hitting records. Rising interest rates are pressuring bonds, bond surrogates and businesses with poor balance sheets. Lower taxes and regulation rollbacks are being offset somewhat over the worries of escalating trade tensions. The tax act expensing allowance is stimulating capital spending which in turn should improve overall productivity. While earnings in general are rising so are input costs like labor, fuel and transportation. Tariffs are leading to steep price increases in goods like steel and lumber. There continues to be a growing and acute shortage of truckers with a projected shortfall of over 50,000 drivers. We are seeing rolling industry corrections with increased volatility, in part due to tightened liquidity and the concentration of high frequency exchange-traded funds (ETFs). Higher interest rates and a strong US dollar have led to a sharp correction in emerging market currencies where low rates have led to a borrowing binge the last few years. Higher rates expose bad behavior and poor investment decisions.

Second Quarter 2018 Performance Update



Auxier Focus Fund's Investor Class returned 2.39% in the second quarter vs. 3.43% for the S&P 500 Index. The stocks in the Fund returned 3%. Domestic stocks comprised 81% and foreign 15%, with cash and "workouts" 4%. From inception at the top of the market in 1999 to June 30, 2018, a hypothetical $10,000 investment in the Fund has grown to $38,289, with an average equity exposure of 78% compared to $27,878 for the fully invested S&P 500. When we started the Fund, General Electric was one of the most highly valued and popular companies in the world. $10,000 invested in General Electric back then is worth less than $6,500 as of June 30. Buy, hold and forget, without aggressive research, can be costly.

Auxier Focus Fund – Investor Class
Average Annual Total Returns (6/30/2018)
Since Inception (07/09/1999) 7.33%
10-year 8.13%
5-year 8.09%
1-year 6.97%
3-month 2.39%

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, 2018. 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:

UnitedHealth Group (UNH)
Revenues for the quarter grew 13.3% to $55.2 billion. Earnings from operations increased 18.8% to $4.1 billion. Every business segment reported double-digit earnings growth. Cash flows from operations for the quarter were $8.37

billion, up 29.63%. UnitedHealth repurchased 11.6 million shares for $2.65 billion during the first quarter. They also paid $722 million in dividends, an increase of 21.1%. UnitedHealth ended its exclusivity deal with Lab Corp this quarter and added Quest Diagnostics as one of its diagnostic service providers. This will provide their customers with more diverse diagnostic options in the future.

Valero Energy Corp. (VLO)
Valero saw revenues of $26.44 billion during the quarter, up 21.44%. EPS[2] was $1.09, up 60.29%. Net income for the quarter was $469 million, up 112.79%. Net cash flow from operating activities was $138 million, down 86.03%. The decrease in cash flow was due largely in part to the company's continued investments in the future growth of the business. Capital investment plans for 2018 remain at $2.7 billion. $1 billion of this amount is for growth projects and the remaining $1.7 billion is for sustaining the business. Continued increase in US oil production and the decision to increase OPEC[3] production by 1 million barrels per day will increase Valero's earning potential. Growth prospects for Valero include renewable energy ventures such as a wind farm in Texas and a renewable diesel plant in Louisiana that will produce 10,000 barrels per day. Valero plans to increase production in this plant by 70% by the end of 2018.

Anthem Inc. (ANTM)
Total operating revenues in the most recent quarter remained flat at $22.3 billion. The total operating margin increased by 130 basis points to 8.4%. Net income for the quarter increased by 30% to $1.31 billion. The increase in net income was driven by improved cost management and a lower tax rate. Anthem paid dividends of $0.75 per share in both Q1 and Q2 which equates to an annual dividend of $3.00 per share.

Quest Diagnostics Inc. (DGX)
Revenues for the quarter were up 3.7% to $1.88 billion. This marks 16 consecutive quarters of revenue growth. Quest realized $180 million in tax savings and will use $75 million of this to reinvest into and grow the business. Quest's new partnership with UnitedHealth Group provides an avenue for continued growth as they saw a net increase of 28 million lives available to them due to the partnership. Quest's annual savings from its cost savings program 'Invigorate' were $1.3 billion, and they expect these savings to continue into next year. Currently working with multiple partners on a data management program that will utilize blockchain technology to increase data security as well as decrease costs.

Becton Dickinson (BDX)
Becton Dickinson saw strong revenue growth in all three of their main segments leading to overall revenue growth of 47.2%. The continuing integration of Bard is going faster than expected.

Express Scripts (ESRX)
Cigna is acquiring Express Scripts for $48.75 in cash and 0.2434 of Cigna stock per share, which is over $90 a share. The deal is expected to close by the end of 2018.

Kroger (KR)
Kroger has focused on staying ahead of competitors as it adds three automatic warehouses for grocery delivery via robots this year. Their investments prove worthwhile, as their digital sales grew by 66% last quarter. In the next few years they expect their warehouse number to reach 20 and to benefit from their recently announced partnership with Nuro, an autonomous driving company. In terms of products, Kroger's Simple Truth brand has reached $2 billion in annual sales, helping drive their adjusted net earnings up 14%.

Top Equity Holdings	**% Assets**
UnitedHealth Group Inc.	4.3
Bank of New York Mellon Corp	4.1
Mastercard Inc.	4.1
Microsoft Corp.	3.7
Medtronic PLC	3.4
PepsiCo Inc.	3.3
Johnson & Johnson	2.9
Philip Morris International	2.9
BP p.l.c.	2.8
Merck & Co. Inc. New	2.5

Merck and Co., Inc (MRK)
Merck beat estimates in the second quarter of 2018 with $10.5 billion in revenues and EPS of $1.06. They were buoyed in the quarter by their signature cancer drug KEYTRUDA which allows the body's immune system to destroy cancerous cells by blocking a protective enzyme in cancer cells. Sales grew 89% in the quarter to $1.667 billion and are expected to continue to grow to upwards of $13 billion annually by 2026. Recently KEYTRUDA was approved in China and the EU for metastatic melanoma.

Mastercard (MA)
Both transaction numbers and gross dollar volume were up for Mastercard, with net revenue rising 27% this past quarter to $3.6 billion. They have exemplified a strong push for growth in emerging markets with the recent acquisition of Oltio, which resides in South Africa. Acquiring Oltio enables Mastercard to introduce digital payments to even the smallest of local businesses to accelerate growth. In addition, their VocaLink subsidiary continues to drive their “Other Revenues” category, which was up 33% via its real time payments. As cash still makes up 80% of world’s total transactions, many believe Mastercard has plenty of room to grow even as an established company.

Biogen (BIIB)
Biogen saw revenues increase by 9% to $3.4 billion. Revenue growth was driven by Spinal Muscular Atrophy drug Spinraza which saw a 108% increase in revenue. Spinraza is Biogen’s fastest growing drug which they hope will be able to offset the slowing Multiple Sclerosis product line. Biogen presented the detailed results for the phase II trials of their Alzheimer’s drug BAN2401 on July 25th. The results of the trial were positive with tested patients showing 30% less cognitive decline over 18 months than those who received the placebo, but the presentation garnered a mixed reception and caused Biogen’s stock to fall 9% in after-hours trading. Earlier in July, Biogen announced that the trials of the drug were looking very positive without giving any details, and this announcement may have caused many to anticipate that the results would be better than what was ultimately shown. Currently, Biogen’s stock is hurting from the results announcement, but their outlook is still positive in the long-run due to the strength of their pipeline. Another Alzheimer’s drug in Biogen’s pipeline, Aducanumab, just finished its enrollment for two phase III trials. This drug has been regarded as more promising than BAN2401, and if it is successful Biogen will have the only drug in a $12 billion market.

Twenty-First Century Fox (FOXA)
Twenty-First Century Fox has been in the news recently due to the bidding war between Disney and Comcast. The merger that was eventually approved by shareholders, between Disney and Twenty-First Century Fox, will give Twenty-First Century Fox shareholders $38 a share or stock consideration. The collar on the stock consideration gives Twenty-First Century Fox shareholders an exchange ratio of 0.3324 if Disney stock is above $114.32. At the current price of $115.62 a share, the value on the consideration is about $38.50 a share. In addition to the deal with Disney, Twenty-First Century Fox will spin-off their news, sports, and broadcast businesses to create a new "Fox". The new "Fox" will include Fox News Channel, Fox Business Network, Fox Broadcasting Company, Fox Sports, Fox Television Stations Group, and sports cable networks. The deal has already been approved by the DOJ[4] but still awaits approval in foreign markets.

Detractors to the quarter:

Johnson & Johnson (JNJ)
One of only 22 companies to increase dividends every year for at least 50 consecutive years, Johnson & Johnson increased total sales in the first quarter 12.6% to over $20 billion. As the world’s largest medical conglomerate, they are well positioned to provide medicine and care for aging Baby Boomers.

Travelers (TRV)
Travelers is coming back down from historic highs early this year. Last quarter they posted revenue gains of 5% and net income gains of 12%. Hurricane losses in 2017 exceeded $200 billion. In 2018 losses have continued to be severe in hail and fires. This could further reduce capacity which should benefit premium pricing.

Philip Morris (PM) and Altria (MO)
Both stocks are starting to move higher after Q2 results came out for PM. Shipments on their “reduced risk products” were up, boosting their revenue. With the ability to raise prices, popularity of vaping and their inevitable entry into the marijuana market (anticipated to be a $50 billion market by 2026), the long-term fundamentals look solid. Both companies are structured to take advantage of developing trends.

Molson Coors (TAP)
Coors stock has struggled with 10% tariffs on aluminum, increasing competition from micro-breweries and a roaring marijuana market cutting into the overall beer market. Trying to take advantage of this growing market, Coors has assembled a team in Canada to find a way to best tap into the cannabis industry.

Inflation

The US employment-cost index, which measures wages and benefits, rose 2.8% in the twelve months ended in June. According to Standard and Poor's, strong employment gains could lead to a further drop in the unemployment rate, to 3.6% over the next few months. Historically, in a more normalized interest rate environment, the 10-year Treasury would yield 2% higher than the prevailing inflation rate. This makes bonds vulnerable with the current rate under 3%. Through six months the Barclays intermediate bond index has declined 2.63%. Higher inflation rates tend to compress stock price-earnings ratios making high expectation momentum strategies vulnerable to sharp corrections on earnings disappointments. One of the best inflation hedges I have seen in the past thirty-five years is a well nurtured business, with disciplined capital allocation, that earns high returns on capital, enjoys rapid inventory turns and has the ability to raise prices while requiring little in mandatory capital expenditure to grow. We strive to be long term owners of such enterprises. Conversely, utilities have high mandatory cash needs and can suffer if faced with large construction projects. In the 1980s I remember watching utilities get crushed in the market as higher inflation led to cost overruns on the construction of nuclear power plants. In our research we have not been able to identify one utility in the US that currently has positive cash flow.

In socialist Venezuela, inflation rates are running more than 40,000%, yet stock returns in local terms have still exceeded inflation. Bonds have been wiped out. There is a misperception that government bonds are safe. Argentina has defaulted over six times and recently raised interest rates 40% to defend their currency.

Risks

Technological disruption is a constant threat as the economy digitizes. Platform changes need to be scrutinized. The move from 3G to 4G decimated phone companies like Nokia, Blackberry and Motorola leading to a duopoly with Android and Apple. 5G could be as equally disruptive. Voice enabled assistants, artificial intelligence and augmented reality are potential platforms that could change the status quo. The growth of the cloud has led to centralized market power with Amazon, Microsoft and Google. However, blockchain technology decentralizes the internet through digital ledgers and could prove to be a powerful disrupter that claims to be less corruptible.

The popularity and performance of many technology stocks is acting as a magnet for enormous flows of capital which can lead to supply gluts. We are seeing exuberance in venture funding from Japan, China and Silicon Valley. This happened in the late 1990s when the rage was internet hosting and fiberoptic. Massive capacity was built for businesses losing money and when interest rates rose a crash followed. Telecom companies like Lucent and Level 3 lost over 85% of their value. It is estimated by the venture firm Benchmark that today the top 200 Silicon Valley start-ups have cash burn rates 5 to 10 times 1999 levels. The potential problem, like 1999, is that much of the technology infrastructure is being built for businesses losing money and with interest rates rising the funding can cease abruptly. Softbank is driving crazy valuations in businesses like WeWork, which provides basic workspaces. Softbank is seeking a valuation in excess of $20 billion for this company that lost over $900 million last year. Many venture firms will often set private market pricing far higher than underlying fundamentals warrant. In addition, record amounts of money have been raised in private equity (leveraged buyouts). Carlyle Group recently raised a record $18.5 billion. Many of our portfolio companies are attractive to these leveraged buyout firms because of their high free cash flow characteristics. However, bond protection via debt covenants has never been this poor. This is a new cyclical low in the quality of covenant protection, which is common near the end of booms.

Opportunities

We are seeing exciting innovations in medtech and biotech. Many of the larger companies' stocks trade at very reasonable valuations by historic standards. Fred Hutchinson Cancer Research Center out of Seattle has stated cures for cancer are in sight as "immunotherapies" that unleash the body's own immune system to seek out and destroy cancer cells have "shown mind-blowing results in early testing on blood cancers." CAR T cell therapies are being developed by companies like Celgene and Gilead. Merck's KEYTRUDA has shown good potential for the treatment of lung cancer. Companies like Alkermes, led by founder CEO Richard Pops, are at the forefront in the treatment of opioid addictions, which have led to over 50 million deaths this past year. Exciting strides are being made in transaortic valve replacement led by Medtronic. Cerner is an attractive leader in digitizing hospitals and doctors' offices. They recently landed a major multiyear contract with the Veteran's Administration.

Alphabet is taking a leadership in artificial intelligence and predictive data analytics. YouTube, with over 1.8 billion users has grown over 20% this past year and has an annual growth rate nearly twice as fast as Facebook's. YouTube users spend over an hour a day on the YouTube mobile app alone. Waymo is a leader in self-driving car technology. It took Waymo six years to test their first one million miles, this year they went from seven to eight million in one month.

In the industrial sector, fears over deepening trade wars have led to more attractive prices for quality franchises like Parker Hannifin and Caterpillar. Higher short-term interest rates will help earnings for companies and households with high cash balances which have suffered under central bank interest rate suppression over the past decade.

We are looking for management teams focused on using predictive data analytics and the "customer experience." Those on the right side of digital are being rewarded with premium valuations. With internet transparency, high-grade ethics are more important than ever in building intrinsic value. We strongly believe that the best way to enjoy high compounded returns over long periods is through the well-researched selection of high return businesses that are ideally founder or family controlled and where the management is diligent in capital allocation and relentlessly focused on improving value. Usually the best buys have been when there is a plethora of negative headlines and the consensus is "this is no time to buy stocks." Those purchased at an attractive price can reward investors with the double-triple play over years while deferring taxes and providing more than adequate compensation for the risk taken.

Trade

It appears the Trump administration is using tariffs as a tool to bring countries to the negotiating table on a more bilateral basis. Negotiations surrounding Europe and The North American Free Trade Agreement (NAFTA) appear to be moving forward. China is tougher. What is needed is a united front by allies to increase the leverage for a level playing field respecting intellectual property rights. We see President Trump as resolute with China. On the downside, the Smoot-Hawley Tariff Act of 1930 raised tariffs on over 20,000 imported goods which led to a drop of American exports and imports by over half. So free trade is the obvious choice vs protectionism. Given China's growing debt load, nearly 300% of GDP, steep stock market correction and surplus trade position, it looks like a good time for the US and Europe to push for meaningful reforms. We are hopeful that this is a bargaining stance to ultimately lead to lower overall global tariffs. While there is immediate pain in the farm sector, negative headlines create opportunities to add to world class business franchises that rarely trade at bargain prices.

China has been a big creditor to Venezuela where the Maduro policies have led to starvation, human rights atrocities and hyperinflation. The "Black Book on Communism" published by Harvard University Press in France illustrated work carried out by a team of professors and researchers from the National Center for Scientific Research—the most important scientific institution in France. They listed the number of people killed by communism. China led the list with an estimated 82 million dead under communist rule. Since 1999 Venezuela, where the leadership follows Marxism-Leninism, they figure more than 252,000 dead. That is why we put so much time into daily research to identify facts and fundamentals and those policies that can destroy intrinsic value. Integrity in financial markets, political checks and the rule of law are all critical to enduring long term. The only constant in investing is change and the key to risk management continues to be a rational approach rooted in a daily tenacious research effort.

I sought for the greatness and genius of America in her commodious harbors and her ample rivers—and it was not there.... in her fertile fields and boundless forests—and it was not there.... in her rich mines and her vast world commerce—and it was not there.... in her democratic Congress and her matchless Constitution—and it was not there. Not until I went into the churches of America and heard her pulpits flame with righteousness did I understand the secret of her genius and power. America is great because she is good, and if America ever ceases to be good, she will cease to be great. - Alexis de Tocqueville.

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.

[1] Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.
[2] Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability. EPS is calculated as: EPS = (Net Income - Dividends on Preferred Stock) / Average Outstanding Shares.
[3] OPEC is an abbreviation for Organization of Petroleum Exporting Countries, which is a union of oil producing countries that regulate the amount of oil each country is able to produce.
[4] DOJ is an abbreviation for The Department of Justice, a department of the federal executive branch, headed by the attorney general, which administers the Federal Bureau of Investigation (FBI), prosecutes violations of federal law, and is responsible for enforcing all civil rights legislation.

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.