Evermore Global Value Fund

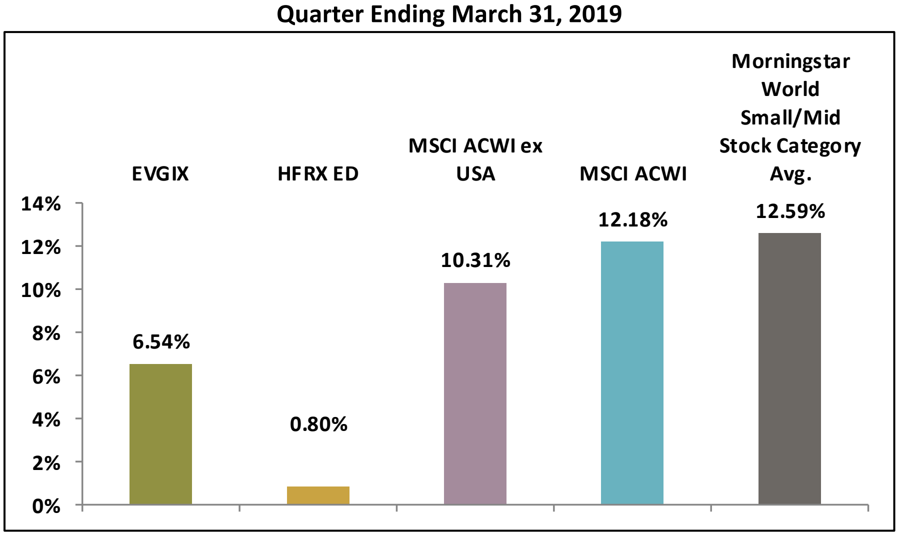
Portfolio Commentary: 1st Quarter 2019

Dear shareholder,

The end to the U.S. Government shutdown, reports of progress on China-U.S. trade talks, and the Federal Reserve's confirmation that it did not plan further interest rate hikes in 2019 allayed investor fears and drove U.S. markets substantially higher in the first quarter of the year. Global markets followed suit pretty much across the board delivering what some market participants described as a "V-shaped" recovery.

While we did participate in the rebound, the Institutional shares of the Evermore Global Value Fund (the "Fund") were up only 6.54% for the first quarter, which lagged the Q1 performance of our primary benchmark index and peer group. The chart below shows performance of the Fund's Institutional Class shares ("EVGIX"), the HFRX Event Driven Index ("HFRX ED"), the MSCI All Country World Index ex USA ("MSCI ACWI ex USA"), the MSCI All Country World Index ("MSCI ACWI"), and the Morningstar Small/Mid World Stock Category Average for the quarter ending March 31, 2019.

Quarter Ending March 31, 2019



Morningstar World Stock Category Average represents an average of all the funds in the Morningstar World Stock Category.

*The performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance data current to the most recent month end may be obtained by calling 866-EVERMORE (866-383-7667). The Fund imposes a 2% redemption fee on shares redeemed within 90 days. Performance data quoted does not reflect the redemption fee. If reflected, total returns would be reduced. Please **Click Here** for standardized performance of the Evermore Global Value Fund.*

I had the opportunity to spend a week in the Nordic region in the first quarter to meet with portfolio companies, regional investment banks, and companies in which we have not yet invested. The opportunity set in the Nordic region and all of Europe remains strong, as there continues to be a large valuation gap between the U.S. and the region, as well as a growing abundance of strong, aggressive management teams that we believe are themselves catalysts for value creation.

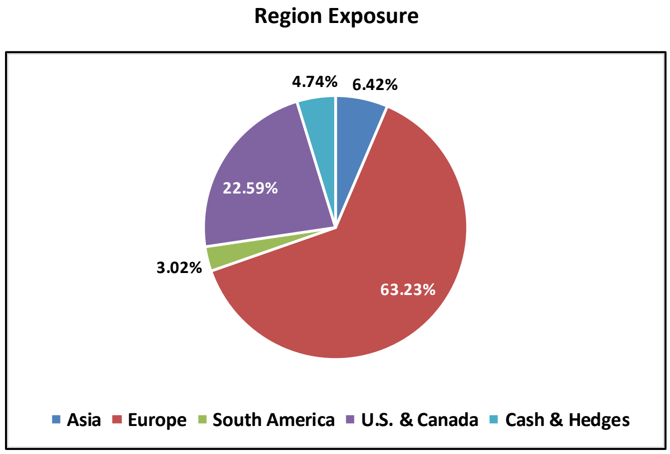
The meetings in both Norway and Sweden, especially with the various family-controlled situations and former government-controlled companies, helped to reinforce why European opportunities overall are so compelling. We see substantial continued refocusing of businesses on core operations, and, selling or spinning-off non-core assets in value accretive ways. The willingness of corporate management and boards to let underperforming assets have unlimited second chances has diminished. This leads to management changes where boards are bringing in higher caliber management teams. While I have been talking about this for many years, the fact is that financial and operational restructurings are accelerating and, given the reduced focus on Europe by many investors, it means we can add new and increase existing positions at highly attractive valuations. As investors wake up and start to realize that there are some European companies that have been using this tough period wisely to become more competitive, especially where there are real catalysts at work, we believe these special situations should see substantial revaluation.

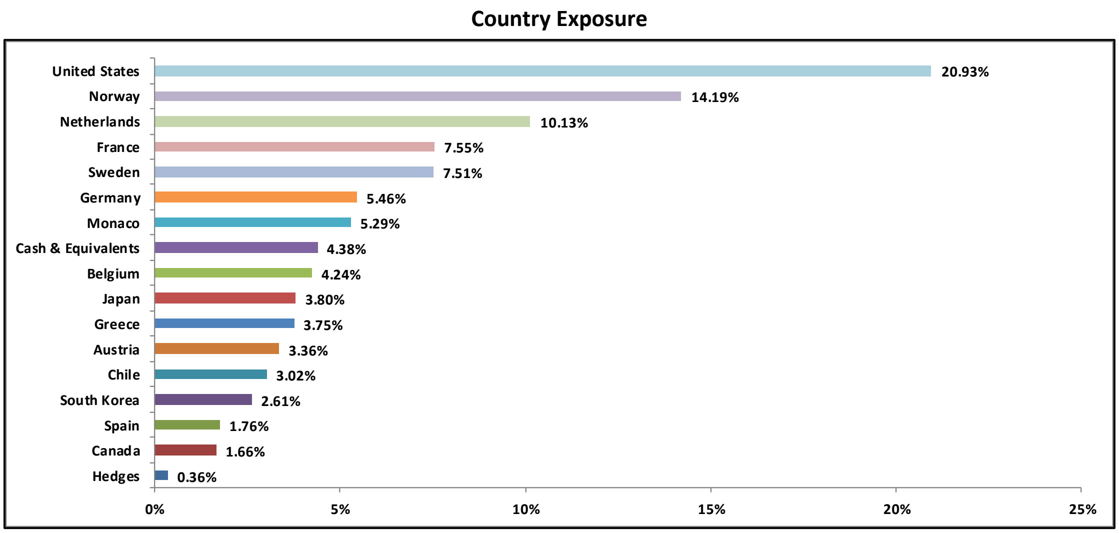
One of the main reasons we decided to visit the region in Q1 was to attend the Modern Times Group AB ("MTG") Investor Day in Stockholm. During the first quarter, we initiated a position for the Fund in MTG, a $2.4 billion market cap Nordic broadcasting company that also has eSports-related businesses, mobile games and other online gaming-related assets. At the end of March, MTG split into two separately listed companies which will now operate independently. The traditional Nordic broadcasting business – free TV, pay TV, distribution platforms (satellite, IPTV, cable networks, streaming) and a leading content portfolio – was spun off to MTG shareholders and is now called Nordic Entertainment Group ("NENT"). The other listed company will retain the MTG name but now will be solely focused on digital entertainment in eSports, including online and mobile gaming, and has the potential to add more verticals in the eSports ecosystem over time.

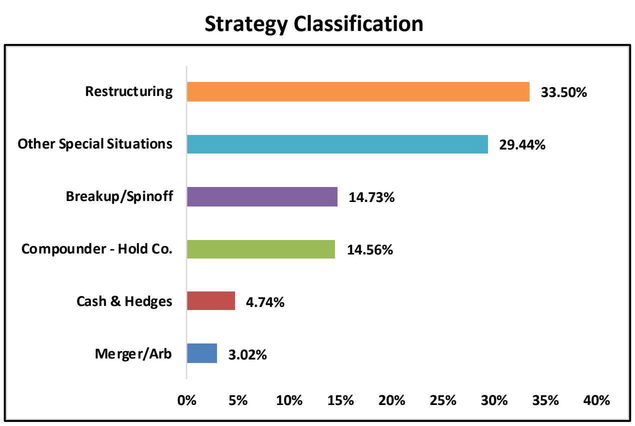
We had been closely monitoring this interesting situation unfold since MTG's deal to sell the Nordic entertainment business to TDC Group fell apart in March 2018. Neither of these newly split companies has a main shareholder since the former anchor shareholder, Kinnevik, was forced to distribute its MTG shares to its shareholders to obtain regulatory clearance for the merger between its mobile telecom operator (Tele2) and the largest cable TV operator in Sweden (Com Hem). While not a central part of our thesis, we believe both NENT and MTG will become potential takeover targets. We initiated our position ahead of the spinoff ex-date and took advantage of what we believed was an unwarranted weak share price in early February. At our entry price, Evermore was effectively getting the eSports business almost for "free." We believe NENT and MTG are very different equity stories that will now be more appropriately valued by investors.

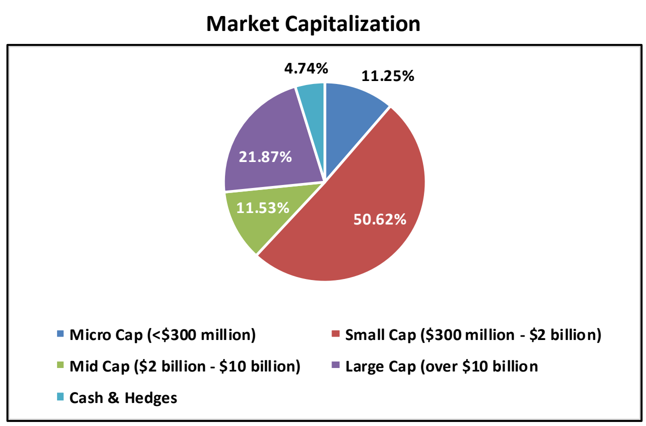
Portfolio Review – Characteristics

The Fund ended the quarter with $564.2 million in net assets, 47 issuer positions and the following geographic, strategy classification and market capitalization breakdowns:









Portfolio Review – New Investments

The Fund initiated three new core positions during the quarter – AF Poyry AB (Sweden), Bombardier Inc. (Canada), and Modern Times Group AB (Sweden). Also, during the quarter, as discussed above, Modern Times Group ("MTG") spun-off Nordic Entertainment Group AB ("NENT"). A short discussion of Bombardier can be found below.

Bombardier
Bombardier, based in Canada, is a $4.7 billion market capitalization global manufacturer of aircraft, trains, and associated components. The company is in year four of a self-proclaimed five-year turnaround and has already undergone a period of significant investment and major transformation. Achieved milestones include: contributing its C-Series aircraft program into a joint venture controlled by Airbus, successfully defending itself in an ITC trade case against Boeing (related to alleged government subsidization of the C-Series), certifying its Global 7500 business jet and beginning deliveries, working through a number of unprofitable rail contracts, streamlining its rail supply chain, insourcing the wing program for the Global 7500, and selling a significant number of non-core assets (for an aggregate $1.5 billion). Despite the above accomplishments, the stock price is approximately 50% below its five-year high seen last summer.

What appears clear to us is that the market is not giving Bombardier credit for what we view as a clear shift from its investment phase to its harvest phase. As newly-launched programs like the Global 7500 and C-Series (now known as the Airbus A220) ramp, equipment and service revenue should grow, margins should expand, and capital expenditures should fall meaningfully. In 2018 the company generated 6.3% in earnings before interest and taxes ("EBIT") before special items on revenues of $16.2 billion, with capital expenditures of $1.2 billion. For 2020, management's objective is to generate EBIT before special items of at least 8% on revenues of at least $20 billion, and with capital expenditures of between $600 – 800 million. The bottom line is that the company is trading at an approximate 20% free cash flow yield looking out to next year. And while the company's debt load is sizable, after a strongly oversubscribed debt issuance in February ($2 billion, upsized from $1 billion) allowed it to pay off all its 2020 maturities, the company has no looming maturities of significance until 2021.

In addition, to internal forces, it is worth noting that just prior to our initial investment, the merger-of-equals between Alstom SA (ALO FP) and the rail unit of Siemens AG (SIE GY), originally announced in 2017, was terminated after failing to clear regulatory hurdles. Ultimately, the European Commission found that levels of overlap in rail signaling equipment and high-speed rolling stock within certain areas of the European Union would yield anticompetitive market positions. Industry experts with whom we have spoken, however, believe that continued rail industry consolidation is inevitable. They further believe a tie-up between cash-rich Alstom and Bombardier's Transportation unit would lead to the creation of a scaled rail business capable of competing with emerging (and often subsidized) Asian players. Such a combination should bring about much less regulatory scrutiny than the failed Siemens deal, while still featuring significant cost and revenue synergies. While our investment thesis is certainly not predicated on a deal with Alstom materializing, we do note the significant economic merits to such a tie-up.

Portfolio Review – Exited Investments
The Fund exited two positions during the quarter – Avaya Inc. and Eurazeo. In the case of Avaya, we ultimately lost confidence in the new management team after cutting guidance twice in 2018 and going forward with a questionable convertible debt issuance in the middle of the year. Additionally, we concluded that the company's competitive position was deteriorating more than management claimed, as the industry shifts its services to the cloud.

We exited our position in Eurazeo with a sizeable long-term gain. The company remains well-run and continues to trade at a discount to our estimate of intrinsic NAV. However, as the company has begun to shift toward a traditional private equity model, taking in (or partnering with) third-party assets, we believe the various pieces of our sum-of-the-parts valuation have become harder to pin down with precision. We deployed the proceeds into more compelling situations.

Portfolio Review – Top Contributors/Detractors

The top contributors and detractors to performance during the quarter were:

Top Contributors	Top Detractors
Kraton — **Specialty Chemicals (U.S.)**	codere — **Gaming (Spain)**
Strong management team drives aggressive cost-cutting and debt reduction	Post-Reorg equity undergoing a major restructuring, including management changes
Atlantic Sapphire — **Land-Based Fish Farming (U.S.)**	ice group — **Wireless Telecommunications Provider (Norway)**
Leading edge, under-the-radar, misunderstood salmon farmer	Misunderstood telecom provider with potential for spin-offs, an exchange listing and rapid international expansion
S&T — **IT Hardware and Services Provider (Austria)**	Scorpio Bulkers — **Dry Bulk Carrier (Monaco)**
Leader in Industrial internet of things (“IoT”) with track record of turning around bolt-on acquisitions	Misunderstood liquidity runway and financial restructuring
Aurelius — **Business/Company Acquisition & Restructuring (Germany)**	Star Bulk — **Dry Bulk Carrier (Greece)**
Acquirers of broken businesses for little to no cash and fix them; Compounder	Acquired our position in Songa Bulk; best-in-class dry bulk operator trading at a compelling discount

Top Contributors (continued)		Top Detractors (continued)	
vivendi	**MEDIA CONGLOMERATE (FRANCE)**	N	**CONTAINER SHIP OPERATOR (GREECE)**
Aggressively selling and buying assets to refocus as a media powerhouse		Company formed by Navios Maritime Partners to take advantage of mispriced, distressed container assets	

Kraton Corp. was the top contributor to Fund performance in Q1, with shares appreciating by 47.3%. In February the company announced it would run a process to sell its Cariflex isoprene rubber business unit, as well as the authorization of a $50 million share repurchase program. The majority of proceeds from any asset disposal will be used to pay down debt, which we believe will go a long way toward removing the market's perception that the company is highly levered.

The market cheered the news, as did we. However, we believe shares remain severely undervalued. If a sale comes to pass, Cariflex should bring in at least $600 million in after-tax proceeds. Based on our estimates of the Cariflex sale, we believe the remaining Polymer and Pine Chemical businesses are trading at approximately 5.8x 2019 earnings before interest, taxes, interest, depreciation and amortization ("EBITDA"), a level we think is unjustifiably punitive given the margins and cash flow profile of the businesses. Applying multiples of 8.5x and 9.0x to the two businesses, respectively, which we believe are reasonable based on peer trading and transaction multiples, could yield nearly 100% upside for the shares.

You may recall from the Fund's Q4 2018 letter that Kraton performed particularly poorly last quarter. Thankfully, we were able to take advantage of this volatility to meaningfully add to the position at compelling prices prior to the Cariflex announcement.

Codere SA is a €430 million market capitalization gaming company headquartered in Spain with operations in Europe and Latin America. Founded in 1980, the company primarily operates gaming machines, bingo halls, casinos, racetracks and sports betting locations in Spain, Italy and Latin America. While it was our largest detractor to performance for the quarter, it has been a relatively quiet quarter relating to company-specific news. There have been some notable positive developments. The company is on track and has been generating stronger cash flows with an adjusted full year 2018 EBITDA of €283 million compared to €274 million last year. The company continues to deploy its business plan including the acquisition of slot route operations in Spain and full commercial launch of online gaming in Mexico and Colombia. We continue to be actively engaged with management and we maintain our high conviction in the investment.

Closing Thoughts

As we do every quarter, the investment team held a two-day offsite meeting during Q1 to review the Fund's portfolio holdings, and discuss Q4 2018 performance/attribution, missed opportunities, lessons learned, potential portfolio changes, investment process improvement, among other things. Although we did discuss potential reductions in a couple of positions in order to deploy capital elsewhere, we left the meeting with renewed confidence in our portfolio holdings, especially given the fact that we believe the portfolio is as "cheap" as it has ever been.

We remain very excited about the opportunity set across the globe and have had no lack of compelling, cheap, catalyst-driven investment opportunities to work on. Our recent visits to various parts of Europe confirm that strategic change is underway across the region, irrespective of companies' sectors, industries, or market capitalizations.

As always, we thank you for your continued support and confidence.

Sincerely,

David E. Marcus
Portfolio Manager

Opinions expressed are those of Evermore Global Advisors and are subject to change, are not guaranteed and should not be considered investment advice.

MSCI All Country World Index is an unmanaged index comprised of 48 country indices, including 23 developed and 25 emerging market country indices, and is calculated with dividends reinvested after deductions of holding tax. The index is a trademark of Morgan Stanley Capital International and is not available for direct investment.

MSCI ACWI ex-US Net Index is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets, excluding the U.S. The Index consists of 45 developed and emerging market countries. The Index is net of foreign withholding taxes on dividends.

HFRX Event Driven Index – Hedge Fund Research, Inc. (HFR) utilizes a UCITS compliant methodology to construct the HFRX Hedge Fund Indices. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe. The HFR Event Driven (Total) Index is being used under license from Hedge Fund Research, Inc. which does not approve or endorse Evermore Global Value Fund.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) – essentially net income with interest, taxes, depreciation, and amortization added back to it, and can be used to analyze and compare profitability.

Enterprise Value to Earnings Before Interest, Taxes, Depreciation and Amortization (EV/EBITDA) – A financial ratio that measures a company's return on investment. It may be preferred over other measures of return because it is normalized for differences between companies.

Free Cash Flow (FCF) - a measure of financial performance calculated as operating *cash flow* minus capital expenditures. *Free cash flow* (FCF) represents the *cash* that a company is able to generate after laying out the money required to maintain or expand its asset base.

Fund holdings and sector allocations are subject to change at any time and should not be considered recommendations to buy or sell any security. Current and future portfolio holdings are subject to risk.

Please **click here** for the most recent holdings of the Global Value Fund.

Mutual fund investing involves risk. Principal loss is possible. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. This risk is greater for investments in Emerging Markets. Investing in smaller companies involves additional risks such as limited liquidity and greater volatility than larger companies. The Fund may make short sales of securities, which involve the risk that losses may exceed the original amount invested in the securities. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment in lower-rated, non-rated and distressed securities presents a greater risk of loss to principal and interest than higher-rated securities. Due to the focused portfolio, the fund may have more volatility and more risk than a fund that invests in a greater number of securities. Additional special risks relevant to the fund involve liquidity, currency, derivatives and hedging. Please refer to the prospectus for further details.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Fund before investing. This and other important information is contained in the Evermore Fund's statutory and summary prospectus, which may be obtained by contacting your financial advisor, by calling Evermore Global Advisors at 866-EVERMORE (866-383-7667) or on www.evermoreglobal.com*. Please read the prospectus carefully before investing.*

You cannot invest directly in an index.

Evermore Global Advisors, LLC is the advisor to the Evermore Global Value Fund which is distributed by Quasar Distributors, LLC.