Evermore Global Value Fund

Portfolio Commentary: 3rd Quarter 2016

Dear Shareholder:

After investors had time to digest the Brexit vote and come to the realization that the exit from the European Union ("EU") would neither be quick nor have dire consequences on global markets, markets calmed and attention moved to the U.S. presidential election, which provided summer entertainment to billions across the globe. Despite the Brexit and election spectacle, global markets showed positive gains during the third quarter. We took advantage of the initial Brexit fears by adding to quite a few existing positions on the days right after the vote.

U.S. markets posted record highs in the quarter. We believe the U.S. market has gotten somewhat expensive for investors seeking companies that trade at meaningful discounts to their intrinsic values. This viewpoint is reflected in the Evermore Global Value Fund ("EGVF") portfolio, which at quarter-end had about 20% of its net assets invested in U.S. securities (see chart below). We continued to focus much of our attention in Europe, where, in our opinion, cheap stocks and catalysts are much more prevalent than in the U.S. and other areas of the world.

I spent the last two weeks of the quarter with two of our analysts in Germany, Spain, Sweden and Norway, where we had the opportunity to meet with senior management from over 30 companies (a combination of Fund portfolio and other companies). We started in Munich at a European Industrials and Media Conference.

While we tend to focus more on mid- and small-cap stocks, I spent some time listening to presentations from some of the largest European industrial companies. It is clear that the environment in Europe has changed dramatically and has paved the way for companies to transform themselves to be more focused and competitive. Companies that once struggled to even name their core businesses have begun to shed non-core assets, replace underperforming managers, tighten up capital allocation decisions, and understand that they are ultimately accountable to the shareholders. Of course, this is not true in every case, but there are many companies that have used the 2008 financial crisis and the subsequent changes in rules and regulations to their advantage in making decisions and taking actions that were virtually unheard of in the past. The good news is that even if round one of restructuring is over, there are plenty of companies which are just starting to adjust and refocus.

At quarter-end, the Fund had positions in shipping companies that are trading at what we believe to be extremely compelling discounts. When we made these investments, we assumed no growth in our financial models. These companies interested us because of the many strategic changes underway, including asset sales and cost reduction programs. We were surprised that many of the participants and sell-side analysts at the conference were calling for major increases in shipping demand. We have been focused mainly on supply, as many shipping companies have been scrapping their older ships. We believe the shipping companies we own will do well without a pickup in demand as supply continues to diminish. Any pickup in demand would be gravy.

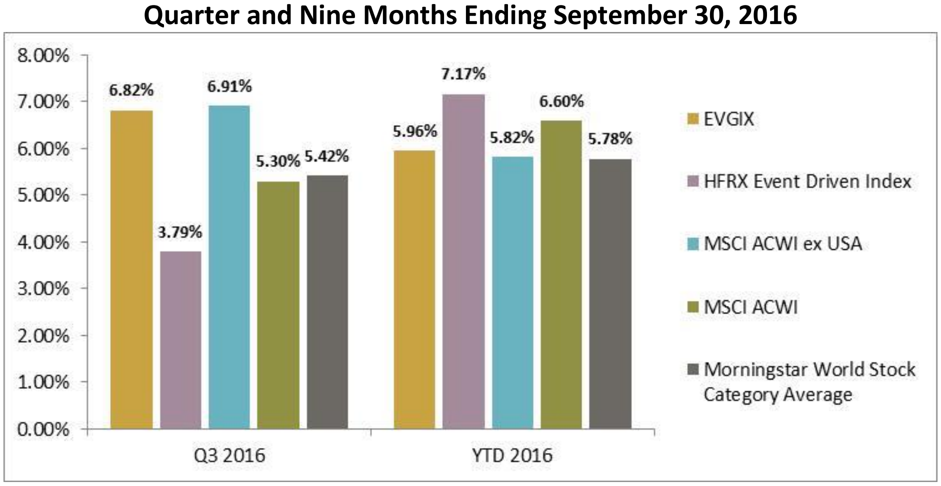
We got great visibility into the high level of restructuring activity across Europe through our discussions with many management teams during our visit, but specifically by virtue of our discussion with Dirk Markus, CEO of Aurelius SE, one of the Fund's largest holdings. Aurelius is a German publicly traded private equity firm that seeks to buy non-core, non-performing assets often from large conglomerates and works on turning the companies around. They do not typically pay much, if anything, for these assets. In fact, they recently acquired the European operations of Office Depot, which has approximately €2 billion ($2.25 billion) of revenues, for nominal consideration. Mr. Markus spoke about how the high level of restructuring activity in Europe is presenting Aurelius with many opportunities and how he sees this as a continuing trend over the next several years. In fact, Markus believes that Brexit fears may create compelling opportunities in the U.K.

We also had an opportunity to spend time in Bergen, Norway, which is basically the world capital for Salmon farming. We met with all the major players and were hosted by Ole-Eirik Leroy, the Chairman of portfolio company Marine Harvest ASA, the largest Salmon farmer in the world. Mr. Leroy, a 4th generation fisherman and now one of the most powerful and strategic players in the industry, personally drove us to one of their breeding facilities. We were given the full tour and Mr. Leroy even commented that he had not done such a full tour in years. Throughout the day, we discussed how the industry is evolving, growing, and consolidating. One important take-away from this day was a better understanding of how much transaction values in the salmon industry have increased over the past few years, which will help us to better evaluate other companies in the industry.

Investment Performance

The Evermore Global Value Fund posted another good quarter of performance. Please see the chart below for performance of the Fund's Institutional Class shares ("EVGIX"), the HFRX Event Driven Index ("HFRX ED"), the MSCI All Country World Index ex USA, the MSCI All Country World Index ("MSCI ACWI"), and the Morningstar World Stock Category Average for the quarter and nine months ending September 30, 2016.

Quarter and Nine Months Ending September 30, 2016



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.*

As of September 30, 2016, the Fund had $341.1 million in assets, much of which continued to be invested in European special situations (see specific region concentration data in the table below).

Portfolio Review – Characteristics

The Fund ended the quarter with 34 issuer positions and the following geographic and strategy classification breakdowns:

Region	% Net Assets	Strategy Classification	% Net Assets
Europe	66.2%	Restructuring/Recap	33.2%
U.S.	20.1%	Compounder	23.0%
Asia	7.8%	Other Special Situations	21.8%
Other (Cash, Options, Hedges, etc.)	6.0%	Breakup/Spinoff	11.2%
		Liquidation	2.8%
		Merger/Arbitrage	2.1%
		Other (Cash, Options, Hedges, etc.)	6.0%

Portfolio Review – New Investments

The Fund's portfolio had two new issuer positions at quarter-end – Barnes & Noble Education, Inc. (U.S.) and CODERE SA (Spain).

Barnes & Noble Education (BNED US) is a $437 million market cap education company that currently generates the substantial majority of its revenue from operating college and university-affiliated bookstores in the United States. Not to be confused with its previous parent company, Barnes & Noble, BNED was separated in a 100% spin-off last year, and the company now operates and trades publicly on a completely independent basis. We believe this company is misunderstood, which gave us an opportunity to initiate a position as the stock price weakened during the quarter. As the company transitions to a new shareholder base and certain catalysts kick in, we think the stock will be revalued by the market. Catalysts include continued penetration into the college bookstore market, growth of the textbook rental business and potential strategic opportunities. The business currently operates 770 college and university bookstores across the United States. These contracts give them exclusive relationships with the faculty, staff, and students, and this creates a significant source of value. The stores sell (and rent) textbooks, branded apparel, and general merchandise, and they often have café's (e.g. a Starbucks) attached, forming a central hub for the students on campus.

We believe one of the most valuable parts of the business is their textbook rental business. The post-secondary education model continues to change, but preferences for the printed textbook remain, in the majority of cases. The biggest behavior change, however, has been a shift to the rental model – specifically renting used textbooks as they comprise the cheapest option for students. Over the last five years, BNED has built their textbook rental business into a highly profitable, well-functioning business, which benefits from the company's exclusive relationships with its colleges and universities. Due to a number of factors, we believe the textbook rental business can continue to increase its profitability, and we believe it presents a long tail of earnings power for BNED. Further, BNED is a best-in-class store operator, and with approximately 50% of colleges and universities yet-to-outsource their bookstore operations, we believe there is significant room for organic growth from the secular trend. Lastly, as post-secondary education continues to make the transition to digital content, BNED offers a number of value-added digital solutions. The company ended the year with no debt on its balance sheet, their stock trades at 5.0x our EBITDA expectations for fiscal 2017, and we believe a number of potential strategic opportunities backstop their current equity value.

With an equity cap exceeding €700 million ($786.3 million), **Codere (CDR SM)** is a gaming company headquartered in Spain with operations in Europe and Latin America. Founded in 1980 and publicly listed in 2007, this family-controlled company primarily operates gaming machines, bingo halls, casinos, racetracks and sports betting locations in Spain, Italy, and Latin America. Codere is the leading gaming operator in Argentina (Buenos Aires), the largest gaming hall operator in Mexico and holds leading market shares in Italy, Panama, Colombia, Brazil and Uruguay.

This opportunity is a unique restructuring story that is not on the radar screens for most investors and analysts. During the last three years, the Company experienced the perfect storm. Starting in 2012, the Company's financial difficulties were largely attributable to the financial crisis that developed in Argentina (Codere's most profitable operation) following the nationalization of YPF-Repsol, the two-year acceleration of gaming license renewals, devaluation of the Argentine peso and implementation of capital controls, which resulted in large unexpected cash needs and left cash trapped in the country. The situation was exacerbated by regulatory changes (smoking ban, tax hikes) which affected the gaming industry in several countries. This series of events resulted in an over-levered balance sheet that led to covenant breaches.

Today, Codere has emerged from its reorganization. In April 2016, the company reached an agreement with bondholders, resulting in a 50% haircut to the old debt, a cash infusion and new shares that were issued, which wiped out 98% of the old equity. The Company's debt load has been significantly reduced to a manageable level with no near-term maturities (April and June 2021 maturities). Post restructuring, the new equity is mostly owned by the old creditors, but the founding family continues to retain a meaningful 20% stake. We believe the company is significantly undervalued, trading at 6 times current year's expected EBITDA. Based on our calculations, we estimate the stock is trading at a 40-50% discount to its intrinsic value (60-100% upside).

Portfolio Review – Investments Exited

During the quarter, we exited four (4) positions – Fomento de Construcciones y Contratas (FCC) (Spain), Sonae SGPS S.A. (Portugal), WMIH Corp. (U.S.), and Washington Prime Group, Inc. (WPG) (U.S.).

Billionaire Carlos Slim launched a tender offer to purchase **FCC** shares at €7.60 ($8.54) per share in March 2016. After numerous conversations with the company and other investors, we decided to tender our shares in early Q3 in order to deploy the capital elsewhere. After a management shake-up at **Washington Prime Group, Inc.**, the company's future direction became less clear. As a result, we decided to exit the position during the quarter at a small loss.

Portfolio Review – Top Contributors/Detractors

Our top five contributors and detractors to performance during the quarter were:

Top Contributors	Top Detractors
Siltronic AG (Germany)	Enzo Biochem Inc. (U.S.)
Universal Entertainment Corp. (Japan)	Barnes & Noble Education, Inc. (U.S.)
Fagron (Belgium)	Par Pacific Holdings (U.S.)
Scorpio Bulkers Inc. (Monaco)	Manitowoc Foodservice, Inc. (U.S.)
NN Group NV (Netherlands)	Lifco AB – B Shares (Sweden)

Siltronic AG (WAF GY) was the top contributor to the Fund's Q3 performance. Shares appreciated 62% in the period, as the picture we painted in last quarter's commentary has largely come to fruition. The silicon wafer industry is now seeing major consolidation, evidenced by the August announcement that GlobalWafers Co., Ltd. (the industry's 6th largest player) would acquire SunEdison Semiconductor (the industry's 4th largest player). This not only highlights the existence of strategic interest in assets like those of Siltronic at double-digit EBITDA transaction multiples, but also suggests improved industry pricing power in the future. Further, the continued strength of the Japanese yen is expected to exert upward price pressure on the largest wafer producers as a means of margin protection. Ultimately, trading at less than 4x trailing EBITDA and with no debt, we believe Siltronic is very well-positioned to benefit from the tightening wafer supply environment and industry consolidation we see playing out over coming quarters.

Universal Entertainment (6425 JP) is the leading developer and manufacturer of pachinko and pachislot gaming machines in Japan and has a market cap of ¥240 billion ($2.4 billion). We recently met with management during Universal's first non-deal roadshow in the U.S. Our meeting affirmed that the pachinko and pachislot businesses continue to generate strong cash flows and the casino development in the Philippines appears to be on track for a soft opening at the end of the year. Despite the recent appreciation in the stock price, we continue to have high conviction that Universal is significantly undervalued even at these current levels. We remain cautiously optimistic that the company will win its pending case against Steve Wynn, which could potentially amount to more than today's market capitalization.

Enzo Biochem (ENZ US), a leading molecular diagnostics company and operator of state-of-the-art clinical labs in New York and New Jersey, which was our biggest contributor to performance during the second quarter, was our largest detractor to performance this quarter. Enzo underperformed due to what we believe was an unwarranted sell-off from early August through the remainder of the quarter. In fact, there were two notable positive developments during the quarter. First, Enzo won a $21 million settlement with Illumina for patent infringement. And second, Enzo was granted New York State approval for a proprietary cardiac assay. We took advantage of the sharp decline in share price and opportunistically added to our position.

Closing Thoughts

My two week trip to Europe at the end of the quarter confirmed our long-standing belief that the value investing game has changed dramatically over the years. In order to make money in so-called "value" stocks, you need to have catalysts to create value. That is all I have focused on in my entire career, but in the low growth environment we find ourselves in, I believe it is even more imperative today to invest in companies where significant strategic change is at hand.

Although there continues to be a lot of stress and fear in the markets overall, I believe it is a great time to be a special situations investor, and we have optimism about the next several years. Of course, there will be lumps along the way, likely from short term political or economic issues, but the hidden value is there and there are real forces at work to get this value into the hands of shareholders. The key is to remain focused on the type of investments where there is dynamic change going on.

While much of this letter has focused on Europe and our European positions, the fact is that we are also seeing cheap stocks with catalysts in other areas of the world, including parts of Asia and Latin America. And while our assets have grown, we are still a small asset manager and can take advantage of small- and mid-cap opportunities that much larger funds cannot. And, there are certainly many smaller fish in the pond than larger ones.

As always, thank you for continued support.

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.

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.

Intrinsic Value – the actual value of a company or an asset based on an underlying perception of its true value including all aspects of the business, in terms of both tangible and intangible factors.

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.*

Please note that the following exchange rates were used to convert the foreign currencies discussed in this document (as of 9/30/16): Euro (1.1233556881) and Japanese Yen (0.0098614467).

You cannot invest directly in an index.

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