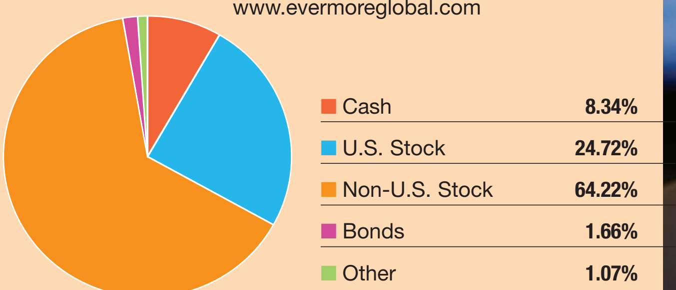
Evermore Global Value Fund

TICKER	EVGBX			
ASSETS	$155 million			
PERFORMANCE*	YTD –3.04%	1 yr. 28.38%	3 yr. 3.45%	5 yr. N/A
TOP FIVE HOLDINGS	Vivendi, Sky Deutschland, Bollore Investissement, AIG, Sevan Drilling			
CONTACT INFO	866.315.2750 www.evermoreglobal.com			



*As of 1/31/2014. Three- and five-year figures are annualized. Source: Morningstar
Asset allocation data as of 12/31/2013. Source: Morningstar
Portfolio characteristics are subject to change. Past performance is no guarantee of future results.

David Marcus, Manager
Evermore Global Value Fund

Vulturing Abroad

Manager David Marcus believes Europe offers some of the best stock values. By Marla Brill

With high unemployment and a host of economic challenges, Europe remains a danger zone in the eyes of many investors. But to David Marcus, who manages the Evermore Global Value Fund, the continent offers some of the best stock values he has ever seen during his long investment career.

"The opportunities we're seeing in Europe are compelling" he says. "Most investors are just starting to dip their toes into Europe. We are in waist deep."

Until last year, Evermore's large presence in European countries, which grew from 42% of assets at the beginning of the year to 56% by year-end, proved to be a drag on performance. But investors were rewarded in 2013 as cost-cutting, breakups and other streamlining measures undertaken by companies in the portfolio began to improve profitability. That year, the fund shot up nearly 38%.

The revival of European stocks, he contends, is far from over. "This is a several-year process, and we're still in the early innings of change," he says.

Marcus cites a number of other trends that bode well for the region. Governments continue to ease rules that restrict companies from reducing head counts, closing factories, and taking other downsizing measures. After years of avoiding change, banks are beginning to shed troubled assets and recapitalize their balance sheets. And the re-election of Angela Merkel in Germany sets the stage for continued reform and transformation.

He believes the changes taking place

PHOTOGRAPHS BY BILL BERNSTEIN

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Personal

Manager
David Marcus

Age
48

Education
Bachelor's degree, Northeastern University

Professional Background
Investment analyst, fund manager, Mutual Series; founder, Marcstone Capital Management; co-founder of family office for the Stenbeck family; managing partner, MarCap Investors; founded Evermore Global Advisors in 2010.

Outside Interests
"Not many—I'm a workaholic."

in Europe and other parts of the world will provide the greatest benefit to the kinds of bedraggled stocks he looks for. To qualify for inclusion in the portfolio, a company's public stock value must be far below what a private investor would pay. That usually happens after the stocks have taken a hit, or have been ignored by the investment community for an extended period. Usually, the roster of about 30 to 40 under-the-radar picks in the portfolio are special situations that get little research coverage and attract little attention from investors.

Before he steps in, Marcus must see some catalyst for change, such as evidence that a company is committed to reform through measures such as a restructuring, liquidation, breakup or spinoff. "By the time a company has cleaned up its act and other investors recognize its value, we have probably sold it," he says. When buying opportunities are scarce, he has the flexibility to sell stocks short or move large amounts of money into cash.

The contrarian strategy often leads to portfolio characteristics and performance that differ markedly from both indexes and the fund's peers. There's much greater emphasis on small and mid-cap stocks, and Marcus gives little heed to benchmark geographic weightings. Because most of the fund's picks are depressed situations in need of a turnaround, it can take years for the original premise for buying them to bear fruit for investors.

The approach reflects Marcus's roots as a 14-year veteran of the Mutual Series Funds, where he began his career in the late 1980s as an analyst and eventually rose to oversee more than $14 billion in assets. The mandate to scout out cheap companies enduring their darkest hours, which Marcus says was "beat into him" by Mutual Series founder Michael Price, has drawn comparisons to a not-so-attractive bird that feasts on the dead or dying.

"I have no problem with being called a vulture," says Marcus. "But it implies that I'm trying to take advantage of other people's misery. In reality, what I do is step into a situation early. Someone has to go into the fire first and see if there is anything worth salvaging."

Marcus has been stepping in fires since 1987, the year he joined New Jersey-based Mutual Series as an intern. By the time he left in 2000 to start a hedge fund that specialized in long/short European equity strategies, he was managing or co-managing over half the firm's assets, including three of its mutual funds.

His partner in that hedge fund, a successful Swedish investor and entrepreneur named Jan Stenbeck, died unexpectedly two years later. Marcus closed the hedge fund soon after and went on to manage the Stenbeck family office. He later founded and served as managing partner of MarCap Investors LP, a European small-cap special situations fund, which he managed from 2004 to 2009.

His current venture, Evermore Global Advisors, was named after the Long Island mansion of famed Wall Street trader Jesse Livermore. The firm manages $320 million in assets, about half of that in the mutual fund, and employs a handful of people that include a number of Mutual Series veterans.

Marcus sees the founding of Evermore Global Advisors and the Evermore Global Value Fund as the culmination of the long and winding road that has been his career. "This isn't just a step to another business. As our name implies, we want to be around forever."

Family Ties

Such longevity is the hallmark of many European businesses that have been controlled by the same family for generations. The best ones have leaders at the helm that are committed to generating value for shareholders, rather than making sure the biggest slices of the pie go to them. Because they are often complex holding companies with diverse, unrelated businesses, these companies are often not covered by research analysts at investment firms, who typically focus on a specific industry. And since families control the business, investors often assume that there is little interest in creating shareholder value. As a result, European family businesses often trade at sizable discounts to their estimated private values, creating a buying opportunity for the fund.

Such was the case for France's Bollore Group, a conglomerate involved in a variety of businesses and one of the fund's largest holdings. Shares have appreciated sharply over the last year as the company's holdings continue to post better-than-expected earnings. The company also owns stakes in operating ports and container terminals in Africa, which Marcus views as a backdoor emerging markets play.

Another large holding, Vivendi, is a French media and telecommunications conglomerate that Marcus once viewed as a "value trap" without a turnaround catalyst. That changed in mid-2012 when Vincent Bollore, controlling shareholder for the Bollore Group, snapped up a 5% stake in the company as well as a seat on Vivendi's board. He pushed for the sale of non-core assets, which the company began to do in 2013 and continues to do today. By the end of the year, Vivendi announced plans to break up the company into separate telecommunications and media businesses.

"It's still early in the game for Vivendi," says Marcus. "And while the company is getting its act together, shareholders currently are getting a 5% dividend yield." After the breakup later this year, the fund will own two separate stocks.

Recent additions to the portfolio include Compagnie d'Entreprises, which was added to the fund in late 2013. The fund purchased the stock of the Belgium-based construction, dredging and development company after it entered into a joint venture dredging operation with Ackermans & van Haaren, another fund holding. Marcus believes the transaction will benefit both companies and strengthen their position in the industry. With more ports working to accommodate larger ships, he sees dredging as "one of the great businesses out there."

Another relatively new holding in Europe is Osram Licht AG, a German Lighting company created by a spinoff from Siemens AG. Osram is now the second-largest lighting company in the world and has a market capitalization of $4.7 billion. Marcus considers it "a downsized and restructured business, with new and capable management, that is trading at a cheap valuation."

In late 2013, Marcus added Ambac Financial Group, the large bond insurer that filed for bankruptcy after the financial crisis in 2008 and emerged from bankruptcy in May 2013. Even though the company isn't writing new insurance guarantees, its existing insurance portfolio continues to generate cash flow. There is also a chance that Ambac's lawsuits against brokerage firms it claims misrepresented the quality of insured assets could generate additional cash flow. "At current levels, we believe we are paying slightly above the value of the runoff business and getting a whole portfolio of ongoing litigation assets at a very attractive price."

In contrast to its large presence in Europe and the U.S., the fund has a minimal footprint in other major markets, including Japan. Marcus says changes in corporate governance policies make him more open to increasing the fund's stake in companies there than he has been in the past. "Until the last 18 months or so, Japan was one of those 'tomorrow' stories that didn't pan out," he says. "Companies there weren't concerned about shareholder value."

That, however, is beginning to change. "Companies are beginning to get more shareholder focused, and we're starting to see some of the characteristics we look for," he says.

He's also keeping his eye on Latin America, another area of potential opportunity where the fund currently has a minimal presence. "Investors are avoiding the area," he observes. "That means there will probably be plenty of carnage to pick over in the future." FA

Market Capitalization
(As a % of portfolio)

Giant	**8.84**
Large	**22.06**
Medium	**33.77**
Small	**22.93**
Micro	**12.40**

SOURCE: Morningstar as of 12/31/2013.
These allocations are subject to change.

Sector Weightings
(% of stock portfolio)

CYCLICAL	
Basic Materials	**3.55**
Consumer Cyclical	**17.66**
Financial Services	**33.41**
Real Estate	**3.10**
SENSITIVE	
Communication Services	**9.05**
Energy	**6.13**
Industrials	**15.58**
Technology	**11.41**
DEFENSIVE	
Consumer	**0.00**
Health Care	**0.00**
Utilities	**0.00**

SOURCE: Morningstar as of 12/31/2013.
These allocations are subject to change.

Fees And Expenses

Expense Ratio	**1.61%**
Deferred Load	**None**
Minimum Investment	**$5,000**

SOURCE: Morningstar

Opinions and estimates contained in this article are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. This article originally appeared in the March 2014 issue of *Financial Advisor* Magazine.

*The 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 their original cost. Performance data current to the most recent month and quarter end may be obtained by calling 866-EVERMORE (866-383-7667) or **clicking here**.*

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in foreign securities which 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 involve additional risks such as limited liquidity and greater volatility. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. 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. Additional special risks relevant to the fund involves derivatives and hedging. Please refer to the prospectus for further details.

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Investors should carefully consider the investment objectives, risks, charges and expenses of each fund before investing. This and other important information is contained in the Evermore Funds prospectus, which may be obtained by contacting your financial advisor, by calling Evermore Funds Trust at 1-866-EVERMORE (1-866-383-7667) or on this website. Please read the prospectus carefully before investing.

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Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security. ***Click here*** for most recent Evermore Global Value Fund holdings information.

Reference to other mutual funds should not be interpreted as an offer of these securities.

Cash Flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

Existing or prospective shareholders may contact the Adviser at info@evermoreglobal.com to request a list of all recommendations made by the Adviser for the benefit of the Evermore Global Value Fund within the past year.

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