Evermore Global Value Fund

Portfolio Commentary: 3\textsuperscript{rd} Quarter 2017
Dear Shareholder:

The third quarter was marked by one catastrophic hurricane after another, increased tensions with North Korea, and continued divisiveness in the U.S. Global markets seemed to turn a blind eye and generally posted strong returns in the third quarter with European markets leading the way. Likewise, the Evermore Global Value Fund (the “Fund”) enjoyed another strong quarter of performance, with contributions from portfolio positions across all geographic regions. At Evermore, when the headlines turn negative, we work to separate the signal from the noise, having found that so often opportunity is borne from uncertainty.

On the macro front, Eurozone unemployment fell to its lowest level since 2009 and German Chancellor incumbent Angela Merkel won re-election in yet another closely monitored national election. However, Merkel’s re-election came with a legitimate defeat for her party, as Nationalist candidates took an increased share of votes, and as a result, a record number of Bundestag seats, which will make it difficult for Merkel to form a coalition. A lack of a broad mandate for change may mean more of the status quo from Germany in the years ahead.

Our investment team made two additional trips to Europe during the third quarter, and had an opportunity to meet with dozens of corporate management teams, as well as with a number of our portfolio companies. The consensus outlook from these companies was extremely optimistic and they generally showed a level of enthusiasm that I have not seen in Europe for quite some time. Although we did not add any new European positions to the Fund’s portfolio during the third quarter, our team is currently working on a number of potentially interesting new special situations opportunities in the region.

**Investment Performance**

Catalysts were once again at work across the Fund’s portfolio holdings during the third quarter. In fact, the Fund had very few holdings that did not appreciate in value during the quarter.

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 World Stock Category Average for the quarter and nine months ending September 30, 2017.
Quarter and Nine Months Ending September 30, 2017

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, 2017, the Fund had $587.5 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:
<table>
<thead>
<tr>
<th>Region</th>
<th>% Net Assets</th>
<th>Strategy Classification</th>
<th>% Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>67.3%</td>
<td>Restructuring/Recap</td>
<td>47.2%</td>
</tr>
<tr>
<td>U.S.</td>
<td>19.5%</td>
<td>Compounder</td>
<td>20.3%</td>
</tr>
<tr>
<td>Asia</td>
<td>9.1%</td>
<td>Other Special Situations</td>
<td>20.3%</td>
</tr>
<tr>
<td>Other (Cash, Options, Hedges, etc.)</td>
<td>4.1%</td>
<td>Breakup/Spinoff</td>
<td>8.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Merger/Arbitrage</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other (Cash, Options, Hedges, etc.)</td>
<td>4.1%</td>
</tr>
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**Portfolio Review – New Investments**

The Fund purchased two new positions in the third quarter, Emergent Capital, Inc. (U.S.) and Xperi Corporation (U.S.). Please find a short summary of the Xperi investment below, and our Emergent comments in the Contributors/Detractors section.

**Xperi Corporation (XPER)**

Xperi Corporation is a San Jose, California-based research and development incubator, engaged in developing and licensing technologies within semiconductor manufacturing, as well as delivering audio and imaging solutions across home, mobile, and automotive markets. At quarter end, the company had a market capitalization of $1.25 billion and an enterprise value of $1.73 billion. Shares have sold off more than 40% since Xperi’s Q4’16 earnings were released due to a wider-than-expected range for 2017 revenue guidance. We believe the market has grown overly concerned about two separate, but ultimately related, issues: (1) Samsung, a 25% customer in 2016, has so far failed to relicense certain DRAM-related intellectual property, which was the primary genesis of the wide revenue range; and (2) ongoing patent infringement litigation with Broadcom with an uncertain outcome.

To build a solid cushion into our thesis, we excluded any revenue from Broadcom (which would represent completely newfound business), along with the at-issue Samsung revenues (historically around $50mm). Shares recently traded at approximately 8.0x operating cash flow (“OCF”). Notwithstanding the volatility expected should neither the Broadcom nor Samsung situations go in the company’s favor, we believe this level of underlying cash flow generation provides a reasonable valuation floor.

However, we expect Samsung will ultimately relicense, and that the Broadcom matter will be resolved in the company’s favor in due course. In this scenario, shares are trading at 6.0x our estimate of OCF. Further, and what’s truly asymmetric about the investment is that a favorable Broadcom outcome should also have a cascading effect on Xperi’s business, as management believes this patent family is being widely infringed-upon throughout the semiconductor industry.

In terms of specific catalysts, litigation has recently begun in the Samsung matter, though there is always potential for a pre-trial resolution. With regard to Broadcom, the International Trade Commission (ITC), which is the primary venue in the matter, is set to complete its investigation by early December (note that findings from the ITC’s Initial Determination issued in June point toward a favorable resolution). Lastly, the
company is a significant generator of cash, and has recently indicated it would embark on a significant share repurchase program of up to $160 million (approximately 13% of the market capitalization). Cheap, with clearly defined catalysts, and with reasonable downside protection at these levels, we believe investors are confusing uncertainty of outcome with risk of meaningful capital impairment.

**Portfolio Review – Investments Exited**

During the quarter, the Fund exited four positions – Marine Harvest ASA (Norway), Mutares AG (Germany), Nobina AB (Sweden), and Retail Holdings Inc. (Hong Kong). With the exception of Mutares (which was a small loss for the Fund), the other three positions exited were outstanding performers that produced significant long term gains for Fund shareholders.

We initially purchased shares in Retail Holdings [RHDGF] in 2010 at what we believed was a substantial discount to its intrinsic value. Retail Holdings is the successor company to the old Singer Sewing Machine Company. The company had emerged from bankruptcy many years ago and when we got involved it was in liquidation mode. The assets included (1) over 1,100 Singer retail stores throughout Southeast Asia spanning Pakistan, Thailand, Sri Lanka, India and other countries; (2) notes receivable from selling the Singer name to a private equity group; and (3) net cash. The main shareholder was slowly liquidating the holding company of this vibrant growing retail chain. The stores sell traditional electronics, mobile phones, small appliances, etc. and include a nice consumer finance business. Over the years, the company paid out substantial dividends on asset disposals and bought back stock. The growth of the remaining assets drove the stock higher in spite of the substantial asset sales which have continued to shrink the revenue of the group. This has been the perfect type of liquidation, where the underlying assets are growing and everything is for sale at the right price. Our first purchases were at just over $8 per share. We have received $9 per share in distributions and sold our last shares in the low 20’s. Liquidations can be fantastic investments, especially as so many investors often avoid liquidations.

**Portfolio Review – Top Contributors/Detractors**

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

<table>
<thead>
<tr>
<th>Top Contributors</th>
<th>Top Detractors</th>
</tr>
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<tbody>
<tr>
<td>Emergent</td>
<td><strong>LIFE SETTLEMENTS (UNITED STATES)</strong></td>
</tr>
<tr>
<td>Major recapitalization and management changes</td>
<td><strong>CLINICAL LABS &amp; DIAGNOSTICS (UNITED STATES)</strong></td>
</tr>
<tr>
<td>Container Liner Shipping Company (Germany)</td>
<td>Enzo</td>
</tr>
<tr>
<td>Major operational and financial restructuring underway</td>
<td>Misunderstood sum-of-the-parts valuation; patent portfolio enforcement potential</td>
</tr>
<tr>
<td>Hapag-Lloyd</td>
<td>Gaming (Japan)</td>
</tr>
<tr>
<td>Catalysts include undervalued assets in Japan and Philippines; litigation outcomes</td>
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</tbody>
</table>
Emergent Capital, Inc. (EMGC US)
Emergent Capital ("Emergent"), a Florida-based alternative finance company with an interest in a pool of more than 600 life settlements (third party life insurance policies), was the largest contributor to performance during the quarter. Our new position in this special situation includes stock, senior notes, and warrants to purchase additional common stock in the future. Emergent showcases Evermore’s flexibility around idea sourcing and deal structure.

Prior to Evermore’s involvement, Emergent faced a fairly dire liquidity crisis stemming from: (1) an avalanche ($100+ million) of one-off legal and professional fees for matters we believed to be squarely behind the company; (2) an interest cost on debt burden inappropriate for a company with such inherently unpredictable underlying cash flows; (3) looming debt maturities; and (4) a generally unfavorable 2016 in terms of their portfolio performance. The stock market had certainly taken notice of these issues, driving shares down approximately 90% in the year preceding our initial investment.

Far from a traditional “brokered” deal, we first learned of Emergent’s contemplated recapitalization from a business associate in our network that traffics in a variety of stressed value situations. After completing a significant amount of due diligence on the company’s assets and operations over a number of months, we came to believe Emergent’s primary problem was one of liquidity, not solvency. As a result, we agreed to purchase a significant stake in the company’s newly-issued equity at $0.20 per share, as well as participate in the refinancing of the company’s Senior Notes. Notably, even with news of the massive share issuance at
$0.20 fully disseminated to the market, the stock still regularly traded above $0.30 per share prior to the recapitalization. For taking a lead role in the debt and equity recapitalization, Evermore received warrants to purchase additional shares at $0.20, as well as a Board seat. We believe Emergent exemplifies one of Evermore’s core competencies, the ability to evaluate and participate in highly complex and negotiated transactions. Evermore helped the lead investor drive the recap to closure and fully supported their efforts to dramatically revamp the company’s operating structure to maximize profitability.

Looking at the business itself, Emergent’s pool of life settlements resides within a bankruptcy-remote vehicle, White Eagle Asset Portfolio, L.P., which benefits from an external funding source to finance life insurance premium payments. The amount of cash Emergent can extract from White Eagle will be a function of the vehicle’s loan to value ratios, which are driven by underlying portfolio performance. We believe that were White Eagle to be put into “runoff mode,” Emergent would be able to extract significantly more than $0.20/share in value. However, we saw an opportunity for the company to grow intrinsic value per share by making cuts to what had become a bloated cost structure, while simultaneously exploring thoughtful capital deployment within life settlements and other alternative finance asset classes. With a purchase price at a steep discount to book value and with significant operational optionality, we believe the Fund will reap rewards from its investment in Emergent for years to come.

Please note that, due to Evermore’s representation on Emergent’s Board of Directors, our discussion of this investment will be of a limited nature going forward.

**Hapag-Lloyd AG (HLAG GY)** Hapag-Lloyd, a $7.0 billion market cap container shipping company based in Germany, was the second-largest contributor to Fund performance during the quarter with shares appreciating over 40% in the period. During the quarter, the company reported far better-than-expected earnings and cash flow, while its merger with United Arab Shipping Company (UASC) in May 2017 helped strengthen its market position to fifth-largest liner shipping company globally. In addition, the company stated that the merger with UASC is expected to generate annual savings of $435 million from 2019 onwards and that a majority of the resultant savings will have already been realized in 2018.

**Enzo Biochem Inc. (ENZ US)** Enzo Biochem, a $487 million market cap molecular diagnostics company and operator of state-of-the-art clinical labs, was the largest detractor to Fund performance during the quarter. Enzo’s common stock declined about 5.2% in the quarter, but the company continues to generate strong operating results with net cash representing about 13% of the company’s market cap. On the legal front, the company has 2017 trial dates set for three of its remaining patent infringement cases, which may help accelerate future potential settlements.

**Universal Entertainment (6425 JP)** Universal Entertainment, a $2.4 billion market cap leading developer and manufacturer of pachinko and pachislot gaming machines in Japan, was the Fund’s second largest detractor to performance. Universal’s stock declined approximately 3.6% in the quarter. The pachinko and pachislot businesses continue to generate strong cash flows, and the recently opened Philippines casino should start contributing to cash flow in upcoming quarters. We also remain cautiously optimistic that the company will win its pending case against Wynn Resorts Ltd., which could potentially amount to more than today’s market capitalization.
**Closing Thoughts**

Despite an investment landscape that includes rising global markets and volatile global geopolitics, we believe that our portfolio remains well-positioned to take advantage of the many catalysts that should continue to drive value creation. We also believe that the improving European economic environment should help hasten the value creation across our current European holdings.

I am very happy with our portfolio and the variety of cheap stocks with catalysts at varying stages of progress that it holds. While there were no new names in Europe added during the quarter, the fact is that we take our time to fully vet ideas, valuations and catalysts and what we call execution risk.

And what about Asia? In several of my prior commentaries, I alluded to the developing opportunity for special situations across Asia, especially in Japan. We had planned on making at least one due diligence trip to Asia this year, but our team has been so busy focusing on the many opportunities we continue to find in the U.S. and Europe that we have decided to push our Asia trip off to the New Year.

Finally, please note that we are working on adding to the investment team with both a senior level analyst and a new junior level research role. We expect both of these people to be in place to kick off the New Year.

As always, we thank you for your 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.

Book Value (BV) – The value at which the asset is carried on a balance sheet and calculated by taking the cost of an asset minus the accumulated depreciation. Book value is also the net asset value of a company, calculated as total assets minus intangible assets (patents, goodwill) and liabilities.

Operating cash flow (OCF) – A measure of the amount of cash generated by a company's normal business operations. Operating cash flow indicates whether a company is able to generate sufficient positive cash flow to maintain and grow its operations, or it may require external financing for capital expansion.

Runoff Mode or Portfolio Runoff – A decrease in the assets of a mortgage-backed securities portfolio due to the prepayment of the securities held in that portfolio.

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.