Core|Satellite Investing with First Eagle Funds
Many practitioners of core/satellite investing use the core of their clients’ portfolios to seek to generate market-like returns with market-level risk exposure, or beta, and use satellite investments in an attempt to produce excess returns, or alpha. Within this framework, passive investment vehicles — index funds and ETFs — have become standard core investments for many.

At First Eagle, we question the wisdom of constructing a core exclusively from passive vehicles. That is because index funds and ETFs, by their very nature, can expose investors to one of the gravest kinds of investment risk: permanent impairment of capital. If the core of a portfolio is designed, above all, to provide stability and preserve purchasing power over time, we believe it should contain more than just index funds and ETFs. As a complement to these vehicles, an actively managed global flexible fund such as First Eagle Global Fund (the “Fund”) may help to mitigate downside risk while generating positive, absolute long-term returns.

The Hazards of Passive Investing

Index funds and ETFs, by definition, are locked into their allocations and must remain fully invested based on their given benchmarks, regardless of what is happening in the overall economy, in specific sectors of the market or in individual companies. While indices can be constructed in a variety of ways, one of the most common methodologies uses free-float market capitalization. In the S&P 500, the MSCI World and other indices of this type, the weight of each company is based on its market capitalization.
relative to the total market cap of the index. For example, if a company’s market cap is $1 million and the total market cap of the index is $10 million, then the company would represent 10% of the index. As the company’s market cap increases or decreases, so does its weight in the index. Thus, if a market bubble is inflating and the market caps of certain companies are expanding — say, in the utilities sector or in the technology, media and telecommunications sectors — ETFs and index funds must participate. The larger the bubble grows, the greater the weight of these stocks in the index and the larger their place in index-tracking portfolios. When the bubble bursts, which happens as surely as night follows day, anyone who bought securities at inflated prices may suffer permanent impairment of capital.

The technology, media and telecommunication (TMT) bubble of the 1990s illustrates how hazardous passive investing can be. From the end of 1990 through the height of the bubble in March of 2000, the TMT component of the S&P 500 Index climbed at an average annual rate of 25% and these stocks rose more than 14 times in value. At the end of 1991, the average price-to-earnings ratio of TMT stocks was 34, but by March 2000 it had reached 116. At that point, TMT stocks constituted 46% of the S&P 500. During the expansion years, passive investment funds that tracked the S&P 500 Index loaded up on the “New Economy” TMT equities at higher and higher prices. Following the peak, the bubble deflated, and by October 2002 TMT stocks accounted for just 22% of the S&P 500 Index. For anyone owning passive funds based on the S&P 500, this large-scale collapse was disastrous. Of the S&P’s –33.87% return

We believe actively managed, go-anywhere funds can help to minimize the risk of market bubbles — potentially outperforming not just by what they choose to own, but, more importantly, by what they choose not to own.

---

**Exhibit 2: The Potential Benefits of Diversification**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell 2000</td>
<td>25.65%</td>
<td>Barclays Agg</td>
<td>7.84%</td>
<td>MSCI Emg Mkts</td>
<td>18.22%</td>
<td>Russell 2000</td>
<td>18.32%</td>
<td>S&amp;P 500</td>
<td>15.69%</td>
<td>S&amp;P 500</td>
<td>1.38%</td>
</tr>
<tr>
<td>MSCI Emg Mkts</td>
<td>18.88%</td>
<td>Barclays HY</td>
<td>4.98%</td>
<td>MSCI EAFE</td>
<td>17.32%</td>
<td>S&amp;P 500</td>
<td>32.39%</td>
<td>Barclays Agg</td>
<td>5.97%</td>
<td>Barclays Agg</td>
<td>0.55%</td>
</tr>
<tr>
<td>Barclays HY</td>
<td>15.12%</td>
<td>S&amp;P 500</td>
<td>2.11%</td>
<td>Russell 2000</td>
<td>16.35%</td>
<td>MSCI ACWI</td>
<td>22.80%</td>
<td>Russell 2000</td>
<td>4.89%</td>
<td>MSCI EAFE</td>
<td>-0.81%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>15.06%</td>
<td>Russell 2000</td>
<td>-4.18%</td>
<td>MSCI ACWI</td>
<td>16.13%</td>
<td>MSCI EAFE</td>
<td>22.78%</td>
<td>MSCI ACWI</td>
<td>4.16%</td>
<td>MSCI ACWI</td>
<td>-2.36%</td>
</tr>
<tr>
<td>MSCI ACWI</td>
<td>12.67%</td>
<td>MSCI ACWI</td>
<td>-7.35%</td>
<td>S&amp;P 500</td>
<td>16.00%</td>
<td>Barclays HY</td>
<td>7.44%</td>
<td>Barclays HY</td>
<td>2.45%</td>
<td>Russell 2000</td>
<td>-4.41%</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>7.75%</td>
<td>MSCI EAFE</td>
<td>-12.14%</td>
<td>Barclays HY</td>
<td>15.81%</td>
<td>Barclays Agg</td>
<td>-2.02%</td>
<td>MSCI Emg Mkts</td>
<td>-2.19%</td>
<td>Barclays HY</td>
<td>-4.47%</td>
</tr>
<tr>
<td>Barclays Agg</td>
<td>6.54%</td>
<td>MSCI Emg Mkts</td>
<td>-18.42%</td>
<td>Barclays Agg</td>
<td>4.21%</td>
<td>MSCI Emg Mkts</td>
<td>-2.60%</td>
<td>MSCI EAFE</td>
<td>-4.90%</td>
<td>MSCI Emg Mkts</td>
<td>-14.92%</td>
</tr>
</tbody>
</table>

Source: FactSet.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

Class I Shares of First Eagle Global Fund require $1MM minimum investment, and are offered without sales charge. Performance information is for Class I Shares without the effect of sales charges and assumes all distributions have been reinvested and if a sales charge was included values would be lower. Class A and C Shares have maximum sales charges of 5.00% and 1.00% respectively, and 12b-1 fees, which reduce performance.

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the funds’ short-term performance. Current performance may be lower or higher than figures shown. The 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. Past performance data through the most recent month end is available at www.feim.com or by calling 800.334.2143.
from March 10, 2000 to October 31, 2002, –26.52% was a result of TMT.\textsuperscript{1} While the S&P 500 index eventually recovered, some funds that had more limited exposure to TMT stocks avoided the large drawdowns associated with those holdings when the bubble burst.

The Power of Active Management

We believe actively managed, go-anywhere funds can help to minimize the risk of market bubbles — potentially outperforming not just by what they choose to own, but, more importantly, by what they choose not to own. Having no obligation to own benchmark heavyweights, they have the potential to avoid the sharp losses investors typically suffer when bubbles deflate. In their search for opportunities, go-anywhere funds look across a wide range of market capitalizations and a broad array of security types in all regions and sectors of the world. And when this search is unproductive, they accumulate cash and cash equivalents\textsuperscript{2} until they find what they feel are attractive opportunities.

High Active Share

When passive vehicles have been included in the core of a portfolio — as they commonly are — we think funds that strongly differ from these vehicles have the best potential to offset their inherent beta.\textsuperscript{3} In the last ten years, active share has emerged as a useful way to measure how far a portfolio’s stock selection diverges from an index. Active share is the percentage of a fund’s portfolio holdings that differ from the index. It can range from 0% for an index fund to 100% for a fund that has no commonality with the index. The greater this percentage, the stronger the indication that the fund employs true active management over time. First Eagle Global Fund recorded an active share ranging from 88% to 91% between 2009 and 2014. We believe that this wide divergence from the index makes First Eagle Global Fund particularly effective as a means of diversifying the risks inherent in passive vehicles.

Exhibit 3: % Active Share vs. Benchmark

\begin{center}
\begin{tabular}{ccccc}
\hline
\hline
Active Share & 87.1% & 88.0% & 87.6% & 87.5% & 88.0% \\
\hline
\end{tabular}
\end{center}

Source: FactSet.
Data as of 12/31/2019.

\textsuperscript{1} Source: FactSet

\textsuperscript{2} These types of instruments tend to underperform in rising markets.

\textsuperscript{3} Beta is a measure of the fund’s volatility (risk) relative to the overall market. The higher the fund’s beta, the more the fund price is expected to change in response to a given change in the value of the market.
**Preserving Purchasing Power and Growing Client Capital Over the Long Term**

First Eagle Global Fund is a global flexible fund with a record of maintaining purchasing power and growing investor capital over the long term while limiting downside volatility. We are value investors. Before making an investment, we first ask, “What can go wrong?” If we like a business but prefer to be in a more senior position in its capital structure, we have the ability to purchase its debt rather than its equity. We also invest in gold — both bullion and mining stocks — as a potential hedge against events we cannot forecast.

As a go-anywhere fund, we use diversification in an attempt to both enhance returns and reduce volatility. While one year’s top-performing asset class may fall to the bottom the following year, First Eagle Global does not try to time the market through opportunistic shifts in allocations. As illustrated in Exhibit 2, the fund provided the stable performance that investors seek for the core of their portfolios.

**Our Investment Approach**

As value investors, we believe in buying fundamentally strong companies that the markets have priced below our assessment of their intrinsic value. This approach may provide the “margin of safety” recommended by Benjamin Graham, the father of value investing. Intrinsic value, for us, is what an investor would pay in cash today to purchase the entire business. In other words, we tend to look at companies with the eyes of an acquirer of an enterprise rather than an investor in a security, asking how the business is likely to fare over a long business cycle. Our investment process is driven by independent, bottom-up research.

We have remained true to our value convictions through all types of markets. Our practice of value investing is based on our recognition that we cannot have certain knowledge of the future. It is not always possible to forecast when our evaluation of a company’s true economic value will be reflected in its share price, but we are prepared to wait.

**Managing Risks**

Our track record reflects our commitment to risk management. Patience and prudence are the cornerstones of our approach. We strive to create what we believe is an attractive “margin of safety” by buying businesses at discounts to what we consider their intrinsic value. Our investment time horizon is approximately five years, and turnover in the portfolio has ranged from approximately 11% to 16% per year over the last five years. We do not buy companies simply because we like them; we wait for what we consider to be the right price to enter. We prefer to supply liquidity during a market crisis because it allows us to take advantage of the dislocation between a company’s share price and its prospects. That is why we held very little cash by the time the market hit bottom in March 2009, but we built a sizable cash position as the market subsequently rallied.

We believe in winning by not losing; if we don’t understand an investment, we say so and refrain from buying it. This applies as much to regions and sectors as it does to individual companies. Because the investment team did not understand the valuations, the Fund stayed away from Japanese stocks in the late 1980s, from TMT stocks in the 1990s, and from bank stocks in 2008.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.
As market valuations rise, cash may build
• If we cannot find opportunities to invest in quality businesses trading at what we feel is an appropriate discount to their intrinsic value, we will hold cash as deferred purchasing power.

We may deploy cash into windows of opportunity
• A cash position may allow us to take advantage of market distress without becoming forced sellers of our securities at a time when we consider them to be undervalued.
• In early 2009 our cash position fell to nearly 5% as we considered value opportunities to be more apparent following the financial crisis.

A narrowing market provides opportunity
• In 2015, a small group of stocks scored strong gains while many other stocks languished. When companies of interest fell to price levels below our estimate of intrinsic value, we put our cash to work.

Source: FactSet.
5. For illustrative purposes only. Not meant to compare performance of the Fund or the MSCI World Index to any performance on cash and cash equivalents. The Fund may (but is not required to) temporarily hold cash and cash equivalents up to 100% of its assets. In such a case, the Fund may not be able to pursue, and may not achieve, its investment objective. It is impossible to predict whether, when or for how long the Fund will employ defensive strategies.
• The Global Fund (Class A-shares w/out sales charge)\(^6\) has a track record of over 40 years with an annualized return of 12.55% and positive returns in 35 out of 41 calendar years.

• Flexibility to invest across the capital structure may provide opportunities to generate above-market returns while also potentially minimizing volatility.

• The Fund’s go-anywhere approach enables us to invest in a variety of countries, sectors and market capitalizations without constraints from industry benchmarks.

• The Fund’s high active share has historically made it effective in offsetting the risks of ETFs and index funds.

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the funds’ short-term performance. Current performance may be lower or higher than figures shown. The 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. Past performance data through the most recent month end is available at www.feim.com or by calling 800.334.2143.

If sales charge was included values would be lower.

---

6. Performance for periods prior to January 1, 2000 occurred while a prior portfolio manager of the fund was affiliated with another firm.
The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the funds’ short-term performance. Current performance may be lower or higher than figures shown. The 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. Past performance data through the most recent month end is available at www.feim.com or by calling 800.334.2143. The average annual returns for Class A Shares “with sales charge” of First Eagle Global Fund give effect to the deduction of the maximum sales charge of 5.00%. The average annual returns for Class C Shares reflect a CDSC (contingent deferred sales charge) of 1.00% in the year-to-date and first year only. Class I Shares require $1MM minimum investment and are offered without sales charge.

* The annual expense ratio is based on expenses incurred by the fund, as stated in the most recent prospectus.

The opinions expressed are not necessarily those of the firm. These materials are provided for informational purpose only. These opinions are not intended to be a forecast of future events, a guarantee of future results, or investment advice. Any statistic contained herein have been obtained from sources believed to be reliable, but the accuracy of this information cannot be guaranteed. The views expressed herein may change at any time subsequent to the date of issue hereof. The information provided is not to be construed as a recommendation or an offer to buy or sell or the solicitation of an offer to buy or sell any fund or security.

There are risks associated with investing in securities of foreign countries, such as erratic market conditions, economic and political instability and fluctuations in currency exchange rates. These risks may be more pronounced with respect to investments in emerging markets.

Investment in gold and gold related investments present certain risks, and returns on gold related investments have traditionally been more volatile than investments in broader equity or debt markets.

The principal risk of investing in value stocks is that the price of the security may not approach its anticipated value or may decline in value. All investment involve the risk of loss.

The MSCI World Index is a widely followed, unmanaged group of stocks from 23 international markets and is not available for purchase. The index provides total returns in U.S. dollars with net dividends reinvested. One cannot invest directly in an index.

MSCI EAFE Index is an unmanaged total return index, reported in U.S. dollars, based on share prices and reinvested net dividends of approximately 1,500 companies from 22 countries and is not available for purchase. One cannot invest directly in an index.

The MSCI All Country World Index is an unmanaged index that captures large and mid cap representation across 23 Developed Markets and 23 Emerging Markets countries. With 2,491 constituents, the index covers approximately 85% of the global investable equity opportunity set. One cannot invest directly in an index.

The S&P 500 Index is a widely recognized unmanaged index including a representative sample of 500 leading companies in leading sectors of the U.S. economy and is not available for purchase. Although the S&P 500 focuses on the large-cap segment of the market, with approximately 80% coverage of U.S. equities, it is also considered a proxy for the total market. The S&P 500 Index includes dividends reinvested. One cannot invest directly in an index.

The Barclays Aggregate Bond Index is a broad-based benchmark that measures the investment grade U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. One cannot invest directly in an index.

The Barclays Corporate Bond Index is a broad-based benchmark that measures the investment grade U.S. dollar-denominated, fixed-rate taxable bond market, including corporate bonds issued by non-financial corporations. The index includes both U.S. and non-U.S. corporations. The index is presented here for comparison purposes only. One cannot invest directly in an index.

MSCI World Index

<table>
<thead>
<tr>
<th>Fund</th>
<th>Average Annual Returns as of 09/30/2020 (%)</th>
<th>YTD</th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Expense Ratio*</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Eagle Global Fund</td>
<td>Class A without sales charge</td>
<td>SGENX</td>
<td>-2.43</td>
<td>2.05</td>
<td>7.08</td>
<td>6.87</td>
</tr>
<tr>
<td></td>
<td>Class A with sales charge</td>
<td>SGENX</td>
<td>-7.31</td>
<td>-3.06</td>
<td>5.98</td>
<td>6.32</td>
</tr>
<tr>
<td></td>
<td>Class C with sales charge</td>
<td>FESGX</td>
<td>-3.96</td>
<td>0.31</td>
<td>6.27</td>
<td>6.07</td>
</tr>
<tr>
<td></td>
<td>Class I</td>
<td>SGII X</td>
<td>-2.25</td>
<td>2.31</td>
<td>7.35</td>
<td>7.15</td>
</tr>
</tbody>
</table>

* The annual expense ratio is based on expenses incurred by the fund, as stated in the most recent prospectus.

The Russell 3000® Index represents approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market capitalization and current market membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. One cannot invest directly in an index.

FEF Distributors, LLC (“FEFD”) distributes First Eagle products; it does not provide services to investors. As such, when FEFD presents a strategy or product to an investor, FEFD and its representatives do not determine whether the investment is in the best interests of, or is suitable for, the investor. Investors should exercise their own judgment and/or consult with a financial professional prior to investing in any First Eagle strategy or product.

Investors should consider investment objectives, risks, charges and expenses carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds and may be obtained by visiting our website at www.feim.com or calling us at 800.334.2143. Please read our prospectus carefully before investing. Investments are not FDIC insured or bank guaranteed, and may lose value.