September 30, 2020

Distinguishing Value from Valuation

First Eagle Global Fund

First Eagle Investment Management, LLC | www.feim.com

Recent Growth Outperformance Obscures Longer-Term Trends

The outperformance of growth stocks in the years following the global financial crisis has been well documented, and the contrast has become only more pronounced since the end of 2019, driven in part by dynamics that emerged in the wake of the Covid-19-related disruptions of first quarter 2020.

Over the past decade the difference in performance between growth and value has been meaningful, but it falls within the historical norms of cyclical variation:[1]

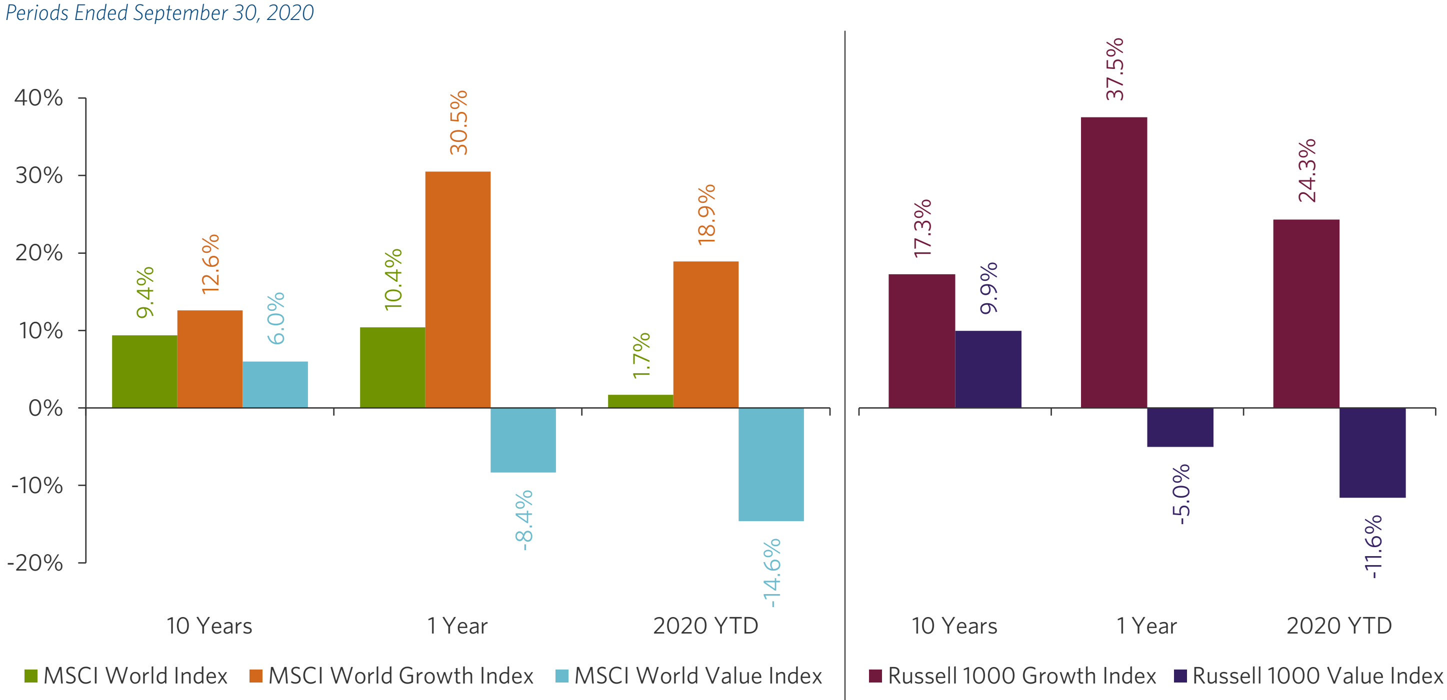
- The MSCI World Index grew at an annualized rate of **9.4%**.
- The MSCI World Growth Index climbed **12.6%** compared to the **6.0%** for the MSCI World Value Index.

More recent relative performance appears far less typical, however. Over the last year:[1]

- The MSCI World Index is up **10.4%**.
- The MSCI World Growth Index returned **30.5%** compared to an **8.4%** decline in the MSCI World Value Index.
  - This nearly **39%** spread almost defies belief given that the growth and value indexes have a long-term historical correlation in excess of **0.9**.
- Spreads between growth and value are even more pronounced in the US, perhaps not surprising given the dominance of very large US-based growth stocks in recent years.

The Outperformance of Growth Stocks Has Become More Pronounced of Late…

Periods Ended September 30, 2020



Note: 10-year returns are annualized.

Source: FactSet; data as of 09/30/2020.

Past performance does not guarantee future results.

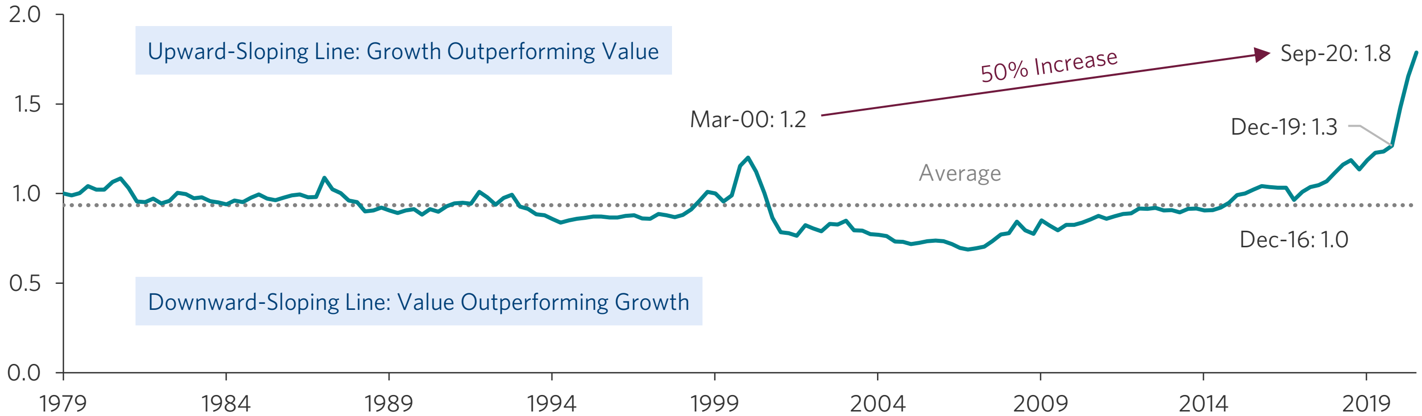
1. Source: FactSet; data as of 09/30/2020.

Given the pronounced divergence, it can be easy to forget that these investment styles have traded leadership in recent decades. If one takes an even longer look back, value's performance has outpaced growth more often than not since the Great Depression.[2]

- As shown below, the most recent period of extended value outperformance came with the collapse of the dot-com bubble in 2000 and persisted until the extraordinary policy response to the global financial crisis flooded the system with liquidity.
- The relative price level of the MSCI World Growth Index now[3] stands 50% higher than it was in March 2000, right before the bursting of the dot-com bubble ushered in a long period of value dominance.

The Price of Growth Stocks Relative to Value Stocks Has Pushed beyond Dot-Com Bubble Levels

Price Ratio of MSCI World Growth Index to MSCI World Value Index; January 1979 = 1.0



Source: Bloomberg; data as of 09/30/2020.

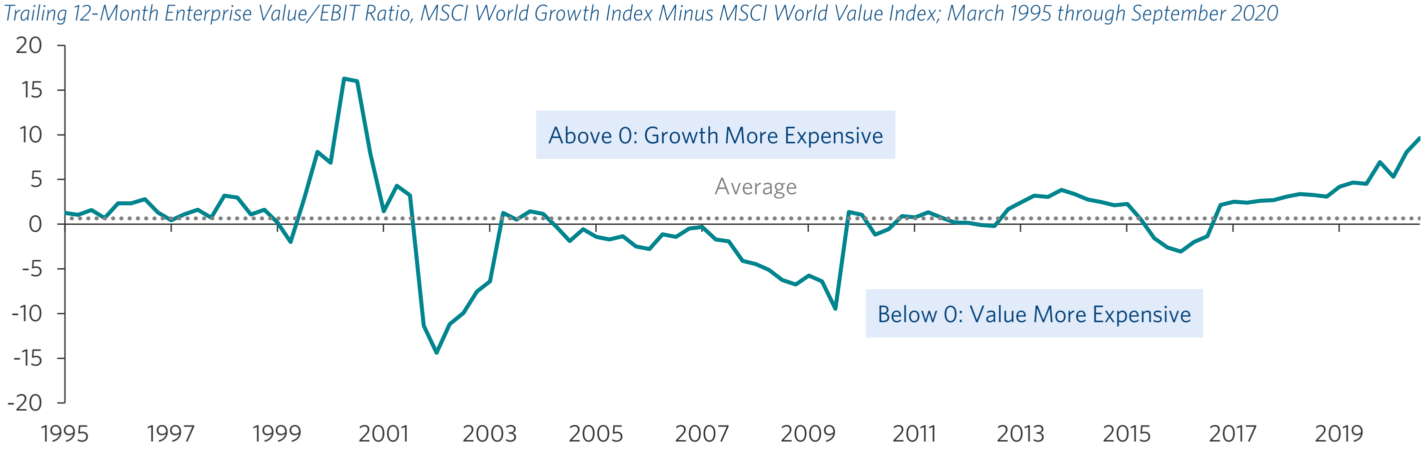
Past performance does not guarantee future results.

Market Gains Have Been Driven by Multiple Expansion

Similarly, valuation ratios suggest that the relative multiples paid for growth stocks have reached heights not witnessed since the dot-com era. As shown below, the enterprise value/EBIT ratio of the MSCI World Growth Index relative to the MSCI World Value Index is at the highest level since 2000.

The Outsized Rally in Growth Stocks Has Stretched Relative Valuations

Trailing 12-Month Enterprise Value/EBIT Ratio, MSCI World Growth Index Minus MSCI World Value Index; March 1995 through September 2020



Source: Bloomberg; data as of 09/30/2020.

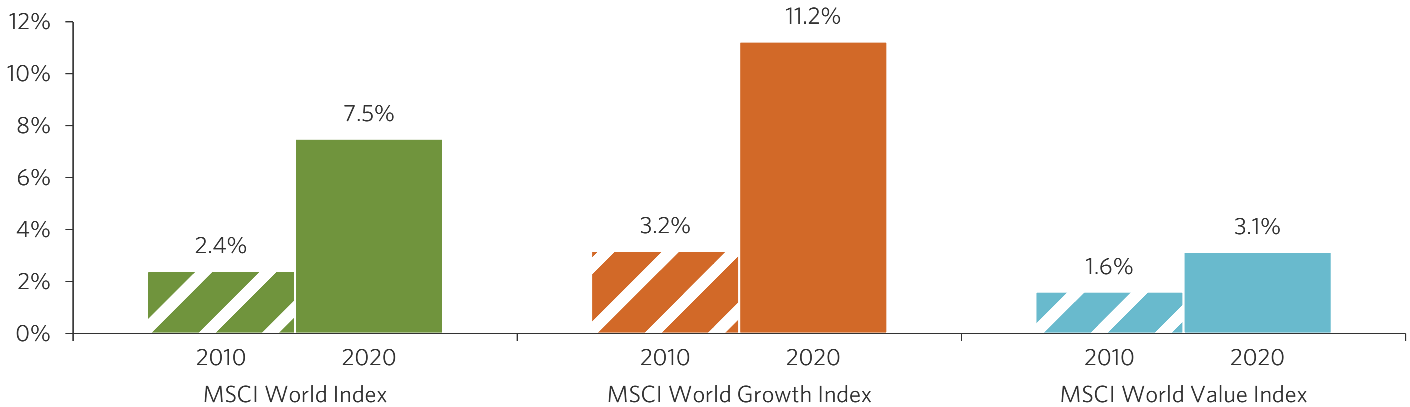
To be fair, revenue and cash flows for many growth stocks—especially the dominant mega-cap names—have benefitted from the pandemic-related acceleration of preexisting trends. The shift to virtual has provided a significant boost to companies with a strong online presence, for example, and many of these new-economy names showed impressive earnings resilience as the physical shutdown punished many of the mature-economy sectors that populate the value index.

2. Source: Kenneth R. French data library.
3. As of 09/30/2020.

The problem in our view for these growth stocks, however, is that their market valuations in most cases have increased at a far greater rate than their operating metrics, suggesting that future return potential has already been priced in. As depicted below, the weighted average price-to-sales ratio of the MSCI World Growth Index has increased almost 350% over the past 10 years, pulling the MSCI World Index's ratio up by a similar percentage. The price-to-sales ratio for the MSCI World Value Index, in contrast, has not quite doubled.

Price Gains for Growth Stocks Have Far Outstripped Sales Gains

Weighted-Average Price-to-Sales Ratios as of September 30 of the Indicated Year



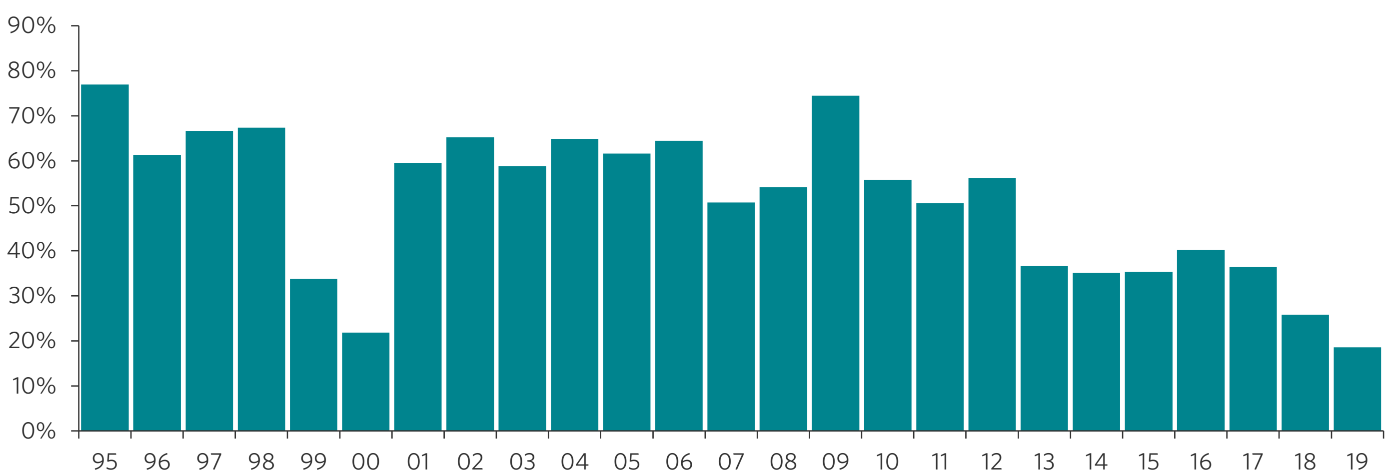
Source: FactSet; data as of 09/30/2020.

At the other end of the growth-stock spectrum, low discount rates have heightened the appeal of more speculative names. We see this in "concept stocks" that trade at three- and four-digit and even infinite earnings multiples. We also see this in the initial public offering (IPO) market, including offerings of special-purpose acquisition companies (SPACS or "blank check companies") that raise investor assets in the public markets based on little more than a promise to acquire unspecified private businesses within a certain period of time.

Many of the companies that have gone public of late are not generating the income one might think. In fact, the rate of newly public companies with positive net income in 2019 fell to levels last seen in 2000—the year Pets.com went public.

Fewer Companies Going to Market Have Positive Net Income

Percent of IPOs Reporting Positive Net Income



Source: FactSet; data as of 09/30/2020.

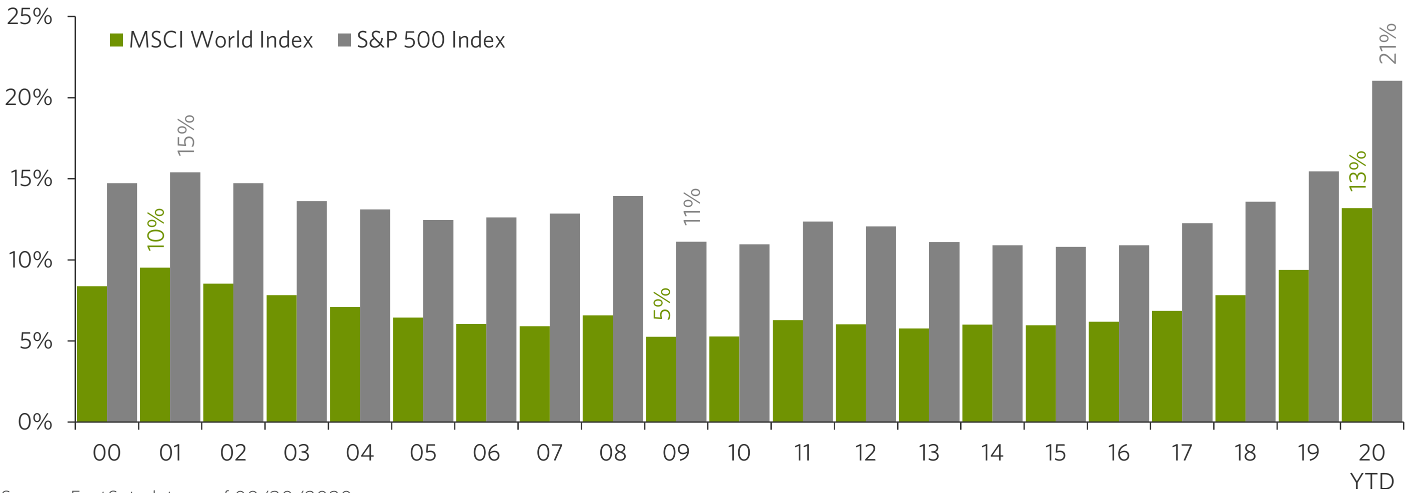
Increasingly Concentrated Benchmarks Suggest a Narrowing Equity Opportunity Set

At the index level, equity performance has narrowed considerably, with recent gains driven by a small handful of very large companies.

- The five largest stocks in the S&P 500 Index and MSCI World Index—Facebook, Amazon, Apple, Microsoft and Google (Alphabet)—represented 21% and 13% of these indexes, respectively, in terms of market capitalization, as of the end of September 2020; the top five names comprised 11% and 5% of these indexes at year-end 2009.[4]
- Without the contribution of these five mega-cap names, both indexes would be negative for the year to date.

Equity Markets Have Grown Increasingly Top-Heavy

Weight of the Five Largest Constituents



Source: FactSet; data as of 09/30/2020.

High concentration within indexes makes true diversification more difficult for benchmarked portfolios to achieve and leaves such portfolios more susceptible to idiosyncratic risks.

Beyond the single-stock risks that come with having an outsized share of a portfolio tied up in the equity of a handful of companies, benchmarked portfolios carry significant sector risk.

- Information technology represents 28% of the S&P 500 Index and 22% of the MSCI World Index, for example, and these percentages don't include companies like Amazon, Facebook and Google, which are bucketed in other GICS[5] sectors but have tech embedded deep within their DNA.[4]
- Portfolios seeking global diversity through an MSCI World Index benchmark may be surprised to learn that 67% of its market cap is attributable to US-domiciled companies, which as a group are trading at stretched valuations based on any number of common metrics.[4]

This is not to say that diversification is unachievable, only that traditional benchmarked portfolios may be challenged in their ability to do so effectively. Selective portfolios with flexible, go-anywhere mandates may be able to identify unique sources of risk and return.

Broad Market Indexes Have Grown Concentrated by Stock, Country and Line of Business

Company	Domicile	GICS Sector	Weight in MSCI World Index	Weight in MSCI World Growth Index
Apple	US	Information Technology	4.5%	8.3%
Microsoft	US	Information Technology	3.4%	6.3%
Amazon	US	Consumer Discretionary	3.0%	5.5%
Facebook	US	Communications Services	1.4%	2.6%
Google (Alphabet)	US	Communications Services	1.0%	1.8%

Source: MSCI; data as of 09/30/2020.

4. Source: FactSet; data as of 09/30/2020.
5. The Global Industry Classification Standard (GICS) is an industry taxonomy developed in 1999 by MSCI and Standard & Poor's (S&P) for use by the global financial community. The GICS structure consists of 11 sectors, 24 industry groups, 69 industries and 158 sub-industries into which S&P has categorized all major public companies. The system is similar to ICB (Industry Classification Benchmark), a classification structure maintained by FTSE Group.

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

First Eagle Global Fund: Forging Our Own Path through Selectivity

Relative performance trends over the past decade have called into question the efficacy of traditional statistical approaches to value investing. We tend to agree.

A purely statistical approach toward an investment universe—ranking companies by ratios like price-to-earnings, price-to-book-value or enterprise-value-to-EBIT, for example—may isolate a group of stocks with low valuations, but it provides no insight into the actual value of these companies. In fact, a portfolio constructed strictly according to statistical measures of value is likely to be skewed toward companies that we call "busted flushes." While cheaply priced, these businesses may be subject to falling market share or adverse shifts in customer preferences, or facing structural decline or financial distress. In other words, they may be cheap for good reasons.

First Eagle Global Fund seeks to fill in those gaps. The fund's analysis begins with defining the fundamental character of a business before attempting to quantify the value—or lack thereof—that may be reflected in its market price. Through this approach, the concept of value becomes a much broader tent. In practice, the "margin of safety"[6] we demand in some businesses may be rooted purely in objective measures of a company's tangible assets. For others, it may also include our subjective assessment of a company's intangible assets. By applying the same level of rigor to the evaluation of both tangible and intangible assets, the fund seeks to distinguish stocks that are merely cheap from those that offer value at their current market price, and selectively invest in the latter.

Asset Scarcity Is a Foundation of Persistence

Facebook is a good example of our big-tent approach to value. Though the social-media giant would be considered a growth stock by almost any metric, we believe that doesn't preclude it from potentially offering value at the right price.

- In contrast with some of the concept stocks mentioned earlier, Facebook has made money—and a lot of it. The company went cash flow positive in 2009 and has been on an upward trajectory since.
- Facebook currently derives nearly all of its revenue from advertising, delivered digitally to 3.2 billion monthly active people through a family of products that includes not only its namesake platform—the largest social media network in the world—but also Messenger, Instagram and What's App.*
- This scale advantage allows Facebook to invest heavily in research and development and anticipate changes in the competitive landscape; the company's aggressive spending in artificial intelligence technology, for example, has enabled it to incrementally improve its products over time.
- With a track record of prudent acquisitions and sensible expansions into adjacent business segments, we believe Facebook management has proved to be strong stewards of investor capital.

Scarcity Example

Brand

Expertise

Scale

* Source: Company reports; data as of 10/29/2020.

6. First Eagle defines "margin of safety" as the difference between a stock's price and our estimate of its intrinsic value.

Seeking to Build a Portfolio for a Differentiated Experience

Selectivity is at the heart of what we do at First Eagle. The flexibility of our investment mandates allows us to exercise this selectivity free from any benchmark-related limitations, which positions the Global Fund to potentially deliver exposures that are differentiated from both value and growth indexes and offer diversification benefits that may be lacking in benchmarked approaches.

Our investment philosophy manifests itself in our stock selection and portfolio construction:[7]

- As a result of our bottom-up stock selection, Global Fund has a **50% overlap** with stocks in the MSCI World Value Index and only a **28% overlap** with those in MSCI World Growth Index.
- At approximately **23x**, Global Fund's P/E ratio is similar to that of the MSCI World Value Index but about one-third that of the MSCI World Growth Index.
- With a weighted average market capitalization about **75% less** than that of the MSCI World Growth Index, the performance of the well-diversified Global Fund is less reliant on the behavior of a small subset of its holdings.

Global Fund's Focus on Stock Selection Has Yielded Distinctive Sources of Risk and Return

Weighted Average Market Capitalization in Billions of US Dollars

	First Eagle Global Fund (SGENX)	MSCI World Index	MSCI World Growth Index	MSCI World Value Index
Price/Earnings	22.8x	30.0x	36.5x	20.2x
Market Capitalization				
Weighted Average	$114.8	$308.3	$486.9	$100.0
Median	$21.3	$13.6	$15.9	$12.4
Average	$80.6	$33.4	$41.3	$26.2

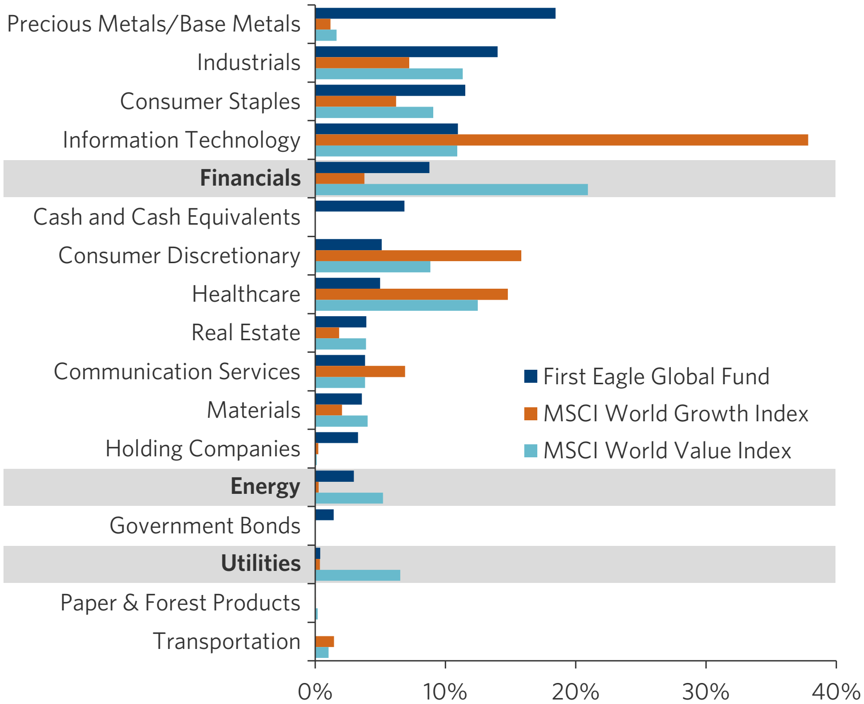
Source: FactSet; data as of 09/30/2020.

7. Source: FactSet; data as of 09/30/2020.

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

Global Fund's Benchmark-Agnostic Approach Has Resulted in Idiosyncratic Sector Exposures

Sector Exposures as of September 30, 2020



Source: FactSet; data as of 09/30/2020.

- Global Fund has an underweight to such traditional value sectors as financials, energy and utilities relative to the MSCI World Value Index. Further, our holdings within these sectors are biased toward those stocks we believe offer the greatest value relative to their market price, not simply those that trade at the cheapest levels.
- The fund maintains an overweight relative to both the value and growth indexes in precious/base metals and cash and cash equivalents. The former is comprised of our strategic exposure to gold and gold-related securities as a potential hedge against adverse conditions, while we consider our cash and cash equivalent positions to be deferred purchasing power that can be deployed when market conditions offer opportunities to purchase attractive businesses at the "margin of safety" we seek.

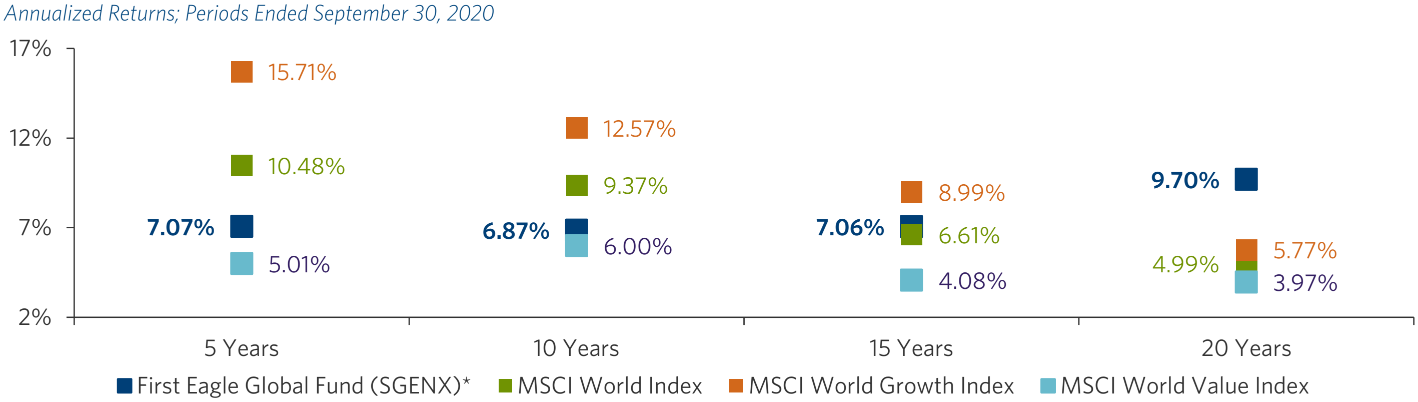
As a result of these portfolio characteristics, Global Fund has generated attractive risk-adjusted returns over the long term while consistently mitigating the impact of market selloffs. Over the past 20 full calendar years:[8]

- Global Fund outperformed the MSCI World Index **100%** of the years in which value outperformed growth (eight instances).
- Global Fund outperformed the MSCI World Index **50%** of the years in which growth outperformed value (12 instances).

The fund has consistently outperformed the MSCI World Value Index on an annualized basis since 2000. While the dominance of growth stocks since the global financial crisis has hampered the fund's performance relative to the MSCI World and MSCI World Growth Indexes over shorter time periods, the power of the Global Fund's selective investment approach and long-term orientation is evident when we expand the time frame to include multiple market cycles.

Global Fund's Selective Approach Has Outpaced Benchmarks over Periods with Multiple Market Cycles

Annualized Returns; Periods Ended September 30, 2020



Source: FactSet; data as of 09/30/2020.

* Performance information is for Class A Shares without the effect of sales charges and assumes all distributions have been reinvested; if a sales charge was included, values would be lower.

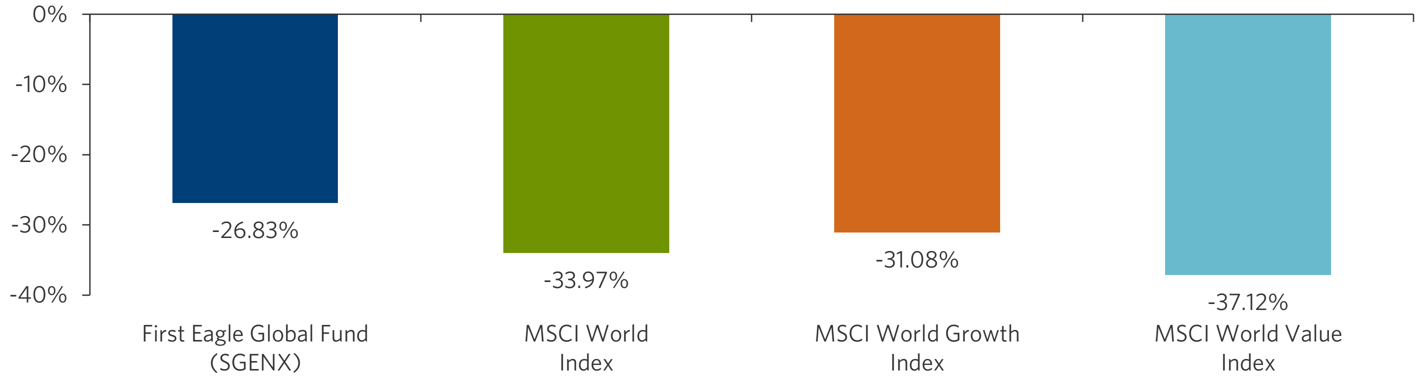
8. Source: FactSet; data as of 09/30/2020.

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the fund's 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.

- By seeking to consistently mitigate the impact of down markets—as illustrated by its outperformance of the growth and value indexes during the pandemic-related selloff in first quarter 2020—First Eagle Global Fund has delivered strong returns over the long term, with less risk versus the MSCI World, MSCI World Growth and MSCI World Value Indexes.

Max Drawdown during First Quarter 2020 Covid Selloff

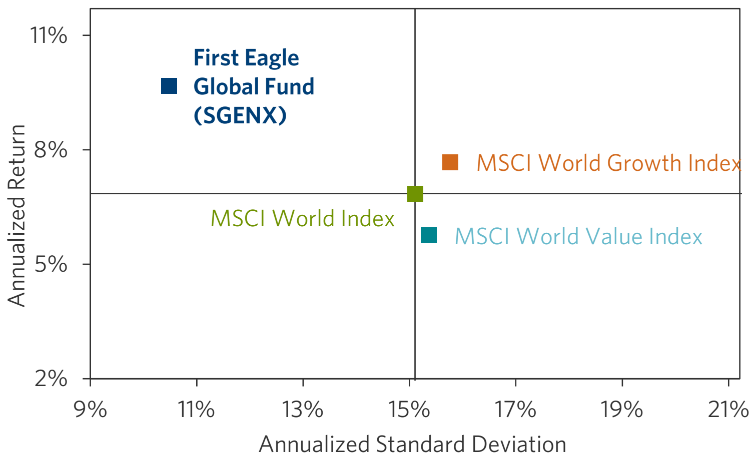
February 19, 2020, through March 23, 2020



Source: FactSet; data as of 09/30/2020.

25-Year Annualized Risk vs. Return

September 30, 1995, through September 30, 2020



	Annualized Standard Deviation	Annualized Return
First Eagle Global Fund (SGENX)	10.48%	9.68%
MSCI World Index	15.10%	6.85%
MSCI World Growth Index	15.77%	7.68%
MSCI World Value Index	15.36%	5.76%

Source: FactSet; data as of 09/30/2020.

Performance information is for Class A Shares without the effect of sales charges and assumes all distributions have been reinvested; if a sales charge was included, values would be lower.

Conclusion

Given the efficiency of today's equity markets, it's hard to believe that any segment— growth or value—can be so permanently mispriced that it will always outperform. Value investing historically has rewarded patience, and we are confident that an attractive business purchased with what we believe to be an appropriate "margin of safety" should offer value to its investors over time more often than not.

At First Eagle, we subscribe to a notion once put forth by renowned investor Warren Buffet: "Price is what you pay; value is what you get." By first defining the fundamental character of a business—the tangible and intangible assets that comprise it—before attempting to attach a price to its stock, First Eagle Global Fund seeks to uncover this value and to selectively construct a portfolio that offers an investment experience differentiated from traditional indexes.

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the fund's 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.

GLOBAL FUND SNAPSHOT

Average Annual Returns as of 09/30/2020 (%)

	YTD	1 Year	5 Years	10 Years	Since Inception	Expense Ratio*	Inception
First Eagle Global Fund Class A (SGENX) w/o sales charge	-2.43	2.05	7.08	6.87	12.55	1.11	01/01/79**
First Eagle Global Fund Class A (SGENX) w sales charge	-7.31	-3.06	5.98	6.32	12.41		
First Eagle Global Fund Class C (FESGX)	-3.96	0.31	6.27	6.07	8.95	1.87	06/05/00
First Eagle Global Fund Class I (SGIIX)	-2.25	2.31	7.35	7.15	9.91	0.85	07/31/98
First Eagle Global Fund Class R3 (EARGX)	-2.48	2.01	--	--	3.16	1.14	05/01/18
First Eagle Global Fund Class R4 (EAGRX)	-2.30	2.22	--	--	1.37	0.97	01/17/18
First Eagle Global Fund Class R5 (FRGLX)	-3.35	1.11	--	--	0.66	1.35	07/29/19
First Eagle Global Fund Class R6 (FEGRX)	-2.20	2.39	--	--	4.51	0.79	03/01/17
MSCI World Index	1.70	10.41	10.48	9.37	9.54		01/01/79**

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

** The Fund commenced operation April 28, 1970. Performance for periods prior to January 1, 2000, occurred while a prior portfolio manager of the Fund was affiliated with another firm. Inception date shown is when this prior portfolio manager assumed responsibilities.

Top 10 Holdings (%)°

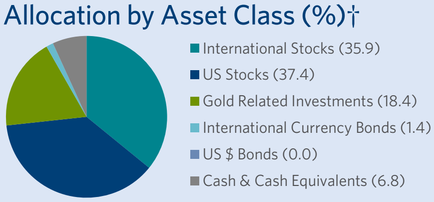
Gold Bullion	12.6
Oracle Corp. (US)	2.8
Comcast Corp. (US)	2.4
Fanuc Corp. (JPN)	1.9
C.H. Robinson Worldwide, Inc. (US)	1.7
British American Tobacco PLC (UK)	1.6
Danone SA (FRA)	1.6
Philip Morris International Inc. (US)	1.4
Groupe Bruxelles Lambert SA (BEL)	1.4
Colgate-Palmolive Company (US)	1.4
Total as % of Net Assets	28.9

Active Share°°

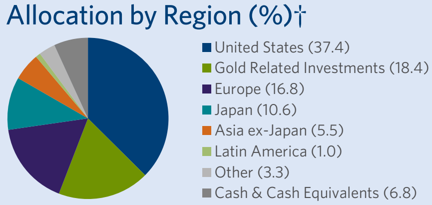
87.46%

° Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell securities.
Current and future portfolio holdings are subject to risk.
The Fund may invest in gold and precious metals through investment in a wholly-owned subsidiary of the Fund organized under the laws of the Cayman Islands (the "Subsidiary"). Gold Bullion and commodities include the Fund's investment in the Subsidiary.
°° Active share measures the percentage of a fund's portfolio holdings differing from its benchmark. Active share can range from 0% (index fund) to 100% (no commonality with the benchmark index).

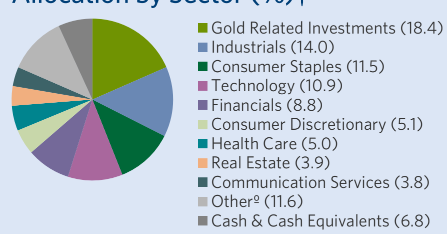
Allocation by Asset Class (%)†



Allocation by Region (%)†



Allocation by Sector (%)†



Statistics shown as of 09/30/2020. † Percentages may not equal 100% due to rounding.

º Materials 3.6%, Holding Companies 3.3%, Energy 3.0%, Government Bonds 1.4%, Utilities 0.4%.

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Class I Shares require $1mm minimum investment, and are offered without sales charge.

Class R Shares are offered without sales charge.

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.

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 investments involve the risk of loss.

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 US dollars with net dividends reinvested.

MSCI World Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets (DM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

MSCI World Growth Index captures large and mid-cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

Russell 1000 Growth Index measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000 companies with higher price-to-value ratios and higher forecasted growth values. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment.

Russell 1000 Value Index measures the performance of large-cap value segment of the US equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment.

One cannot invest directly in an index. Indices are unmanaged and do not incur management fees or other operating expenses.

Cash equivalents represents commercial paper, money market funds, net payables/receivables, currencies and US Government T-Bills.

Standard deviation is a statistical measure of how returns over time have varied from the mean. A lower number signifies lower volatility.

The holdings mentioned herein represent the following percentage of the total net assets of the First Eagle Global Fund as of September 30, 2020: Facebook 1.38%.

First Eagle Investment Management is the brand name for First Eagle Investment Management, LLC and its subsidiary investment advisers.

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.

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