September 30, 2020

Distinguishing Value from Valuation

First Eagle Overseas Fund

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. This has been 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]

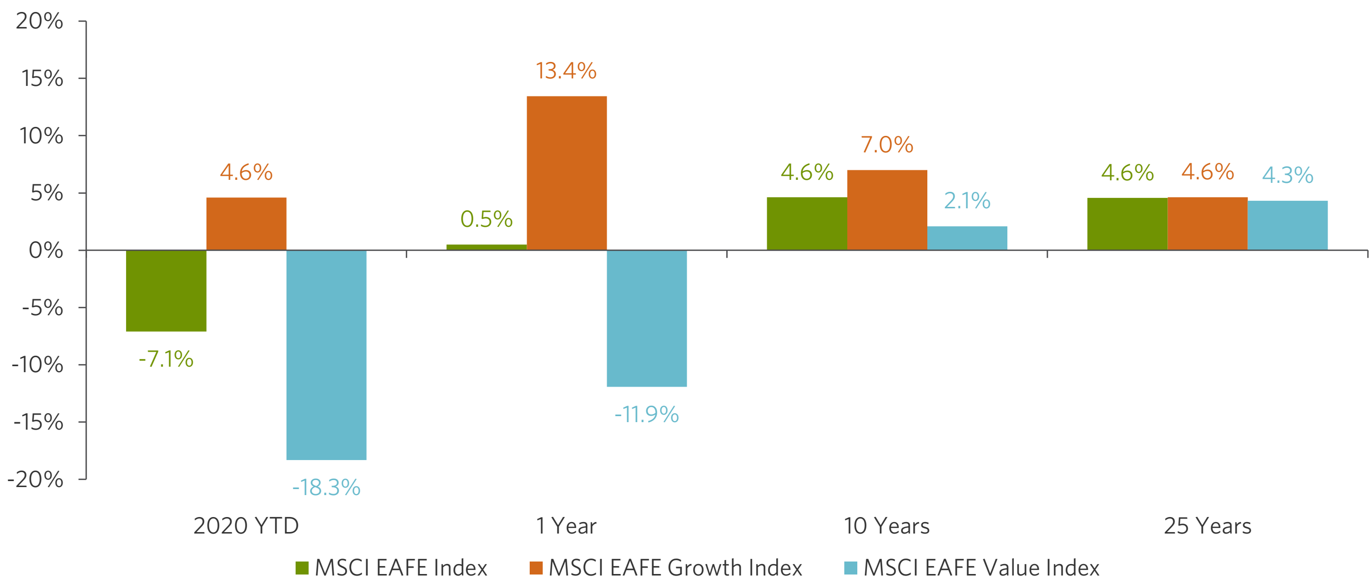
- The MSCI EAFE Index grew at an annualized rate of **4.6%.**
- The MSCI EAFE Growth Index climbed **7.0%** compared to the **2.1%** increase for the MSCI EAFE Value Index.

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

- The MSCI EAFE Index was up a mere **0.5%**.
- The growth component returned **13.4%** compared to an **11.9%** decline in value.
  – This **25%** spread almost defies belief given that the growth and value indexes have a long-term historical correlation in excess of **0.9**.
- Over a 25-year period that includes multiple market cycles, the annualized performance of the three indexes is nearly identical.

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

Periods Ended September 30, 2020



Note: Returns for periods longer than one year are annualized.

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

Past performance does not guarantee future results.

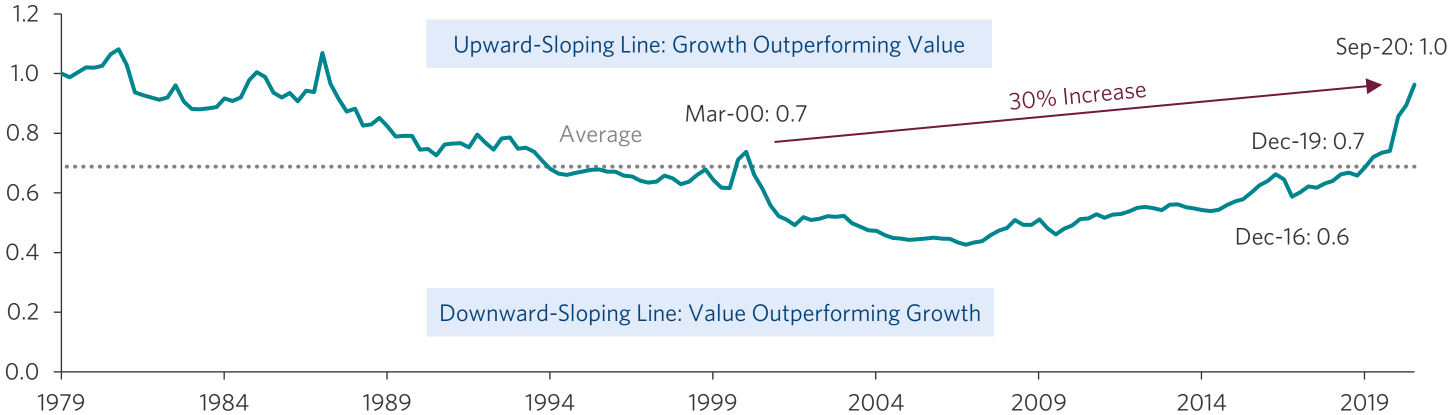
1. Source: FactSet; data as of 09/30/2020.

Given the decade-plus divergence between growth and value, it can be easy to forget 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[3] 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 EAFE Growth Index now stands about 30% higher than it was in March 2000 right before the bursting of the dot-com bubble ushered in a long period of value dominance.

...Pushing Its Price Level Relative to Value beyond Dot-Com Bubble Levels

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



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

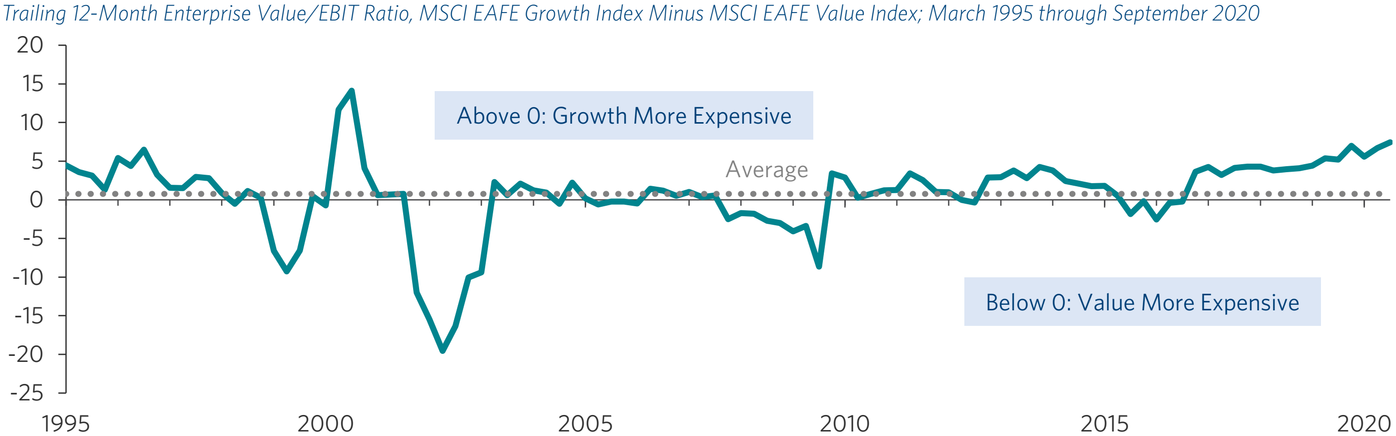
Past performance does not guarantee future results.

Market Gains Have Been Driven by Multiple Expansion

While value indexes by definition typically trade at lower multiples than growth-focused benchmarks, the gap between the two has widened significantly since the global financial crisis and especially in 2020. As shown in the figure below, the enterprise value/EBIT ratio of the MSCI EAFE Growth Index relative to the MSCI EAFE Value Index is at the highest level since 2000 when the dot-com bubble burst.

The Outsized Rally in Growth Stocks Has Stretched Relative Valuations

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



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

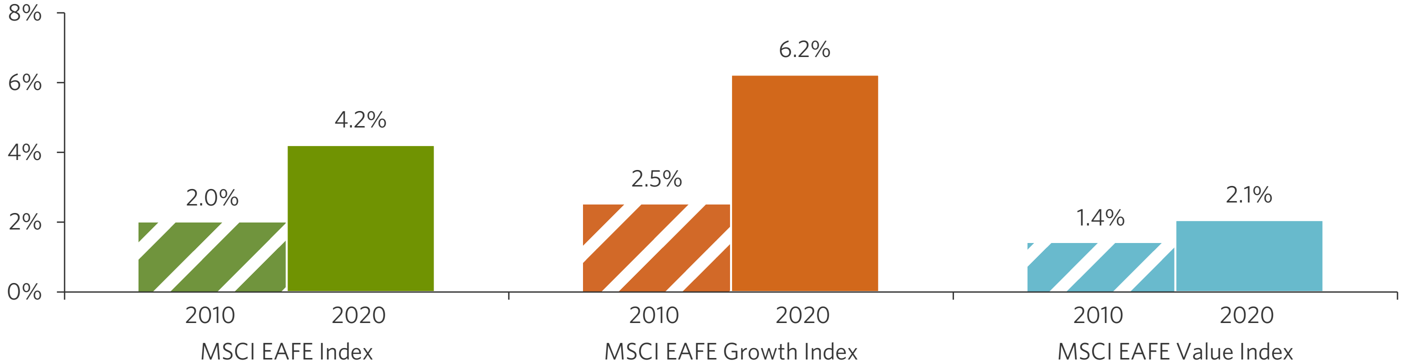
To be fair, revenue and cash flows for many growth stocks—especially the dominant mega-cap names—have benefitted from the pandemic-related acceleration of preexisting trends. The shift to virtual has provided a significant boost to companies with a strong online presence, for example, and many of these new-economy names showed impressive earnings resilience as the physical shutdowns 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 EAFE Growth Index has increased by around 250% over the past 10 years, pulling the MSCI EAFE Index's ratio up with it. The price-to-sales ratio for the MSCI EAFE Value Index, in contrast, has only expanded by about 50%.

Price Gains for Growth Stocks Have Far Outstripped Sales Gains

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



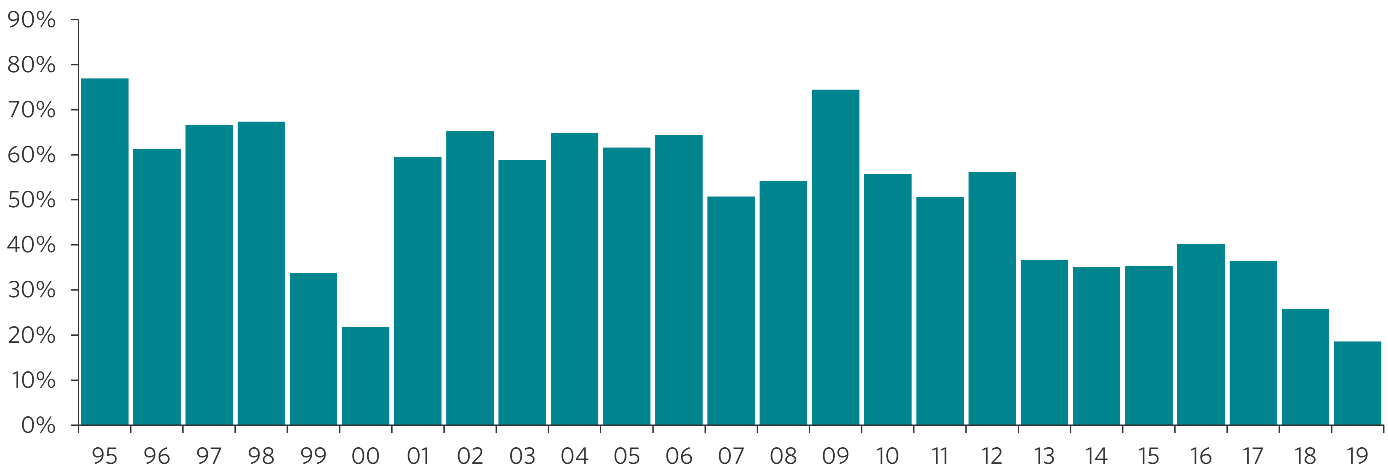
Source: FactSet; data as of 09/30/2020.

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 as profitable as one might expect. 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, global equity performance has narrowed considerably, with recent gains driven by a small handful of very large American companies.

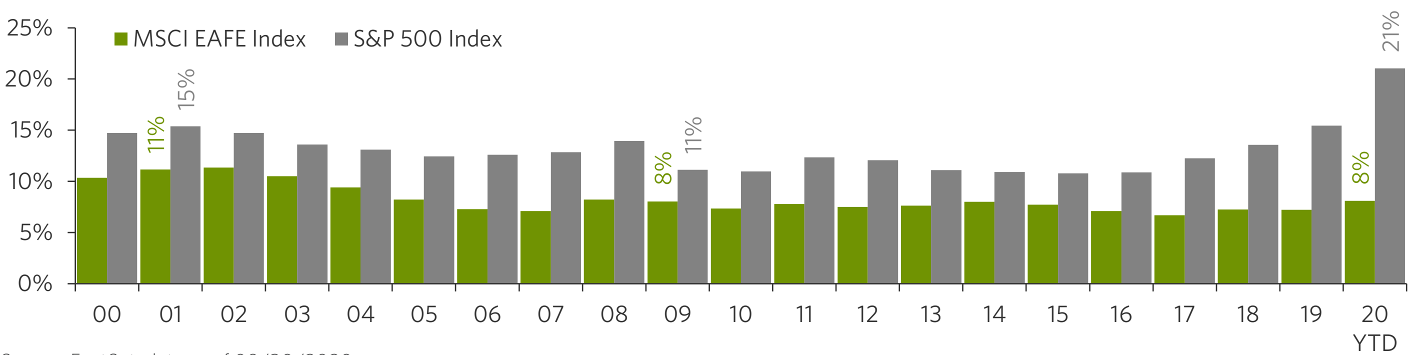
- The five largest stocks in the S&P 500 Index and MSCI World Index—Facebook, Amazon, Apple, Microsoft and Google (Alphabet)—represented 23% and 13% of these indexes in terms of market capitalization, respectively, as of the end of September; the top five names comprised 11% and 5% of these indexes at year-end 2009.[4]
- Without the contribution of these stocks, both indexes would be negative for the year to date.[4]

Given its focus on non-US developed markets, the MSCI EAFE Index lacks exposure to these American tech-related giants that have driven the performance of other indexes, and it has lagged as a result. Moreover, the MSCI EAFE Index historically has been far less concentrated than either the S&P 500 or MSCI World Indexes.

- The five largest stocks in the MSCI EAFE Index—Nestle (consumer staples), Roche (healthcare), Novartis (healthcare), SAP (information technology) and ASML (information technology)—represented 8.1% of the index, similar to the concentration 10 years ago.[4]
- At around $1 trillion, the aggregate market capitalization of the MSCI EAFE Index's top five stocks is about half that of Apple alone.[4]

Equity Markets Have Grown Increasingly Top-Heavy

Weight of the Five Largest Constituents



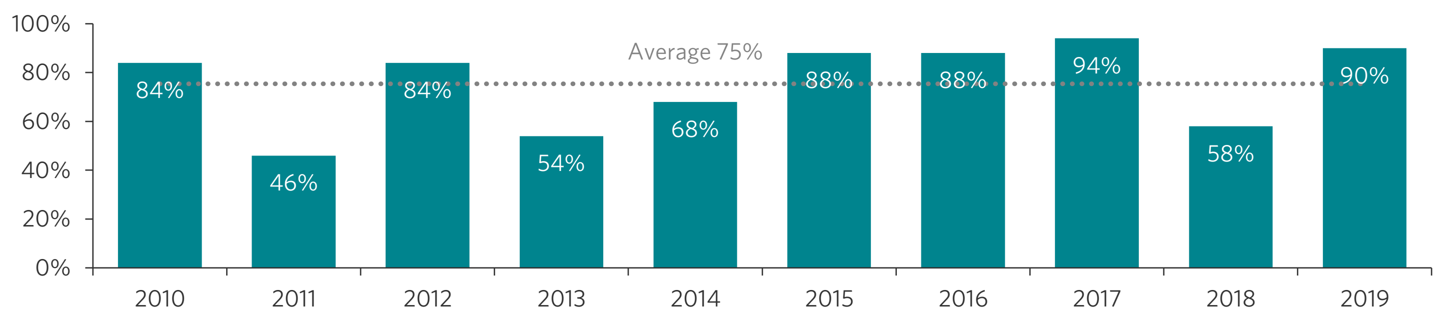
Source: FactSet; data as of 09/30/2020.

At the same time, index-level performance alone may present a somewhat distorted view of relative performance in recent years.

- Non-US companies comprised 75% of the MSCI ACWI Index's top 50 gainers on average over the past 10 calendar years.
- While there have been plenty of attractive opportunities across geographies, traditional benchmarked portfolios may be limited in their ability to capture them. In contrast, portfolios with flexible, go-anywhere mandates may be able to identify unique sources of risk and return.

Top-Performing Companies Have Been Concentrated outside the US over the past Decade

Percentage of Non-US Stocks Among Top 50 Performers in MSCI ACWI Index



Index Returns

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
US	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	31.5%
Non-US	11.2%	-13.7%	16.8%	15.3%	-3.9%	-5.7%	4.5%	27.2%	-14.2%	21.5%

Note: For Index Returns table, US = S&P 500 Index and Non-US = MSCI AC World ex-USA.
Source: FactSet as of 12/31/2019. **Past performance does not guarantee future results.**

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

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

First Eagle Overseas Fund: Forging Our Own Path through Selectivity

Relative performance trends over the past decade have called into question the usefulness 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 Overseas Fund seeks to fill in the 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"[5] 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

Fomento Economico Mexicano (FEMSA) is a good example of our big-tent approach to international value.

- Headquartered in Mexico, multinational beverage and retail company FEMSA maintains a collection of high-quality assets diversified across emerging and developed economies.
- This includes a 15% ownership stake of Heineken, a 48% stake in Coca-Cola FEMSA (the largest independent Coca-Cola bottling group in the world) and 100% ownership of OXXO (the largest convenience-store chain in Mexico), businesses that over the years have been focused on expanding their market shares and consolidating their markets through acquisition.
- With a slowdown in their core markets exacerbated by the Covid-19 pandemic, FEMSA has had a challenging 2020. Given its collection of quality assets, resilient market conditions, robust balance sheet and experienced, long-term oriented leadership, however, we believe FEMSA is well positioned to potentially benefit from a pickup in consumer demand.

Scarcity Example

Brand

Expertise

Scale

Source: Company reports; data as of 11/30/2020.

5. 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 Overseas Fund to potentially offer 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:[6]

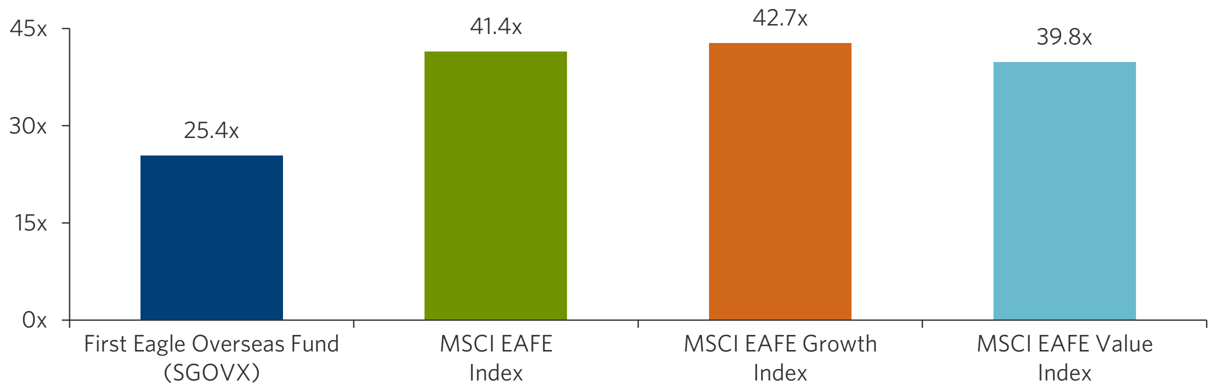
- As a result of our bottom-up stock selection, Overseas Fund has only a **33% overlap** with stocks in the MSCI EAFE Value Index and a **23% overlap** with those in MSCI EAFE Growth Index.

- At approximately **25x**, Overseas Fund's weighted-average P/E ratio is significantly below both the MSCI Growth and Value indexes.

- With a weighted average market capitalization about **40% less** than that of the MSCI EAFE Growth Index, the performance of the well-diversified Overseas Fund is less reliant on the behavior of a small subset of its holdings.

Overseas Fund's Weighted Average P/E Ratio Is Well below that of MSCI EAFE Indexes

Weighted-Average Price-to-Earnings Ratio, as of September 30, 2020



Market Capitalization				
Weighted Average	$50.3	$65.2	$81.0	$48.4
Median	$11.6	$10.2	$11.3	$9.2
Average	$32.6	$20.5	$23.1	$17.7

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

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

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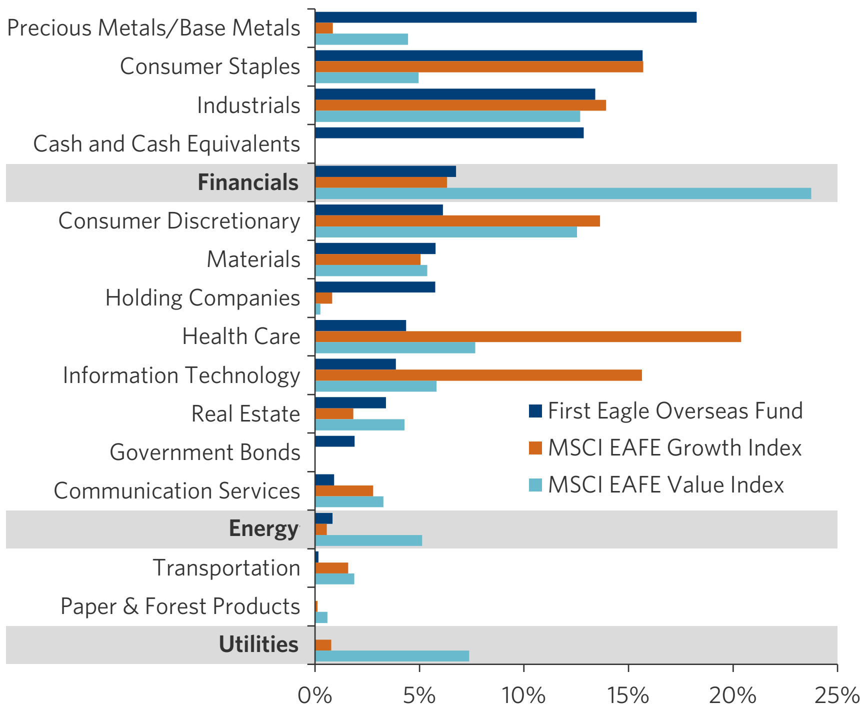
Overseas Fund's Benchmark-Agnostic Approach Has Resulted in Idiosyncratic Sector Exposures

Sector Exposures as of September 30, 2020



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

- Overseas Fund has an underweight to such traditional value sectors as financials, energy and utilities relative to the MSCI EAFE Value Index. Further, our holdings across 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. The former is comprised of our strategic exposure to gold and gold-related securities as a potential hedge, while we consider our cash and cash equivalents position 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.

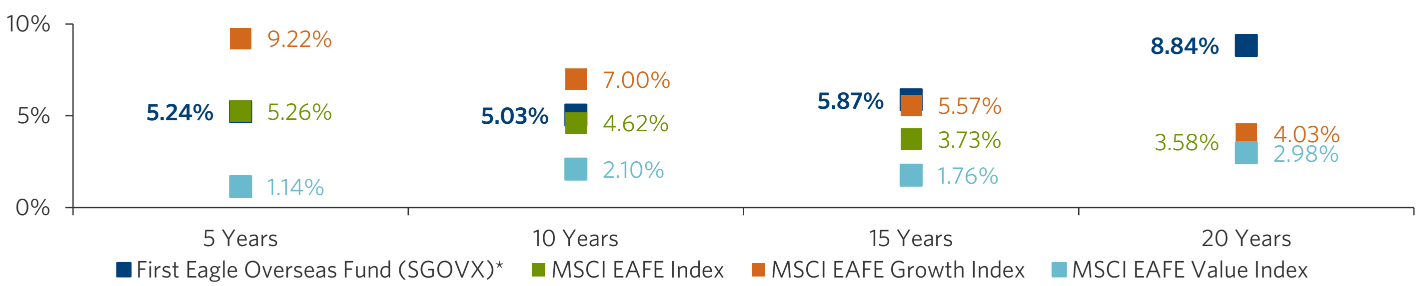
As a result of these portfolio characteristics, Overseas Fund has generated attractive risk-adjusted returns over the long term while consistently mitigating the impact of market selloffs. Over the past 20 full calendar years plus year-to-date 2020 (21 periods in total):[7]

- Overseas Fund outperformed the MSCI EAFE Index in **64%** of the periods in which value outperformed growth (11 instances), by an average of **12.8%**.
- Overseas Fund outperformed the MSCI EAFE Index in **70%** of the periods in which growth outperformed value (10 instances), by an average of **8.1%**.

The Fund has consistently outperformed the MSCI EAFE Index on an annualized basis since 2000.[7] Despite the dominance of growth stocks in the aftermath of the Covid-19 crisis, the Fund has outperformed the MSCI EAFE Index handily year to date. Over longer time periods that include multiple market cycles, the power of the Overseas Fund's selective investment approach and long-term orientation is even more evident, as it has significantly outpaced the MSCI EAFE Index as well as its growth and value components.

Overseas 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 and if sales charge was included values would be lower.

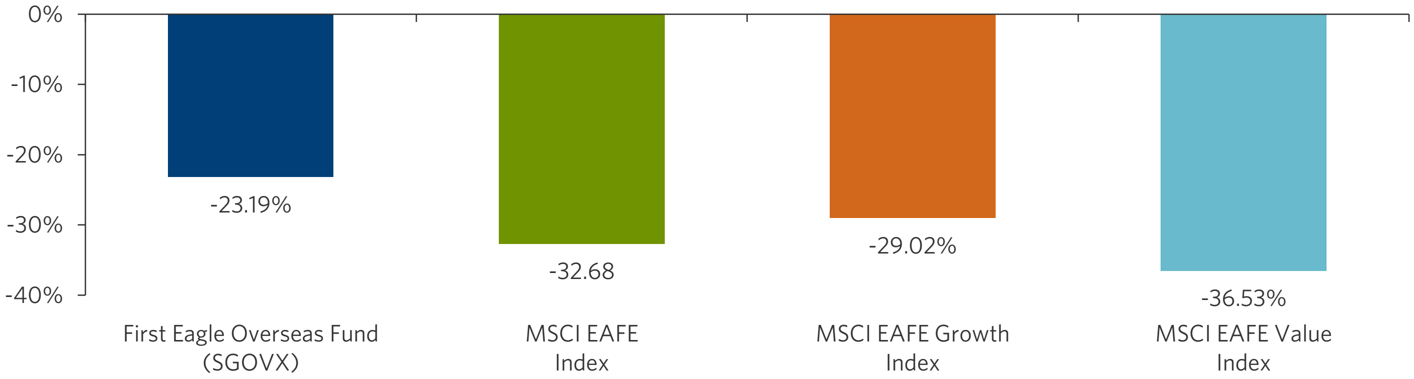
7. As of 09/30/2020.

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 Overseas Fund has delivered strong returns over the long term, with less risk versus the MSCI EAFE, MSCI EAFE Growth and MSCI EAFE Value indexes.

Max Drawdown during First Quarter 2020 Covid-19 Selloff

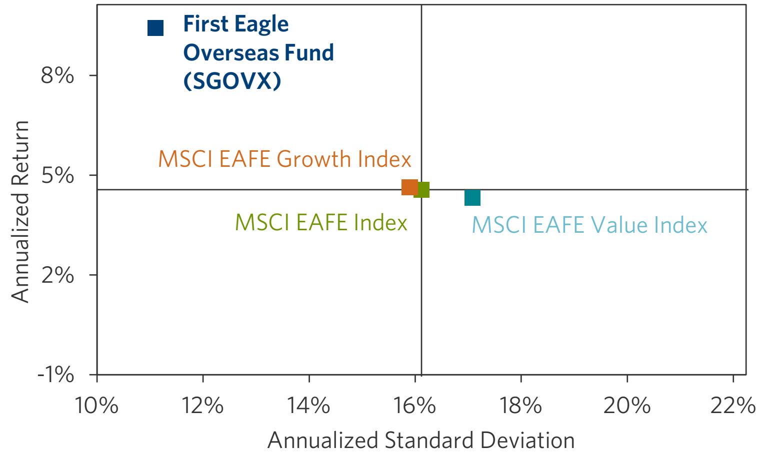
February 19, 2020, through March 23, 2020



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 Overseas Fund (SGOVX)	11.10%	9.43%
MSCI EAFE Index	16.12%	4.56%
MSCI EAFE Growth Index	15.90%	4.63%
MSCI EAFE Value Index	17.08%	4.33%

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 and if 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 Overseas Fund seeks to uncover this value and to selectively construct a portfolio that offers an investment experience differentiated from traditional indexes.

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OVERSEAS FUND SNAPSHOT

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

	YTD	1 Year	5 Years	10 Years	Since Inception	Expense Ratio*	Inception
First Eagle Overseas Fund Class A (SGOVX) w/o sales charge	-2.84	0.89	5.23	5.03	9.64	1.15	08/31/93
First Eagle Overseas Fund Class A (SGOVX) w sales charge	-7.70	-4.15	4.16	4.49	9.43		
First Eagle Overseas Fund Class C (FESOX)	-4.35	-0.80	4.45	4.25	8.14	1.89	06/05/00
First Eagle Overseas Fund Class I (SGOIX)	-2.61	1.20	5.52	5.31	9.49	0.86	07/31/98
First Eagle Overseas Fund Class R3 (EAROX)	-2.94	0.69	--	--	1.11	1.32	05/01/18
First Eagle Overseas Fund Class R4 (FIORX)	-2.74	1.03	--	--	-0.29	1.04	01/17/18
First Eagle Overseas Fund Class R5 (FEROX)	-2.94	0.79	--	--	4.66	1.12	03/11/19
First Eagle Overseas Fund Class R6 (FEORX)	-2.53	1.30	--	--	3.44	0.80	03/01/17
MSCI EAFE Index	-7.09	0.49	5.26	4.62	4.70		08/31/93

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

Top 10 Holdings (%)°

Gold Bullion	12.3
Fanuc Corp. (JPN)	2.9
Danone SA (FRA)	2.6
Groupe Bruxelles Lambert SA (BEL)	2.2
British American Tobacco PLC (UK)	2.2
Nestle S.A. (SWITZ)	2.0
Secom Co., Ltd. (JPN)	2.0
Unilever NV (NLD)	1.7
Sompo Holdings,Inc. (JPN)	1.7
Nutrien Ltd. (CAN)	1.6
Total as % of Net Assets	**31.3**

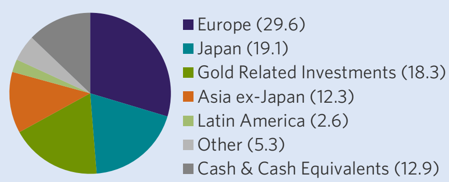
Active Share°°

89.69%

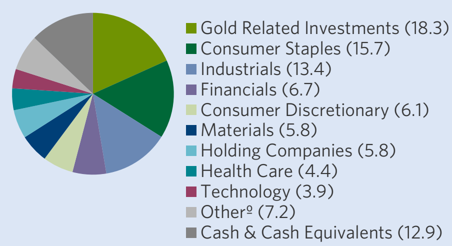
° Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell securities.
Current and future portfolio holdings are subject to risk.
The Fund may invest in gold and precious metals through investment in a wholly-owned subsidiary of the Fund organized under the 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 Real Estate 3.4%, Government Bonds 1.9%, Communication Services 0.9%, Energy 0.8%, Transportation 0.2%.

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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 EAFE Index is an unmanaged total return index, reported in US dollars, based on share prices and reinvested net dividends of approximately 1,100 companies from 21 developed market countries.

MSCI EAFE Value Index captures large and mid cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada.

MSCI EAFE Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada.

MSCI ACWI Index is a stock index that tracks about 3,000 stocks in 49 developed and emerging market countries, representing a total market capitalization of tens of trillions of dollars. The MSCI ACWI index is used as a benchmark for global equity funds and as a guide to asset allocation.

Standard & Poor's 500 Index is a widely recognized unmanaged index including a representative sample of 500 leading companies in leading sectors of the US economy and is not available for purchase. Although the Standard & Poor's 500 Index focuses on the large-cap segment of the market, with approximately 80% coverage of US equities, it is also considered a proxy for the total market.

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 Overseas Fund as of September 30, 2020: Fomento Economico Mexicano (FEMSA) 0.67%.

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

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