First Eagle Fund of America
A Quality and Income Strategy for a Low-Rate World
Persistently Low Interest Rates Have Challenged Traditional Sources of Income

Investors in search of a dependable income stream traditionally have looked to bonds and other fixed income assets for their consistent coupon payments and relatively low volatility. Nominal and real yields have been in structural decline for the past 30 years, however, and the very low policy rates that have prevailed since the global financial crisis have made finding fixed income investments that provide income at an acceptable level of risk difficult, if not impossible.

10-Year Treasuries Currently Offer Investors Little in the Way of Nominal or Real Yields

While the cost of borrowing has declined steadily in the years following the global financial crisis, the duration of the broad US bond market (as represented by the Bloomberg Barclays US Aggregate Bond Index) has grown longer; in essence, investors are being paid less to bear greater interest rate risk. Meanwhile, ultra-low rates not only impair the potential capital appreciation of bond investments—and thus potential total return—they limit the yield cushion available to mitigate the negative impact of rising interest rates or inflation levels on bond prices.

Though the overall dividend yield offered by S&P 500 Index stocks also has declined in the aftermath of the global financial crisis, it now compares favorably to yields from corporate bonds—and presents greater total return potential.
All Dividends Are Not Created Equal

While it would be easy enough to sort S&P 500 Index companies by dividend yield and invest only in those that exceeded a certain threshold, such a blunt approach is unlikely to deliver attractive results. Instead of looking for the highest dividend yields, we believe it’s far more effective to seek out those companies that not only pay dividends but also appear likely to maintain or grow them over time. In fact, research has shown that such stocks have delivered superior returns with lower risk.

Stocks That Pay Steady and Rising Dividends Have a Record of Higher Returns and Lower Risk...

January 1972 to September 2020

For long-term investors seeking capital appreciation and sustainable dividends, the quality of a company’s business, balance sheet and leadership may be more important than the size of its current dividend yield. By translating their fundamental advantages into attractive total returns, stocks that maintain or grow their dividends over time have been a smart choice for investors.

…and Have Delivered Superior Total Returns over the Long Term

Growth of $10,000, S&P 500 Index Sorted by Dividend Policy, January 1972 to September 2020

Source: FactSet; data as of 09/30/2020.
3 Selectivity Is Essential

Dividend yield is merely a snapshot of a company’s current dividend policy relative to its current stock price—it says nothing about the company’s fundamental attributes nor the reliability of its dividend going forward. In fact, an outsized dividend yield may be a warning sign that a company’s payout level may be unsustainable.

Companies that grow and initiate dividends have outperformed the S&P 500 Index 74% of the time since 1973 versus just 45% of those that paid a level dividend over time.

**Companies That Grow and Initiate Dividends Historically Have Outperformed by a Wide Margin**

*Percentage of Time Outperforming the Index, S&P 500 Index Sorted by Dividend Policy, December 1973 to December 2019.*

[Chart showing percentage outperformance]

Rather than chasing the highest yields, we believe it is more important to seek companies well-positioned to maintain or grow their dividends over time; in our view, these are likely to be high-quality, high-cash-generative companies with strong balance sheets, sustainable business models, talented management teams and a commitment to shareholder value. Not only have such stocks historically offered investors a steady income stream, they have tended to beat the index heading into a recession and to mitigate its downside during, which has helped fuel long-term outperformance.

**Relative Returns Immediately Preceding and during Recessions Have Bolstered the Long-Term Outperformance of Dividend Growers and Initiators**

*Average Cumulative Return over Last Five Recessions, S&P 500 Index Sorted by Dividend Policy, January 1972 to September 2020*

[Chart showing percentage return]

- Dividend growers and initiators outperformed the S&P 500 Index by an average of 6.2% in the 12 months preceding the last five recessions and by 3.8% during those recessions.
- Outperformance relative to non-dividend payers was even more pronounced: 16.0% on average heading into the recessions and 12.9% during.

Past performance does not guarantee future results.
Notably, businesses that have been able to consistently pay dividends across market cycles have generally helped to smooth investor returns during periods of market volatility.

**Stocks That Grow Their Dividends Have Helped Cushion the Impact of Volatile Markets**

*January 2000 to September 2020*

<table>
<thead>
<tr>
<th>Cboe Volatility Index (VIX) Monthly Increase</th>
<th>Average Out/Underperformance of Dividend Growers</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;20%</td>
<td>2.6%</td>
</tr>
<tr>
<td>10-20%</td>
<td>1.7%</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Average (across all months when VIX increased)</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

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

Past performance does not guarantee future results.

As in any other subgroup of equities, there are some dividend-paying stocks that are of high quality; and some—a larger number, in our view—that are not. Distinguishing the wheat from the chaff calls for active managers with strong fundamental research capabilities and deep experience.
Fund of America: A Natural Extension of First Eagle’s Global Value Franchise

With the 1979 inception of the Global Fund, First Eagle has decades of experience in equity research and disciplined stock selection across multiple market cycles and a variety of investment environments.¹

Though it pursues a combination of capital appreciation and current income, Fund of America shares an overarching investment philosophy consistent with the other strategies under the Global Value umbrella. The Fund leverages the experienced Global Value research platform to build a highly selective, fundamentally driven portfolio of high-quality, high-cash-generative businesses with the ability to maintain or grow their dividends over time. It does not reach for yield at the expense of this philosophy.

We believe that the market episodically fails to recognize the intrinsic value of such companies, and we selectively invest in them when their market price represents an appropriate “margin of safety.”²

Investment Philosophy and Process

The Fund’s flexible, benchmark-agnostic approach to dividend-paying stocks stands on three pillars: quality, income and valuation.

### QUALITY

The Fund focuses on high-quality companies that possess a durable competitive advantage in the form of a scarce asset—a tangible such as valuable downtown real estate or an intangible such as a dominant market share. A robust, thoughtfully managed capital structure and a prudent management team are vital in maintaining this competitive advantage over time.

### INCOME

The Fund’s investment team targets companies with a history of generating high and resilient free cash flow, a capacity to maintain and grow their dividends over time, and a commitment to returning excess cash to shareholders in the form of dividends and/or stock buybacks.

### VALUATION

The Fund believes that the most important investment risk is not day-to-day volatility but the permanent impairment of capital, and it regards overpayment for securities as the chief source of this risk. Once it has found what it believes to be a high-quality company with the ability to maintain and grow its dividend over time, the Fund purchases shares only when it can do so with a meaningful “margin of safety.”²

Portfolio Managers—Expertise and Alignment

Julien Albertini  
*Portfolio Manager*  
18 years of industry experience, 7 years with First Eagle  
In addition to Fund of America, Julien is also a portfolio manager for First Eagle’s Global Income Builder strategy and a senior research analyst on the Global Value team.

Manish Gupta  
*Portfolio Manager*  
15 years of industry experience, 10 years with First Eagle  
In addition to Fund of America, Manish is also associate portfolio manager of First Eagle’s Global Value strategy and a senior research analyst on the Global Value team.

Christian Heck  
*Portfolio Manager*  
9 years of industry experience, 6 years with First Eagle  
In addition to Fund of America, Christian is also associate portfolio manager of First Eagle’s International Value strategy and associate director of research on the Global Value team.

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¹ Prior to January 1, 2000, First Eagle Global Fund was managed by a prior portfolio manager while he served at a firm different from First Eagle Investment Management, LLC (“FEIM”).
² First Eagle defines “margin of safety” as the difference between a company’s market value and our estimate of its intrinsic value. An investment made with a margin of safety is no guarantee against loss.
Fund of America Portfolio Characteristics

<table>
<thead>
<tr>
<th>Style</th>
<th>Value/high quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach</td>
<td>Bottom-up, fundamental, benchmark agnostic</td>
</tr>
<tr>
<td>Approximate Number of Holdings</td>
<td>25–40 securities</td>
</tr>
<tr>
<td>US Equity, Debt and Hybrid Instruments</td>
<td>At least 80% of portfolio</td>
</tr>
<tr>
<td>Income Securities</td>
<td>At least 65% of portfolio</td>
</tr>
<tr>
<td>Options</td>
<td>May be held in an effort to moderate risks or augment returns</td>
</tr>
<tr>
<td>Yield</td>
<td>Not targeted</td>
</tr>
<tr>
<td>Distribution Frequency</td>
<td>Quarterly beginning March 31, 2021</td>
</tr>
</tbody>
</table>

First Eagle Investment Management
Dedicated to providing prudent stewardship of client assets, First Eagle Investment Management focuses on active, fundamental investing, with a strong emphasis on downside mitigation. Over a history dating back to 1864 the firm has sought to help its clients avoid the permanent impairment of capital and earn attractive returns across widely varied economic cycles and capital markets—a commitment that remains central to its mission today.

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 statistics 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, hold or sell any fund or security.

During the transition of the Fund to its new investment objective and principal investment strategies, it is expected that the Fund will not be as invested in income producing securities as will be the case once the transition is complete. The Fund may be subject to a “ramp-up” period, during which it may not be fully invested or able to meet its investment objective or principal investment strategies.

The value of the Fund’s portfolio holdings may fluctuate in response to events specific to the companies or markets in which Fund of America invests, as well as economic, political, or social events in the United States or abroad. Recent market conditions and events, including a global public health crisis and actions taken by governments in response, may exacerbate volatility. The value of the Fund’s portfolio may fluctuate in response to the risk that the prices of equity securities, including common stock, rise and fall daily. These price movements may result from factors affecting individual companies, industries or the securities market as a whole. In addition, equity markets tend to move in cycles, which may cause stock prices to fall over short or extended periods of time.

Investments in bonds are subject to interest-rate risk (including during periods of historically low interest rates) and can lose principal value when interest rates rise. Bonds are also subject to credit risk, in which the bond issuer may fail to pay interest and principal in a timely manner, or that negative perception of the issuer’s ability to make such payments may cause the price of that bond to decline.

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Income generation is not guaranteed. If dividend paying stocks in the Fund’s portfolio stop paying or reduce dividends, the Fund’s ability to generate income will be adversely affected.

The Fund is a non-diversified mutual fund, and as a result, an investment in Fund of America may expose your money to greater risks than if you invest in a diversified fund.

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.
The performance data quoted herein represent past performance and do 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 are available at www.feim.com or by calling 800.334.2143. “With sales charge” performance for Class A Shares gives effect to the deduction of the maximum sales charge of 5.00%. The Class A Shares were not in existence prior to November 20, 1998. Performance for any periods up to that date is based on the historical performance of Class Y Shares adjusted to assume the expenses associated with Class A Shares. Class I Shares require $1MM minimum investment, and are offered without sales charge. Class R Shares are offered without sales charge. Class Y Shares are offered without sales charge.

The annual expense ratio is based on expenses incurred by the Fund, as stated in the most recent prospectus. Standard & Poor’s 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 Standard & Poor’s 500 Index 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 One cannot invest directly in an index.

The "fear index," is calculated in real time by the Chicago Board Options Exchange (CBOE). CBOE Volatility Index (VIX) is a measure of expected price fluctuations in the S&P 500 Index options over the next 30 days. The VIX, often termed as the “fear index,” is calculated in real time by the Chicago Board Options Exchange (CBOE). FEIM does 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.

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