Global Income Builder Fund

Market Overview

Risk appetites remained unsated in the first quarter even as markets tempered their expectations for the number and magnitude of Federal Reserve rate cuts in 2024.

A combination of robust economic growth and stubborn but manageable inflation appeared to bolster hopes that a soft landing not only was possible but likely and would require only limited additional policy intervention to achieve. The S&P 500 Index returned 10.6% in the first quarter, while the MSCI World Index gained 8.9%. Duration fared less well in the rising-rate environment, with the Bloomberg US Aggregate Bond Index and Bloomberg Global Aggregate Index posting declines of 0.8% and 2.1%, respectively.[1]

Market Summary	1st Quarter 2024
Bloomberg US Aggregate Bond Index	-0.78%
Bloomberg US Corporate High Yield Index	+1.47%
MSCI World Index	+8.88%
S&P 500 Index	+10.56%
German DAX Index	+10.39%
French CAC 40 Index	+9.04%
Nikkei 225 Index	+21.54%
Brent Crude Oil	+13.55% $87.48 a barrel
Gold	+8.09% $2,229.87 an ounce
US Dollar	+7.35% vs. yen +2.28% vs. euro

Source: Bloomberg, WM/Reuters.

Drifting Away

Among the more curious developments in first quarter 2024 was the concurrent new highs established by both equity markets and gold prices despite the persistence of interest rates—both nominal and real—at levels not seen since before the global financial crisis. High interest rates generally would be expected to weigh on equity valuation multiples, while the price of gold historically has been inversely related to changes in the real interest rate.

We think a fundamental shift to a higher rate of nominal drift in the world economy may be the most plausible explanation for the combination of high stock prices, high gold prices and low Treasury prices we see today. The world's largest economies—including the US, China, the euro zone, Japan and India—have been growing their stocks of government debt at a fairly rapid rate, continuing to run primary deficits even as mounting interest expenses drive total debt burdens still higher. The stimulative impact of this spending appears to have buoyed activity in general, with everything from equities and gold to wage growth (4.7% in the March reading of the Atlanta Fed's Wage Growth Tracker[2]) and corporate earnings and revenues (forecast at 10.9% and 5.1%, respectively, for S&P 500 companies in 2024[3]) being marked higher.

While the loose financial conditions that have resulted from ongoing deficit spending appear to have promoted economic resilience in the face of a higher cost of capital, they also are complicating the Federal Reserve's efforts to fully rein in inflation. The hot inflation print released in early April was a good reminder of the ongoing push-pull between fiscal and monetary policies. At 3.5% on a headline basis, the March Consumer Price Index (CPI) was above expectations and may derail the 2024 rate cuts that both the market and the Fed appear to want. Interest expenses on the country's massive debt pile will continue to increase as lower-yield bonds roll off and are replaced at contemporary rates, creating a whole other set of problems for the country.

The challenging fiscal picture in the US brings to mind what we refer to internally as the "India paradox." Typically, high interest rates—and thus high discount rates—could be expected to weigh on equity market valuation multiples. Not so in India. Despite a 10-year government bond yield that has averaged more than 7% since 2014, the MSCI India Index has delivered an annualized return of 13.6% over the past decade and trades at a trailing price-to-earnings (P/E) ratio of 26.2x as of end March. For comparison, the MSCI USA Index also trades at a P/E ratio of 26.2 and has a 10-year annualized return of 12.9% in an environment of 2.4% 10-year Treasury yields.[4] While this confluence of high interest rates and high multiples in India may seem illogical at first glance, it seems less so if you consider the stimulative impact that deficit spending has had on the country's nominal economic growth, which has averaged around 10.2% since 2014 (including the Covid-related contraction in 2020)—well in excess of long-term interest rates.[5]

1. Source: FactSet; data as of March 31, 2024.
2. Source: Current Population Survey, Bureau of Labor Statistics, Federal Reserve Bank of Atlanta; data as of April 10, 2024.
3. Source: FactSet; data as of April 5, 2024.
4. Source: Organization for Economic Co-Operation and Development, MSCI; data as of March 31, 2024.
5. Source: Organization for Economic Co-Operation and Development; data as of March 31, 2024.

Without a primary deficit—as was the tendency in US budgets from World War II through 2000—nominal drift is driven solely by interest rates and assets are priced at a risk premium to that. Primary deficits can fuel levels of nominal drift in excess of prevailing interest rates, often to the particular benefit of certain sectors and companies that serve as claims on nominal growth and whose performance patterns tend to drift in concert with it. This tendency has been quite evident in India, for example, where there are a number of large consumer staples business whose exposures to nominal economic drift may represent a very attractive risk premium relative to Indian sovereign debt despite the high valuation multiples that they command.

Nominal drift may also explain the persistent success of certain names in the US tech space, where multiples continue to expand for companies viewed as "staples" in today's high-tech world. It's reasonable to think that the persistence of higher levels of nominal drift in developed markets ultimately may result in equity multiple expansion for businesses well-positioned to benefit from it. Like in India, this may include traditional consumer staples companies, whose modest valuation multiples in developed exchanges imply a low-risk claim on nominal drift.

Gold Surges Despite Headwinds; Fixed Income Held Back by Duration

Tumultuous geopolitical conditions continue to feed into the investment environment from the top down, even without the emergence of a truly global conflagration. Deteriorating global relations have prompted ever-rising defense budgets across the developed world, for example, contributing to the deficit spending and nominal drift we mentioned above. They're promoting a risk premium in oil prices, while supporting better-than-expected demand and sticky supply levels. And they also may be a key factor behind gold's resilience in the first quarter and throughout the current rate-hike cycle.

Despite the seeming headwinds of higher real interest rates and a stronger dollar, the gold price broke sharply higher in March, rallying more than 8% over the month to finish at an all-time nominal high above $2,200.[6] It's been our experience that the gold market sometimes serves as the metaphorical canary in the coalmine, sussing out potential dangers before they manifest in asset prices more broadly. Global central banks, perhaps themselves extra-sensitive to these dangers, have been massive buyers of gold in recent years, which has helped support the metal's price. At 1,037 tonnes, net purchases of gold by central banks in 2023 was second only to 2022's record level of 1,082 tonnes; buying has continued to be strong in 2024, with central banks adding an additional 64 tonnes to their coffers year to date through February.[7] Notably, emerging market central banks have been the primary buyers, led by the People's Bank of China, which has upped its gold reserves for 16 consecutive months.

With interest rates moving broadly higher during the quarter, longer-duration fixed income assets generally lost ground. The market continues to be marked by limited term premia for government paper and very tight spreads on credit, suggesting risk compensation for both sovereign and corporate debt in general is underwhelming. We've maintained a bias toward shorter-duration, higher-quality issuance.

Room for Resilience

For some time now, assets promising growth have been assigned premium valuations, suggesting a low level of risk aversion in the markets. Should the environment become more complex—if the soft-landing scenario fails to play out, or sovereign debt concerns promote a broad repricing of government paper, or if any one of the global military hotspots ignites into broader conflict—the market may start to value potential resilience over expected growth. This is not as strange as it seems; in the mid to late 1990s, companies as straightforward as Coca-Cola and Clorox, for example, were trading at earnings multiples of 50x or more.[8] Resilience has traded at a premium in the past, and there's no reason to believe it won't do so again under the right circumstances.

6. Source: World Gold Council; data as of April 9, 2024.
7. Source: World Gold Council; data as of April 3, 2024.
8. Source: FactSet; data as of March 31, 2024.

Portfolio Review

Global Income Builder Fund A Shares (without sales charge*) posted a return of 2.68% in first quarter 2024. As of March 31, 2024, the Fund's equity allocation was 64.22% comprising 37.66% international stocks and 26.56% US stocks. The Fund's 25.84% bond allocation included 19.05% in investment grade issues. The Global Income Builder Fund underperformed the composite index in the period.

Leading equity contributors in the First Eagle Global Income Builder Fund this quarter included gold bullion, Exxon Mobil Corporation, and HCA Healthcare Inc. Leading fixed income contributors in the First Eagle Global Income Builder Fund this quarter included Truist Financial Corporation 4.8%, Perp, Bank Of New York Mellon Corporation 3.75% Perp, and Government of the United States of America 0.125%, due 7/15/2024.

The factors driving the performance of gold bullion during the quarter were discussed in detail in the Market Overview section of this report.

Integrated oil and gas giant Exxon Mobil reported strong results for its most recent quarter. While the company's top-line results were supported by high oil prices, its production efficiencies and cost controls have contributed to better profitability and significant free cash flow generation. We continue to view Exxon as a high-quality operator with strong capital discipline, an attractive portfolio of durable assets and a commitment to returning cash to shareholders.

* Performance for Class A 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.

HCA Healthcare is the largest for-profit hospital operator in the US. The company continues to make progress on its recovery from disruptions caused by the Covid-19 pandemic and has seen normalization in its patient volumes, labor expenses and nursing shortages. HCA reported better-than-expected results for its most recent quarter, and we maintain our positive opinion on the ability of HCA's management to be effective stewards of both the balance sheet and business operations.

Truist was formed by the 2019 merger of BB&T Corporation and SunTrust Banks. Truist's 4.8% perpetual preferred shares were bolstered by the prospect of continued higher rates; unless redeemed before September 2024, the shares convert from the current fixed 4.8% rate to a floating rate 300 basis points above five-year Treasuries. Additionally, Truist improved its capital position through the sale of its remaining holdings in its insurance brokerage business.

Bank of New York Mellon is the world's largest custody bank and also maintains a $2.4 trillion investment management business through multiple subsidiaries. Higher-for-longer interest rates have supported higher fees on cash deposits, while management's ongoing focus on efficiency and expense control is contributing to wider margins to better support debt obligations.

With interest rates rising across the yield curve during the first quarter, shorter duration securities traded well, including these 0.125% US Treasury holdings maturing in July 2024.

The leading equity detractors in the quarter were Nestle S.A., Reckitt Benckiser Group plc, and CK Asset Holdings Limited. The leading fixed income detractors in the quarter were Government of the United States of America 6.125%, due 11/5/2027, Government of the United States of America 3.375%, due 5/15/2033, and Embecta Corp. 5.0%, due 2/15/2030.

Nestlé, the world's largest packaged-food company, reported lower-than-expected results for its most recent quarter, citing softness in consumer demand, capacity constraints and a supply chain disruption in its vitamins, minerals and supplements business. The recent surge in cocoa prices—which hit record highs because dry weather caused a global shortage of cocoa—was also a headwind. We believe that the company's turnaround plan, which includes selling slower-growth businesses and acquiring higher-growth concepts, is on track and will improve profitability and growth.

Reckitt Benckiser is a British multinational consumer goods company focused on health, household and nutritional products. Shares traded down on an adverse court ruling involving the company's Mead Johnson baby formula. The resulting loss in Reckitt's market value during the quarter seems likely to be far larger than the potential legal settlement of this lawsuit.

CK Asset Holdings, a real estate developer based in Hong Kong, derives the bulk of its profits from activities in Hong Kong and mainland China. Compounding general concerns about weakness in the Hong Kong property market, CK cut its dividend, which likely surprised investors given its track record of consistent payouts. Beyond Asia, the company's infrastructure and utilities assets—primarily in Europe—may provide ballast as they have tended to appreciate during inflationary periods.

Rising interest rates during the quarter were a headwind to longer-duration securities in general, including the US Treasury holdings referenced above.

Embecta's bonds traded down during the quarter reflecting sensitivity to both duration and credit. Embecta, which was spun off from Becton Dickinson in 2022, provides diabetes medication monitoring and delivery equipment for Type 2 diabetes worldwide. A major supplier of pen needles for daily injections of insulin, Embecta has been pressured by prospective new diabetes medications that require injections only weekly, as well as fears that wider-scale use of GLP-1 drugs (like Ozempic) would reduce demand for diabetes treatment overall.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Average Annual Returns as of Mar 31, 2024

				YTD	1 Year	5 Years	10 Years	Since Inception (May 1, 2012)	Expense Ratio*
First Eagle Global Income Builder Fund	Class A	without sales charge	FEBAX	2.68%	6.69%	5.61%	4.51%	5.69%	1.18%
First Eagle Global Income Builder Fund	Class A	with sales charge	FEBAX	-2.45%	1.38%	4.54%	3.97%	5.23%	1.18%
Composite Index**				4.96%	15.32%	7.57%	6.43%	7.12%	
MSCI World Index				8.88%	25.11%	12.07%	9.39%	10.52%	
Bloomberg US Aggregate Bond Index				-0.78%	1.70%	0.36%	1.54%	1.50%	

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.firsteagle.com. Investments are not FDIC insured or bank guaranteed and may lose value. The average annual returns for Class A Shares "with sales charge" or "w/load" of First Eagle Global Income Builder Fund give effect to the deduction of the maximum sales charge of 5.00%.

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

**Effective 1-Mar-2016 the Fund is compared against a composite index, 60% of which consists of the MSCI World Index and 40% of which consists of the Bloomberg US Aggregate Bond Index. The Fund believes this composite index provides a useful comparison against the performance of the Fund, which currently invests in both equity and fixed income securities.

Performance assumes reinvestment of all distributions and does not account for taxes.

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

The **federal funds rate** is the interest rate at which depository institutions (banks and credit unions) lend reserve balances to other depository institutions overnight on an uncollateralized basis. **Atlanta Fed's Wage Growth Tracker** is a three-month moving average of median wage growth based on hourly data. **US Treasury securities** are investments that are backed by the full faith and credit of the US government. **Duration** is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

Risk Disclosures

All investments involve the risk of loss of principal.

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.

Strategies whose investments are concentrated in a specific industry or sector may be subject to a higher degree of risk than funds whose investments are diversified and may not be suitable for all investors.

Investments in bonds are subject to interest-rate risk 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. Recent market conditions and events, including a global public health crisis and actions taken by governments in response, may exacerbate these risks.

Bank loans are often less liquid than other types of debt instruments. There is no assurance that the liquidation of any collateral from a secured bank loan would satisfy the borrower's obligation, or that such collateral could be liquidated.

The Fund may invest in high yield, fixed income securities that, at the time of purchase, are non-investment grade. High yield, lower rated securities involve greater price volatility and present greater risks than high rated fixed income securities. High yield securities are rated lower than investment-grade securities because there is a greater possibility that the issuer may be unable to make interest and principal payments on those securities. High yield securities involve greater risk than higher rated securities and portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not.

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.

Index Definitions

MSCI World Index (Net) measures the performance of large and midcap securities across 23 developed markets countries. The index provides total returns in US dollars with net dividends reinvested. A net return index tracks price changes and reinvestment of distribution income net of withholding taxes. **Bloomberg US Corporate High Yield Bond Index** (Gross/Total) measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below and is composed of fixed-rate, publicly issued, non-investment grade debt, is unmanaged, with dividends reinvested, and is not available for purchase. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility and Finance, which include both US and non-US corporations. A total return index tracks price changes and reinvestment of distribution income. **Bloomberg Global Aggregate Index** is a flagship measure of global investment grade debt from twenty-eight local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. **Bloomberg US Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US dollar denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, fixed rate agency MBS, ABS and CMBS (agency and non-agency). **MSCI USA Index** (Gross/Total) is designed to measure the performance of the large and mid cap segments of the US market. With 627 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US. A total return index tracks price changes and reinvestment of distribution income. The **MSCI India Index** (Gross/Total) is designed to measure the performance of the large and mid cap segments of the Indian market. With 136 constituents, the index covers approximately 85% of the Indian equity universe. **S&P 500 Index** (Gross/Total) is a widely recognized unmanaged index including a representative sample of 500 leading companies in leading sectors of the US economy. Although the S&P 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. The S&P 500 Index includes dividends reinvested. A total return index tracks price changes and reinvestment of distribution income. **Nikkei 225** is an unmanaged price-weighted equity index, which consists of 225 stocks in the first section of the Tokyo Stock Exchange. German **DAX® Index** is unmanaged and tracks the segment of the largest and most important companies—known as blue chips—on the German equities market. It contains the shares of the 30 largest and most liquid companies admitted to the FWB® Frankfurt Stock Exchange in the Prime Standard segment. The DAX represents about 80% of the aggregated prime standard's market cap. The French **CAC 40** is an unmanaged market index designed to reflect the evolution of the Euronext Paris market. It is made up of the 40 highest ranking shares listed on the Paris market, according to criteria based on free float market capitalization and trading volume. The index is reviewed and adjusted every quarter in order to take into account changes concerning the size and the volume of the constituent companies.

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

The holdings mentioned herein represent the following total assets of the First Eagle Global Income Builder Fund as of 31-Mar-2024: gold bullion 0.80%; Exxon Mobil Corporation 0.53%; HCA Healthcare Inc. 0.81%; Truist Financial Corporation 4.8%, Perp 6.77%; Bank Of New York Mellon Corporation 3.75% Perp 2.79%; Government of the United States of America 0.125%; Nestle S.A. 1.33%; Reckitt Benckiser Group plc 0.66%; CK Asset Holdings Limited 0.23%; Government of the United States of America 6.125%, due 11/5/2027 2.06%; Government of the United States of America 3.375%, due 5/15/2033 0.80%; Embecta Corp. 5.0%, due 2/15/2030 0.60%

This commentary represents the opinion of the First Eagle Global Income Builder Fund portfolio managers as of the date noted and is subject to change based on market and other conditions. The opinions expressed are not necessarily those of the entire firm. These materials are provided for informational purposes 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 Fund's portfolio is actively managed and holdings can change at any time. Current and future portfolio holdings are subject to risk.

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