FIRST EAGLE
INVESTMENT MANAGEMENT

First Eagle Fund of America

Commentary
As of September 30, 2018

Investment Overview

Fund of America Class A shares (without sales charge)* declined -0.67% in the third quarter, underperforming the S&P 500 Index, which returned 7.71%.

For both the quarter and the year-to-date period, our performance was very disappointing. We attributed this to three primary factors:

Growth over Value: As in the first half of the year, the US equity market's performance continued to be dominated by growth stocks during the quarter, although some rotation out of these growth names did appear to occur during September and the early days of October.

Stock Selection: Of the 10 largest positions in the portfolio as of 9/30/18, five were below their 12/31/17 price—some by a substantial margin. This factor was even more punishing to performance than the ascendancy of growth over value.

Unforced Errors: As always, the Fund invested in some stocks that did not work out as we envisioned and were sold. Normally, the impact of this kind of "unforced error" is lessened by good stock selection. While the number of unforced errors was within the Fund's normal range in the first three quarters of the year, stock selection did not reduce the impact. Nonetheless, the first two factors cited above were the overriding reasons for this quarter and year's underperformance.

Looking forward, there are, as always, plenty of risks about which to be concerned. Many of the Fund's stocks have suffered from a view that margins have reached a secular peak and that earnings will fall. The combination of this "as good as it gets" perception with fears about global GDP growth, the impact of trade disputes, rising US interest rates, and a strong dollar has resulted in reduced multiples across the Fund.

In the section that follows, we review three of the top 10 detractors in the first three quarters of calendar 2018. Our purpose is to convey a better sense of why the Fund initially made these investments, why they have not worked so far this year, and why the Fund continued to hold the positions.

Chemours

YTD total return: - 24% (as of 9/30/18)

Why it was purchased: The Fund invested in Chemours in January 2018. The company, which had spun out of DuPont in 2015, appeared to be a secular growth stock trapped within a commodity chemical company. This year, forty-two percent of Chemours' earnings have come from its fluoroproducts division, which makes the next generation of environmentally friendly refrigerants as well as products that are used in electric vehicles, renewable energy storage and 5G connectivity. Fifty-six percent of Chemours' earnings have come from TiO_2 (a key ingredient in paint) which is a commodity chemical. Our thesis was predicated primarily on the growth of the fluoroproducts division and not dependent on the stage of the TiO_2 business within its commodity cycle.

Why it has not worked this year: The stock has traded almost entirely on the basis of its exposure to TiO_2, which has modestly weakened this year versus previous expectations. The market has ignored the success of the fluoroproducts division.

Why it remained in the portfolio: The fluoroproducts division exhibited the growth on which the investment thesis was based. While the TiO_2 business can be volatile, it has generated significant cash flow over the cycle, and at the current share price, little if any value was ascribed to it. Furthermore, management authorized a share buyback program that equated to greater than 10% of the share count at the quarter-end price. Chemours' shares appeared in our view to be significantly undervalued.

Western Digital

YTD total return: - 24% (as of 9/30/18)

Why it was purchased: The position in Western Digital, a hard-disk-drive company, was initiated in December 2016, a year after the company acquired SanDisk, a flash memory (NAND) company. (SanDisk had been in the portfolio). In addition to deal synergies, the acquisition seemed likely to render Western Digital's gross margin profile less cyclical than it had been in the past, as an improved industry structure could potentially lead to higher trough margins in Western Digital's cyclical growth.

Why it has not worked this year: The stock underperformed from late March through late September due to concerns that NAND sales and margins had peaked.

Why it was still in the portfolio: NAND margins were down, but the Fund's investment thesis—that changes in industry structure could lead to sustainably higher margins—appeared to be playing out. Based on the prices paid in recent acquisitions of NAND businesses, we believed that Western Digital's shares were undervalued. The company initiated a share repurchase program representing approximately 30% of its market cap, and it provided a 3.5% dividend yield.

* 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.

Wyndham Destinations

From Spin Date (6/1/18) total return: -16% (as of 9/30/18)

Why it was purchased: Wyndham Worldwide was a successful long-term investment in the portfolio. On June 1, 2018, after spinning off Wyndham Hotels & Resorts, Wyndham Worldwide changed its name to Wyndham Destinations. It is one of the world's largest vacation ownership and exchange company. Under a new CEO, the company had the potential to introduce many enhancements that would lead the market to see it as a "subscription" vacation business with consistent and abundant free cash flow.

Why it has not worked this year: The stock traded down after the spin date, primarily due to concerns over the increases in loan default rates related to third-party timeshare-exit companies.

Why it was still in the portfolio: We believed that the business was profoundly misunderstood and that, as the company continued to exhibit moderate earnings, free cash flow and sales growth, investors would appreciate its low churn and capital-light business model. Furthermore, at quarter end, Wyndham Destinations had a 4.5% dividend yield and authorization to buy back close to 30% of its shares.

As we hope we have illustrated above, it is not only our preference, but also our discipline to focus on companies where we believe our research can create a distinctive value-added viewpoint. The implementation and execution of this discipline continues to be our defining identity. Ultimately, we believe that the performance of businesses, the sustainability and predictability of their cash flows, and the deployment of such cash for the benefit of owners should, over time, vindicate our style of investing, as it has over multiple investment cycles.

Portfolio Commentary

In the third quarter of 2018, the leading contributors to Fund performance were HP Inc.; Ball Corporation; BlackBerry Limited; Univar, Inc.; and Aerojet Rocketdyne Holdings, Inc.

HP Inc. announced a solid quarter driven by improving volume and pricing in its PC business. The company also increased its guidance for the year as its market share in both PCs and printers continued to improve.

Ball Corporation, which has packaging and aerospace businesses, announced the divestiture of its domestic food and steel aerosol can assets during the quarter. Despite this divestiture, the company maintained its 2019 free-cash-flow guidance, and indicated it is allocating the proceeds to additional share repurchases.

BlackBerry Limited reported better-than-expected revenue and earnings, and it pointed to the continued traction of its QNX automotive 'infotainment" asset.

Univar Inc., which distributes chemicals, announced a definitive agreement to acquire Nexeo Solutions, a global chemicals and plastic distributor, in a stock and cash deal valued at roughly $2 billion. We believed this transaction could add significant value for Univar shareholders due to the synergies and scale that it created. We were comfortable with the valuation Univar paid.

Aerojet Rocketdyne Holdings, Inc. announced better-than-expected revenue and earnings for its second fiscal quarter as management continued to improve project execution and expand margins in its aerospace and defense businesses.

Stocks detracting most from third-quarter performance were Visteon Corporation; Martin Marietta Materials, Inc.; Western Digital Corporation; EQT Corporation; and CorePoint Lodging, Inc.

Visteon Corporation, which supplies electronic components to automakers, reported lower-than-expected earnings in the second quarter and reduced its guidance due to weakness in both the North American and European automobile markets. The stock also reacted to trade concerns and negative trends in Chinese auto sales.

Martin Marietta Materials Inc., a supplier of aggregates and other heavy construction materials, was impacted by concerns over freight cost inflation, rail logistic problems, and construction labor shortages. There were also concerns about the impact of the recent hurricane on Martin Marietta's North Carolina quarries.

Western Digital guided to sequential declines in gross margins in the back half of the year. Though we believed that this had previously been well-communicated, the market reacted negatively to the guidance and to a forecast of declining prices for NAND memory.

EQT Corporation, an oil and natural gas exploration and transportation company, was impacted by slightly lower natural gas price expectations and a delay in the anticipated start-up date of the Mountain Valley Pipeline that will push the cost of the project to above the budgeted level.

Corepoint Lodging Inc. which was spun off from La Quinta Holdings Inc. in the second quarter of 2018, gave lower-than-expected initial 2018 earnings guidance, driven in large part by labor-cost pressures. The company also announced that the tax refund associated with its split from La Quinta will be lower than initially anticipated, and that its online travel agent rates would not benefit as much as previously expected from its new affiliation with Wyndham Hotels & Resorts.

As always, we thank you for your continued support.

Sincerely,

First Eagle Investment Management, LLC

Average Annual Returns as of 09/30/2018 (%)

			YTD	1 Year	5 Years	10 Years	Expense Ratio*
First Eagle Fund of America Class A	without sales charge	FEFAX	-2.80	0.55	6.45	8.95	1.31
	with sales charge	FEFAX	-7.65	-4.48	5.36	8.39	
S&P 500 Index			10.56	17.91	13.95	11.97	

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 is available at www.feim.com or by calling 800.334.2143. The average annual returns for Class A Shares "with sales charge" of First Eagle Fund of America give effect to the deduction of the maximum sales charge of 5.00%.

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

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

The commentary represents the opinion of the Fund of America team 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 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 information provided is not to be construed as a recommendation or an offer to buy, hold or sell or the solicitation of an offer to buy or sell any fund or security.

The event-driven style used by Fund of America carries the additional risk that the event anticipated occurs later than expected, does not occur at all or does not have the desired effect on the market price of the securities.

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 of principal.

The holdings mentioned herein represent the following percentage of the total net assets of the First Eagle Fund of America as of September 30, 2018: HP Inc. 5.23%; Ball Corporation 3.04%; BlackBerry Limited 2.98%; Univar, Inc. 2.86%; Aerojet Rocketdyne Holdings, Inc. 2.13%; Visteon Corporation 3.16%; Martin Marietta Materials, Inc. 4.41%; Western Digital Corporation 3.08%; EQT Corporation 2.66%; and CorePoint Lodging, Inc. 0.00%.

The 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. The Standard & Poor's 500 Index includes dividends reinvested. One cannot invest directly in an index.

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