FIRST EAGLE
INVESTMENT MANAGEMENT

Commentary | March 31, 2021

First Eagle Global Value Team

Market Overview

Sentiment during first quarter 2021 seemed to coalesce around the view that the economy and investment markets were well on their way back to normal following the massive but brief disruption from the Covid-19 pandemic. A relatively smooth vaccine rollout in the US buoyed hopes that a reversal of lockdowns and a normalization of social mobility was near, which, combined with a third round of stimulus checks and other fiscal support, could unleash a wave of pent-up demand among American consumers who had been limited in their discretionary spending outlets for more than a year, fueling a spike in economic activity.

Market Summary	1st Quarter 2021
MSCI World Index	+4.92%
MSCI EAFE Index	+3.48%
S&P 500 Index	+6.17%
German DAX Index	+9.40%
French CAC 40 Index	+9.59%
Nikkei 225 Index	+7.02%
Brent Crude Oil	+22.66% $63.54 a barrel
Gold	-10.04% $1,707.71 an ounce
US Dollar	+7.03% vs. yen +4.11% vs. euro

Source: Bloomberg.

This unfettered optimism helped extend the reflation trade that emerged last September into the first few months of the new year. Recent equity market performance in many ways has been a mirror image of the dynamics that dominated in the immediate aftermath of the Covid-19 selloff in 2020. While last year's recovery was at first driven primarily by outsized gains in large, mostly US companies able to leverage the global shift to a virtual economy amid widespread lockdowns, the subsequent reflation trade has seen a rotation in leadership from growth stocks to value stocks and from the US to include other developed and emerging markets. Similarly, investors in recent months continued to demonstrate a preference for those sectors that had been beaten down during the pandemic and are now expected to benefit from a renewal in economic activity, including energy, financials and materials.[1]

We believe the US economy is headed for a high rate of growth in 2021, and the faster-than-expected rebound from the recession makes it likely the country will avoid the permanent loss of output that had been widely feared. But while there are signs to suggest we are in the cyclical recovery sweet spot—ordinarily a reliable source of years-long positive equity drift—a number of near-term considerations for market performance give us pause. The rate of money creation is likely to trend lower as we cycle through the effects of the initial quantitative easing measures and authorities turn their attention to the bloated debt burdens that have resulted. Talk of higher corporate tax rates in the US may weigh on investor sentiment and ultimately profit margins if they are enacted, while the regulatory architecture across multiple jurisdictions appears poised to become less business friendly. Finally, if 2021 earnings establish new high-water marks, impressive year-over-year comparisons will be more difficult for companies to come by beginning in 2022.

Meanwhile, the uncertain trajectories of interest rates and inflation cast a pall on the intermediate-term outlook. The yield on the 10-year US Treasury increased sharply during the first quarter to reach 1.7%, though the backup merely brought the rate back to pre-Covid levels.[2] The Fed has anchored short-term rates at zero and is committed to keeping them there until full employment is achieved and above-target inflation emerges, consistent with its new flexible average inflation-targeting policy framework. Super-low policy rates, while intact, are likely to keep downward pressure on the 10-year, but the current slope of the yield curve suggests that the yield is likely to shift higher once we exit this easing cycle. Signs of this bias, which is not typically a positive for equity market valuations, can be seen in the 30-year Treasury trading at yields above its 2019 average. Meanwhile,

1. Source: FactSet; data as of April 9, 2021.
2. Source: FactSet; data as of April 9, 2021.

market-based inflation expectations in the US have rebounded—the five-year, five-year forward inflation expected rate ended the quarter at levels not seen since late-2018[3]—and pronounced price increases are evident across the commodity complex, from metals to agriculture to oil.

The direction of long-term interest rates and inflation pressures remains a source of spirited debate within the investment industry. Those skeptical of a meaningful shift higher point to inflation expectations firmly anchored by the Fed, the deflationary impact of technology, the latent need for fiscal tightening in the face of a massive global debt overhang, and the downtrend in the velocity of money over the last decade as reasons to believe pricing pressures will remain in check. The other side of the argument cites the monetary supply shock from Covid-response policy, a decline in sources of cheap labor globally, the seeming lack of political will for fiscal restraint and the massive fiscal budget deficit as evidence inflation may be biased higher. Given that 2021's fiscal deficit as a percent of GDP is expected to be the second highest since World War II, exceeded only by 2020's shortfall,[4] the current negative output gap could quickly turn positive and lead to pricing pressures.

Looking to Generate Alpha, not Merely Capture Beta

While we may appear to still be in the early stages of a recovery from Covid, massive monetary and fiscal stimulus over the past year may have brought gains forward, which would imply a tougher road ahead. That said, the dispersion of potential outcomes moving ahead is significant, and we do not seek to bet the farm on any one state of the world playing out. With stock multiples high and bond yields low, however, we think it would be prudent to assume far more modest returns going forward.

We also think it would be prudent to assume that actively generating alpha in such an environment will be more important than merely capturing beta. Many investment managers approach alpha as a byproduct of the near-term subversion of expectations, as something they can harvest by overweighting particular sectors at the right time, for example, or by identifying individual stocks poised to deliver a positive earnings surprise next quarter.

First Eagle, in contrast, seeks alpha that unfolds over longer time horizons. We look for businesses that we believe possess scarce tangible or intangible assets, as these advantaged positions may potentially be expanded or improved upon at a measured pace to create a positive intrinsic value drift that compounds over the years. Further, we believe long-term benefits can be derived from businesses that maintain expense management discipline, reinvest in their advantaged assets prudently, and either return excess cash flows to shareholders or use it to engage in valuation-sensitive mergers and acquisitions. Finally, we invest in these companies only when we can do so at a discount to our estimate of intrinsic value, which we arrive at through meticulous research that seeks to distinguish the true economics of a company from its reported earnings.

Meanwhile, gold and gold-related securities continue to be an important source of ballast in our portfolios as well as a source of deferred purchasing power in the face of ongoing fiat currency debasement. Gold has a 50-plus year track record of outperforming the dollar, as growth in the money supply has outpaced that of gold by many multiples since the decline of the Bretton Woods system in the early 1970s.[5] While the price of gold has declined steadily since peaking in early August—no surprise given the accompanying increase in real interest rates over this period—we believe it remains the best potential hedge for our portfolios against a range of adverse market and economic outcomes in an uncertain world.

3. Source: Federal Reserve Bank of St. Louis; data as of April 9, 2021.
4. Source: Congressional Budget Office; data as of April 9, 2021.
5. Source: Bloomberg; data as of April 9, 2021.

Portfolio Review

Global Fund A Shares (without sales charge*) posted a return of 3.71% in first quarter 2021. North America was the biggest contributor from a geographic standpoint, though performance was positive in all regions except Japan. Financials was the top contributor among economic sectors, followed by energy, industrials and information technology; while only consumer staples detracted from performance, utilities and healthcare were relative laggards. The Global Fund underperformed the MSCI World Index in the period.

Leading contributors in the First Eagle Global Fund this quarter included Exxon Mobil Corporation, Deere & Company, Teradata Corporation , Oracle Corporation and Schlumberger NV.

Recovering oil prices on improvements in demand for crude and other distillates helped fuel strong performance across the energy complex, including shares of Exxon Mobil. The company's financial results have improved markedly from the Covid-related demand shocks in 2020, helping ease concerns about the sustainability of Exxon's dividend, which is among the largest in the S&P 500 Index. In addition, Exxon has reiterated its commitment to reducing capital expenditures, which we believe should further bolster the resilience of its cash flows against future demand slowdowns.

Agriculture commodities have also been beneficiaries of the improved global economic outlook, with both corn and soybean prices up sharply over the past year. While the better pricing environment has been a tailwind for agricultural equipment maker Deere, we have been duly impressed by the company's ability to execute on its strategic initiatives. The advanced technologies Deere has been introducing in its precision agriculture portfolio have improved the economics of farming for its customers and bolstered Deere's operating results.

A longstanding participant in the data warehousing space, Teradata has been transitioning its focus from on-premises database management and analytics to the rapidly growing cloud-computing market. Recent company reports suggest this shift is gaining traction, to the benefit of its Teradata's share price, as the company posted significantly higher annual recurring revenue from its public cloud-based software business relative to a year ago.

Oracle continues to make progress as it seeks to reinvent itself for the cloud-computing environment that prevails today and compete in what we believe is a huge addressable market in the public cloud. In the meantime, the company has been a strong cash flow generator and has a consistent decade-long history of returning excess cash to shareholders in the form of dividends, and it has devoted billions of dollars to repurchasing its shares.

Schlumberger was another oil-patch participant benefitting from a better commodity price environment in the first quarter, though the oil field services firm also has continued to reap the benefits of its ongoing structural reorganization. With a new CEO at the helm since mid-2019, the company has been cutting costs aggressively and repositioning its business, perhaps most notably through the sale of its US shale drilling business to focus on its areas of strength in the international arena.

The leading detractors in the quarter were gold bullion, Keyence Corporation, Colgate-Palmolive Company, Secom Co., Ltd. and Fresnillo plc.

As noted, the price of gold has been in a generally declining trend since its August 2020 peak as rising real interest rates have increased the opportunity cost of holding gold and served as a headwind to its price. Of course, our strategic allocation to gold is intended to serve as a potential hedge against adverse market and macroeconomic developments rather than a form of speculation on movements in the gold price.

Following a very strong rally off the market's 2020 bottom, shares of Keyence took a breather in first quarter 2021. The Japanese company is a global market leader in the sensors that serve as the "eyes and ears" of automated factories and warehouses to help ensure their efficient operation. Keyence's main competitive advantage lies in its broad product portfolio combined with a large in-house sales force that allows it to develop entrenched relationships with its customers and respond nimbly to their needs.

After a strong 2020 fueled in part by lockdown-driven demand, consumer staples stocks generally cooled during the first quarter as investors shifted attention to the more economically sensitive areas of the market likely to benefit from re-openings and improved discretionary spending. The effects of this rotation could be seen in the share price underperformance of names like Colgate-Palmolive.

Tokyo-based Secom is a security services and surveillance systems company with operations in multiple jurisdictions across Asia and Australasia as well as in the UK, though it generates most of its revenue in Japan. The company's most recent financial report showed a decline in both revenue and profit, which it attributed to the economic effects of Covid-19.

Fresnillo is a large gold and silver producer that has its headquarters in London and its mines in Mexico. The price of gold has been in a generally declining trend since its August 2020 peak as rising real interest rates have increased the opportunity cost of holding the yellow metal, weighing on the performance of

* 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.

gold-related equities. The price of silver also declined during the quarter, but to a lesser extent.

First Eagle Overseas Fund

Overseas Fund A Shares (without sales charge*) posted a return of 1.10% in first quarter 2021. Financials was the top contributor among economic sectors, followed by industrials and real estate; the price of gold weighed on the materials sector during the quarter, while health care and information technology detracted slightly. The strategy's position in cash and cash equivalents provided a small boost. The Overseas Fund underperformed the MSCI EAFE Index in the period.

Leading contributors to the Fund's performance this quarter included Imperial Oil Limited, Jardine Matheson Holdings Limited, Nutrien Ltd., Haw Par Corporation Limited and Rexel SA.

Detractors included gold bullion, AS ONE Corporation, Keyence Corporation, Secom Co., Ltd. and Ambev SA Sponsored ADR.

First Eagle U.S. Value Fund

U.S. Value Fund A Shares (without sales charge*) posted a return of 6.96% in first quarter 2021. Contributors to performance were found broadly across sectors, led by financials, information technology, energy and industrials; materials were the only sector that detracted from performance, as the price of gold declined during the quarter. The US Value Fund outperformed the S&P 500 Index in the period.

Leading contributors to the Fund's performance this quarter included Exxon Mobil Corporation, Deere & Company, Teradata Corporation, Oracle Corporation and Schlumberger NV.

Detractors included gold bullion, Colgate-Palmolive Company, Agnico Eagle Mines Limited, Barrick Gold Corporation and Brown & Brown, Inc.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investment Management

* 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.

Average Annual Returns as of 03/31/2021 (%)

		YTD	1 Year	5 Years	10 Years	Expense Ratio Gross*	Expense Ratio Net*
First Eagle Global | Class A | SGENX	w/o sales charge	4.05	39.97	8.49	7.12	1.11	--
	w sales charge	-1.15	32.96	7.39	6.57		
First Eagle Overseas | Class A | SGOVX	w/o sales charge	1.10	31.38	5.92	5.05	1.15	--
	w sales charge	-3.98	24.79	4.84	4.51		
First Eagle U.S. Value | Class A | FEVAX	w/o sales charge	6.96	45.23	9.67	8.24	1.18**	1.13
	w sales charge	1.61	37.99	8.55	7.68		

The performance data quoted herein represent past performance and do not guarantee future results. Market volatility can dramatically impact a 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. The average annual returns for Class A Shares "with sales charge" of First Eagle Global, Overseas and U.S. Value Funds 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.

** These are the actual Fund operating expenses prior to the application of fee waivers and/or expense reimbursements. The Adviser has contractually agreed to waive its management fee at an annual rate in the amount of 0.05% of the average daily value of the U.S. Value Fund's net assets for the period through February 28, 2022. This waiver has the effect of reducing the management fee shown in the table for the term of the waiver from 0.75% to 0.70%.

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.

The **MSCI World Index** is a widely followed, unmanaged group of stocks from 23 international markets. The index provides total returns in US dollars with net dividends reinvested. The **MSCI World Value Index** captures large and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets (DM) countries. The index provides total returns in US dollars with net dividends reinvested. The **MSCI World Growth Index** captures large- and mid-cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries including: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. The **Russell 1000 Value Index** is a composite of large and mid-cap companies located in the United States that also exhibit a value probability. The Russell 1000 Value is published and maintained by FTSE Russell. The **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-book ratios and higher forecasted growth values. **S&P 500 Index** 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 75% coverage of US equities, it is also considered a proxy for the total market. The **Nikkei 225** is an unmanaged price-weighted equity index, which consists of 225 stocks in the first section of the Tokyo Stock Exchange. The 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.

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

The holdings mentioned herein represent the following percentage of the total net assets of the First Eagle Global Fund as of March 31, 2021: Exxon Mobil Corporation 2.10%; Deere & Company 0.86%; Teradata Corporation 0.79%; Oracle Corporation 2.81%; Schlumberger NV 1.04%; gold bullion 10.34%; Keyence Corporation 0.55%; Colgate-Palmolive Company 1.26%; Secom Co., Ltd. 1.14%; Fresnillo plc 0.28%.

The holdings mentioned herein represent the following percentage of the total net assets of the First Eagle Overseas Fund as of March 31, 2021: Imperial Oil Limited 1.40%; Jardine Matheson Holdings Limited 1.73%; Nutrien Ltd. 1.93%; Haw Par Corporation Limited 1.29%; Rexel SA 0.82%; gold bullion 9.70%; AS ONE Corporation 0.61%; Keyence Corporation 0.79%; Secom Co., Ltd. 1.59%; Ambev SA Sponsored ADR 1.22%.

The holdings mentioned herein represent the following percentage of the total net assets of the First Eagle U.S. Value Fund as of March 31, 2021: Exxon Mobil Corporation 3.19%; Deere & Company 1.72%; Teradata Corporation 1.44%; Oracle Corporation 4.64%; Schlumberger NV 1.57%; gold bullion 10.08%; Colgate-Palmolive Company 3.03%; Agnico Eagle Mines Limited 0.38%; Barrick Gold Corporation 0.49%; Brown & Brown, Inc. 1.46%.

The Funds may invest in gold and precious metals through investment in a wholly owned subsidiary of the Funds organized under the laws of the Cayman Islands (the "Subsidiary"). Gold bullion and commodities include the Funds' investment in the Subsidiary.

The commentary represents the opinion of the Global Value Team portfolio managers as of March 31, 2021, 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 information provided is not to be construed as a recommendation to buy, hold or sell or the solicitation or an offer to buy or sell any fund or security.

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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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