First Eagle Global Value Team

Market Overview

Investors initially downplayed news of the novel coronavirus outbreak (Covid-19) in China, and equity indexes continued to press higher for the first weeks of 2020 as they did for much of 2019, led by growth-oriented stocks in general and the popular "new economy" names in particular. Sentiment shifted violently midway through the first quarter, however, as it became evident that the virus initially written off as a regional concern represented an emerging global health crisis, one that ultimately would bring an end to the longest bull market in US history and more than likely propel the global economy into recession.

Market Summary	1st Quarter 2020
MSCI World Index	-21.05%
MSCI EAFE Index	-22.83%
S&P 500 Index	-19.60%
German DAX Index	-25.01%
French CAC 40 Index	-26.15%
Nikkei 225 Index	-19.23%
Brent Crude Oil	-65.55%
	$22.74 a barrel
Gold	+4.03%
	$1,578.93 an ounce
US Dollar	-0.66% vs. yen
	+2.30% vs. euro

Source: Bloomberg, WM/Reuters.

The market rout began as a typical flight to safety, with stocks declining sharply while traditional safe-haven assets—such as long-dated sovereign bonds and gold—rallied. By mid-March, however, financial markets appeared on the verge of breaking down, with pockets of illiquidity emerging across asset classes; investors had nowhere to hide as cross-asset correlations and intra-stock volatility rose to historic levels. As global monetary and fiscal policy responses to the crisis began to take shape toward the end of the quarter, markets were able to recover some of their deepest losses. Only the "safest" asset classes provided a diversification benefit during the quarter, but even for these perceived havens the ride was anything but smooth.

Those parts of the equity market whose fortunes rest on the most readily observable impacts of the economic shutdown—including the traditional old-economy industries often associated with value investing—bore the brunt of the first quarter selloff. This included energy, which was forced to contend with not only the pandemic-inspired cratering of demand but also a supply shock courtesy of an oil-price war that emerged between OPEC+ members Saudi Arabia and Russia. The price of West Texas Intermediate—the US benchmark for crude oil—stood near $20/barrel at the end of the quarter, an 18-year low and a 65% decline from its 2020 starting point.[1] With oil prices below the production costs of marginal producers, some drillers will fall by the wayside, destroying supply in the process; the longer prices remain low, the more supply that will be destroyed. This dynamic could make the global economy vulnerable to an energy price spike should oil demand recover, to the potential benefit of higher-quality operators able to demonstrate resilience and take share from those producers unable to survive the current downturn.

Banks, too, struggled, particularly those in Europe and Japan that never really fully recovered after the financial crisis. Traditional deposit-based bank models aren't built for a world of zero interest rates and flat yield curves, and the coronavirus-related impact on business borrowers likely will translate into higher credit losses for lenders. Moreover, banks soon may need to negotiate the degree to which they allow their operations to be co-opted by government authorities as a transmission mechanism for monetary policy, actions that may not be to the benefit of long-term shareholders. Already, we've seen a number of the UK's largest banks agree to suspend dividends and share buybacks at the urging of their regulator.

1. Source: Bloomberg, as of April 8, 2020.

In contrast, certain corners of the stock market have held up relatively well—including not only defensive sectors like utilities and healthcare, but also technology—though in some cases this is likely due to the relative lack of observable data that surrounded them. Though estimate revisions have brought the 2020 consensus year-over-year earnings growth estimate for the MSCI World Index down to -1.3% (from 8.7% to start the year) as of March 31, even this figure represents an improvement from 2019's final growth rate of -2.0%—hard to fathom given that the global economy remains more or less on pause with no definitive end in sight.[2] Further revisions are likely as analysts and investors process news from the upcoming earnings season, and it's quite possible that some sectors and companies may reprice sharply. Cash-flow-negative companies whose market valuations are based on expectations of future growth rates may have particularly large downside risk as these expectations fail to materialize in a prolonged economic shutdown.

While health authorities struggle to contain a virus about which much remains uncertain, vast swaths of the world remain in lockdown and a global recession appears all but certain at this point. We've yet to see a first quarter gross domestic product (GDP) print at the time of writing, but a range of higher-frequency economic data suggest the demand shock of social distancing and other measures intended to stop the spread of the coronavirus have metastasized into the business cycle. Service-sector purchasing managers' indexes (PMI) have collapsed worldwide, and manufacturing PMIs are likely to do the same with a lag. The impact on employment has been perhaps even more stark. In the US, for example, initial jobless claims for the two weeks ended March 28 came in at nearly 10 million, a level that took more than six months to reach in the 2008–09 recession. With nearly half the nation's workforce employed by small businesses, this number may continue to rise; about 25% of the country's small businesses had temporarily shut down as of April 3, and 40% of those still open expected to close their doors within two weeks.[3]

Central banks globally have responded rapidly and forcefully to the dislocations caused by the pandemic, with interest rate cuts, programs to provide liquidity and restore market functioning, quantitative easing and regulatory forbearance. Central bankers clearly want to prevent this temporary pause in household and business activity from turning into a permanent solvency crisis and wave of defaults. For its part, the US Federal Reserve already has gone farther in response to the current crisis than it had during the global financial crisis. In addition to restarting all of its global financial crisis-era provisions, including zero interest rates and very large-scale Treasury and agency mortgage-backed security purchases, the Fed has established facilities that enable it to support the primary and secondary investment grade corporate bond markets, lend to small- and medium-sized enterprises and facilitate repo transactions with foreign central banks. By the end of the first quarter, the Fed's balance sheet amounted to nearly $6 trillion—it previously maxed out at around $4.5 trillion—and it is likely to climb higher.[4]

Governments, too, have acted aggressively, adopting fiscal policies to fund healthcare, provide household income support and bolster the corporate sector. The US federal government has passed three fiscal packages and a fourth appears likely; already very high sovereign debt levels will continue to climb, expanding the deficit in the face of falling nominal GDP.

Despite their magnitude, the abovementioned policy responses may only be partially successful at stemming the damage. The economic impact of the coronavirus shutdown is likely to be massive, causing contractions potentially greater than any we've seen in the post-World War II period. Further, it's likely that the pandemic will result in a large and permanent loss of global economic output and that growth, when it returns, will trend at a lower potential rate than it had prior to the crisis—two scenarios that also came to pass in the aftermath of the global financial crisis. With the current shock hitting all economies simultaneously, however, we aren't likely to see a massive stimulus package from China to buoy demand the way we did in 2008–09.

Not only is its salutary effect uncertain, recent fiscal and monetary activity is likely to promote further deterioration in the quality of man-made money and sovereign balance sheets, which we view as underscoring the importance we place on gold as a potential hedge in portfolios across First Eagle. Movements in the price of gold during first quarter 2020 reminded us of its behavior in fourth quarter 2008, another extremely challenging investment environment during which gold increased its relative purchasing power despite intra-quarter volatility. In both cases, the gold price rose in the early stages of a risk selloff, only to decline as liquidity breakdowns across markets paradoxically pushed real yields higher. The potential hedge value of gold has tended to reassert itself as central bank actions ease liquidity fears, however; we saw this in the recovery of gold's price in late March. We don't have a directional view on gold, but we believe strongly that its value as a potential hedge will remain in place.

While the current crisis bears some of the hallmarks of previous economic challenges, it is far more intense than anything we've

2. Source: FactSet, as of March 31, 2020.
3. Source: US Chamber of Commerce, as of April 8, 2020.
4. Source: Federal Reserve, as of April 8, 2020.

seen in our lives, including the dot-com bubble of 2000 and even the global financial crisis of 2008. The concurrent demand shock from the coronavirus pandemic and supply shock from the oil-price war has had an impact unique in its swiftness and ferocity. Furthermore, the crisis struck financial markets and the global economy at a particularly vulnerable moment. Equity markets entered 2020 priced for perfection after a year of robust gains but little to no growth in corporate profits, while mature parts of the global economy had already entered a stall zone due to factors including trade wars, fading fiscal stimulus, margin pressures and the competitive threat from new-economy predators. In addition, very low bond yields implied downbeat expectations for nominal economic growth moving forward, likely reflecting concerns ranging from excessive debt levels and the economic mix shift toward services to lower workforce growth and increased risk of populist policy.

Recent events remind us why we don't presume to forecast market movements at First Eagle; while there was ample evidence that the business cycle had grown mature, no one expected a global pandemic to be the catalyst for its turn. That said, it's not hard to believe that we may be in only the early stages of a broad market re-rating, with the first quarter selloff merely scraping off the most pronounced valuation excesses.

Though a Covid-19 vaccine by most estimates remains 12–18 months away, policymakers are continually monitoring infection rates and forecasts to weigh the risks to public health against those of ongoing economic impairment. While we're hopeful for a swift return to normalcy—in markets, economies and societies—as investors we must be mindful of the difficulty of this transition and cognizant that the last pandemic of this scale, the Spanish flu in 1918–19, came in three distinct waves over an 18-month period. False dawns are possible.

While harrowing market moves and ongoing uncertainty are unsettling, these environments often present opportunities for the discerning investor. At First Eagle, Fund cash holdings and the potential hedge in gold provided ample liquidity, and in the first quarter we were able to selectively allocate capital, on what we believed to be advantageous terms, to well-positioned, well-capitalized, well-managed businesses that in our view have the potential to demonstrate resilience over the long term. We think this is the moment where our patience as investors appears likely to be rewarded, and we're sailing a very steady course as the crisis continues to play out.

Portfolio Review

Global Fund

Global Fund A Shares (without sales charge*) posted a return of -19.50% in first quarter 2020. All geographic regions detracted from performance in what was a very challenging period for equities, as did all market sectors. The Fund's holdings in cash and cash equivalents had a positive impact on return, however. The Global Fund outperformed the MSCI World Index in the period.

Leading contributors to the Fund's performance in the fourth quarter included gold bullion, Newmont Corporation, Chofu Seisakusho Co., Ltd., Nissin Food Holdings Co., Ltd., and KDDI Corporation.

During a difficult period for risk assets, gold demonstrated its value as a potential hedge against extreme market outcomes. The Fund's gold holdings do not represent our directional view on the price of the metal, but we believe the ongoing deterioration in the quality of fiat money—which has been accelerated by policy efforts to counter the economic impacts of the Covid-19 pandemic—suggests a need for the type of portfolio ballast that gold historically has provided.

The gold price helped support the stock price of Newmont Corporation, a Colorado-based miner with, in our view, high-quality assets located in favorable mining jurisdictions in North America, South America, Australia and Africa. With what we consider an impressive portfolio of assets, strong management team, solid balance sheet and history of generating free cash flow, Newmont appears well positioned to withstand the economic disruptions related to the coronavirus pandemic.

Chofu Seisakusho is a Japanese industrial company engaged primarily in the manufacture of hot-water boilers. Though its core business does not participate in a growing industry segment, shares of Chofu rose during the quarter as crisis-rattled investors were attracted to the net cash on its balance sheet and market price below that of its liquidation value.

Nissin Foods is the dominant provider of instant noodles in Japan, a shelf-stable consumer staple that unsurprisingly saw strong demand during a period marked by the social-isolation demands of the coronavirus outbreak.

KDDI Corporation offers investors a what we view as a stable, well-capitalized business providing telecommunications

* 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.

services in Japan, the world's most profitable telecom market. Though Japan is a competitive market, incumbents like KDDI have benefited from the tail end of the 4G network era. As 5G becomes the standard technology and network capacity increases, however, Japanese telecoms in general may find their pricing power constrained, which raises concerns about the longer-term stability of the operating environment for these businesses.

The leading detractors in the fourth quarter were Schlumberger NV, Exxon Mobil Corporation, Weyerhaeuser Company, Lloyds Banking Group plc and Comcast Corporation Class A.

With oil prices plummeting during the quarter on concurrent supply and demand shocks, stocks across the energy complex suffered; oil-field services companies, in particular, were impacted by expectations that producers would slash their capital budgets at the lower barrel prices. This included Schlumberger. While continued low oil prices likely will weigh on Schlumberger's stock price in the near term, we see the company's financial strength and dominant market position as sources of resilience that may enable it to respond positively to an eventual rebound in oil.

The stock of Exxon Mobil, like all energy producers, suffered during an abysmal quarter for oil prices. With what we believe are significant, long-duration reserves and an attractive position on the oil-cost curve, however, we believe Exxon is better equipped than most of its competitors to withstand lower prices. As marginal players in oil patch go into distress, Exxon's financial strength may allow it to be aggressive in acquiring attractive assets and preparing for a recovery.

Timberland company Weyerhaeuser is what we consider an example of a stock whose attractive long-term prospects have been swamped by short-term concerns. Lumber tends to see its best pricing when housing starts pick up, as they did in December and January before momentum was derailed by the coronavirus. While it may be difficult for the company to maintain its dividend in the current environment, we're pleased that the Fund owns the company's long-duration assets—timberland harvest cycles run more than 25 years—at what we believe to be a discount to our estimate of its intrinsic value.

Other than energy, financial services were the worst-performing sector in the MSCI World, and Lloyds Banking Group was no exception to this trend. At the urging of the Bank of England, Lloyd's joined with the UK's other largest banks to cancel outstanding dividend payments for 2019 and pledge not to pay any dividends nor carry out any share buybacks in 2020. The vast majority of Lloyds assets are geared to UK consumers and businesses; its dominant local market share represents significant franchise value, in our view, and appears to position it well to benefit from future recovery in the UK economy.

After a very strong 2019, shares of media and telecommunications company Comcast fell sharply in first quarter 2020. Its NBCUniversal unit is expected to take a big hit from the pandemic, as theme parks and movie theaters worldwide are closed and advertising revenues have declined from the loss of sporting events (including a postponement of the Olympics). However, NBCUniversal accounts for only about 30% of Comcast revenues, with the rest coming predominantly from the cable broadband side of the business, which has held up reasonably well. While a 2018 acquisition of Sky left the company leveraged and susceptible to near-term headwinds, we're comfortable with its long-term prospects.

Overseas Fund

Overseas Fund A Shares (without sales charge*) posted a return of –17.70% in first quarter 2020. All geographic regions detracted from performance in what was a very challenging period for equities, as did all market sectors. The Fund's holdings in cash and cash equivalents had a positive impact on return, however. The Overseas Fund outperformed the MSCI EAFE Index in the period.

Leading contributors to the Fund's performance in the third quarter included gold bullion, Nagaileben Co., Ltd., Chofu Seisakusho Co., Ltd., Nongshim Co., Ltd. and Newmont Corporation.

The leading detractors in the second quarter were TechnipFMC Plc, Lloyds Banking Group plc, Imperial Oil Limited, Fanuc Corporation and Danone SA.

U.S. Value Fund

U.S. Value Fund A Shares (without sales charge*) posted a return of –21.57% in first quarter 2020. All market sectors detracted from performance in what was a very challenging period for equities. The Fund's holdings in cash and cash equivalents had a positive impact on return, however. The U.S. Value Fund underperformed the S&P 500 Index in the period.

The top contributors were gold bullion, Newmont Corporation, PPG Industries, Inc., Equity Residential and Microsoft Corporation.

* 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.

Detractors included Exxon Mobil Corporation, Schlumberger NV, Weyerhaeuser Company, Flowserve Corporation and Comcast Corporation Class A.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investment Management, LLC

Average Annual Returns as of 03/31/2020 (%)

		YTD	1 Year	5 Years	10 Years	Expense Ratio Gross*	Expense Ratio Net*
First Eagle Global | Class A | SGENX	w/o sales charge	-19.50	-11.96	1.49	5.18	1.11	--
	w sales charge	-23.52	-16.36	0.46	4.64		
First Eagle Overseas | Class A | SGOVX	w/o sales charge	-17.70	-10.27	0.32	3.80	1.15	--
	w sales charge	-21.82	-14.75	-0.71	3.27		
First Eagle U.S. Value | Class A | FEVAX	w/o sales charge	-21.57	-15.24	1.78	5.70	1.16**	1.11
	w sales charge	-25.50	-19.47	0.74	5.15		

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, 2021. 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%.

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 and is not available for purchase.

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 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.

The MSCI World Index is a widely followed, unmanaged group of stocks from 23 international markets and is not available for purchase. The index provides total returns in US dollars with net dividends reinvested.

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

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 holdings mentioned herein represent the following percentage of the total net assets of the First Eagle Funds as of March 31, 2020:

First Eagle Global Fund: Gold Bullion 12.61%; Newmont Corporation 1.14%; Chofu Seisakusho Co., Ltd. 0.20%; Nissin Foods Holdings Co., Ltd. 0.22%; KDDi Corporation 1.09%; Schlumberger NV 0.80%; Exxon Mobil Corporation 1.81%; WEyerhaeuser Company 1.19%; Lloyds Banking Group plc 0.60% ; Comcast Corporation Class A 2.04%. **First Eagle Overseas Fund:** Gold Bullion 12.007%; Nagaileben Co., Ltd. 0.37%;Chofu Seisakusho Co., Ltd. 0.38%;Nongshim Co., Ltd. 0.43%; Newmont Corporation 1.37%; TechnipFMC Plc 0.46%; Lloyds Banking Group plc 0.91%; Imperial Oil Limited 0.74%; Fanuc Corporation 2.22% Danone SA 2.74%. **First Eagle U.S. Value Fund:** gold bullion 3.57%; Newmont Corporation 1.27%; PPG Industries, Inc. 0.19%; Equity Residential 0.34%; Microsoft Corporation 1.61%; Exxon Mobil Corporation 3.25%; Schlumberger NV 1.32%; Weyerhaeuser Company 2.48%; Flowserve Corporation 150%; Comcast Corporation Class A 4.00%.

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, 2020, 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.

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 contacting your financial adviser, visiting our website at www.feim.com or calling us at 800.334.2143. Please read the prospectus carefully before investing. Investments are not FDIC insured or bank guaranteed, and may lose value.

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