FIRST EAGLE
INVESTMENT MANAGEMENT

Commentary June 30, 2020

First Eagle Global Value Team

Market Overview

The old adage "don't fight the Fed" has surely been proven right over many short periods of time—second quarter 2020 among them. The powerful equity market rebound that began in late March extended through the second quarter, even as the Covid-19 pandemic continued to ravage the globe. Driven by a massive influx of liquidity from the Fed and other global policymakers, investors piled into risk assets, especially shares of new-economy companies that largely appear to represent speculative plays on their uncertain future potential.

Market Summary	2nd Quarter 2020
MSCI World Index	+19.36%
MSCI EAFE Index	+14.88%
S&P 500 Index	+20.54%
German DAX Index	+23.90%
French CAC 40 Index	+13.48%
Nikkei 225 Index	+17.97%
Brent Crude Oil	+80.96%
	$41.15 a barrel
Gold	+12.92%
	$1,780.96 an ounce
US Dollar	-0.06% vs. yen
	-2.31% vs. euro

Source: Bloomberg, WM/Reuters.

We think the key issue investors need to consider is where we stand in the fight against Covid-19. Though financial markets are acting as if the pandemic's impact has reached an inflection point, epidemiological data would suggest otherwise. Confirmed cases have exceeded 12 million worldwide and deaths more than 500,000, and these numbers continue to grow.[1] Emerging and low-income countries now appear to be the epicenter of the disease, though developed countries—the United States chief among them—are by no means out of the woods. Cases are accelerating in Arizona, California, Florida, Georgia, Texas and elsewhere, and a number of states are slowing or reversing plans to reopen their economies. While we can't know the future trajectory of the virus, we believe there is a long road ahead to herd immunity or a vaccine—possibly in the 2022 time frame.

In June, the National Bureau of Economic Research made official what most observers had intuited: The US economy entered recession in February, as the Covid-19 outbreak began to intensify on these shores. From a global perspective, pandemic-related shocks to supply and demand are expected to result in a recession of historic proportions. The World Bank is forecasting that more than 90% of the world's economies will be in recession in 2020, which would represent the most broad-based contraction of the past 150 years. The World Bank also expects the current recession to be the deepest in per-capita terms since the Great Depression.

The performance of financial markets in the second quarter seemed to reflect expectations of a V-shaped economic recovery; i.e., a sharp decline followed by an equally sharp rebound. Though there have been some promising signs in recent data as economies worldwide have begun to reopen, we do not share the markets' confidence. The emergence of Covid-19 has produced the greatest blow to demand in a generation, and permanent economic scarring seems likely. Even if the public health elements of the crisis are contained, the headwinds are significant. After peaking at 14.7% in April, the US unemployment rate fell to 11.1% in June, still well above the high of 10% in the global financial crisis.[2] Though the credit cycle has only just turned over, we have already seen bankruptcies by such well-known brands as Hertz, Neiman Marcus and Brooks Brothers. With restaurants, airlines and lodging companies operating at partial capacity for an undetermined length of time, we don't know how large the hit to output ultimately will be. The recovery may wane as fiscal stimulus moderates and the marginal benefit

1. Source: Johns Hopkins University.
2. Source: Bloomberg.

of additional monetary stimulus declines. These are the types of factors that can turn a V into something less clearly legible.

Perhaps learning a lesson from their hesitant reaction to the global financial crisis in the late 2000s, central banks worldwide have responded rapidly and forcefully to the dislocations of 2020. Policy rates were slashed, massive levels of quantitative easing were pushed out, and programs to ensure market liquidity were introduced. With policy rates at the lower boundary in most advanced economies, central banks have been notably aggressive with their asset purchases, and the combined balance sheets of the Federal Reserve, the European Central Bank, the Bank of Japan and the Bank of England now amount to approximately $20 trillion, up about $5 trillion since the beginning of the year.[3] The expansion has come primarily from increased purchases of government securities, as well as from special lending programs and purchases of risk assets. This has not been a mere easing of policy; it's been a step function. M2 money supply in the United States, for example, expanded 23% over the 12 months ended May 2020, driven by a 16% increase from February to May.[4] Already-planned quantitative easing suggests that double-digit money supply growth is likely to persist into 2021 or later.

Fiscal policy has been similarly assertive, as governments have spent freely to fund healthcare, support household incomes and bolster the corporate sector. While more fiscal support appears likely in the near term, governments cannot carry the private sector indefinitely. Already-high sovereign debt levels have continued to climb as these programs are implemented, expanding deficits in the face of falling nominal GDP. Economic recovery eventually will help narrow these deficits somewhat, as revenues rebound and automatic stabilizers decline. However, the debt incurred to rescue the economy will persist.

The "Fed put" has become increasingly massive each time it has been employed. In response to Covid-19 the Fed has rolled out all the facilities it implemented in response to the global financial crisis, as well as new programs to support the corporate bond market, the municipal market, small and medium-sized enterprises and, most recently, nonprofits. While some of these facilities have not yet been launched and utilization of others remains very low, their impact has already been significant, especially in the corporate and municipal bond markets, where the Fed's backstop contributed to a sharp decline in yields. Wary of promoting moral hazard, the Fed would likely say such extreme measures are appropriate only during crises of the current magnitude, but it is not unreasonable to expect the central bank to intervene similarly in the next downturn. Government and corporate debt levels are going to be much higher after this crisis, making the Fed's dual mandates of stable prices and full employment vulnerable to any dysfunction in the bond markets. We think this increases the likelihood that the Fed will serve as a buyer in size to maintain functioning markets, if necessary.

Relations between the US and China are another important consideration for the return of global economic growth, and there are signs of increasing tensions here. While the phase-one trade agreement appears likely to hold through the November elections, the United States has continued to impose a high effective tariff rate on imports. Further, we have seen deterioration on other fronts in recent months. The US government has limited companies and third countries from supplying Huawei with goods that contain US technology and has placed many Chinese organizations and individuals on its "entity list," which limits their ability to acquire US technology. More recently, the United States has issued financial restrictions on China. Though these restrictions are small currently, bills making their way through Congress could substantially expand their scope, potentially resulting in the delisting of Chinese companies from US exchanges and the placement of sanctions on individuals and entities that undermine Hong Kong's autonomy—as well as the banks that do business with them. This move would represent a significant escalation by the United States. China's recent passage of the National Security Law for Hong Kong could spur Congress to approve this or similar legislation.

Finding Value in Today's Markets

While current policy has proved to be an analgesic for economies and markets suffering from the impact of Covid-19, it is hard to believe that the imbalances built up over a 10-year-plus expansion could be corrected within a single quarter. It seems more likely that only time can heal these wounds. The price of the S&P 500 troughed in March at around 15 times trailing peak earnings—well above its usual level in a recession—and at quarter's end the index was trading at nearly 22 times trailing peak earnings.[5] Forward earnings expectations, meanwhile, continued to deteriorate even as the market rally gained momentum; the consensus estimate for 2020 MSCI World Index earnings was -24.3% at the end of June, down from -3.4% in March. Though strategists forecast year-over-year growth of 28.1% for 2021, such a scenario would still leave 2021 earnings below their 2019 level.[6]

The current equity market rally has been notable for its lack of breadth; the proportion of stocks in the MSCI World Index outperforming the index as a whole stood at 37% at the end of the second quarter, a low not seen since before the bursting of

3. Source: Federal Reserve, European Central Bank, Bank of Japan, Bank of England.
4. Source: Federal Reserve.
5. Source: FactSet.
6. Source: FactSet.

the dot-com bubble.[7] Perhaps not coincidentally, a new breed of technology stocks is leading the charge this time around, both well-established (the so-called FANG stocks) and less so. In the latter category, we would include Square (which traded at about 175 times trailing 12-month earnings at quarter's end), Zoom (which traded at about 1,500 times trailing 12-month earnings) and Shopify (which had no trailing 12-month earnings).[8] IPOs were also hot in industries as diverse as biotech and insurance, as well as in special purpose acquisition companies (SPACs).

Clearly, there have been outsized returns to be gained in these market darlings, assuming an investor knows when to buy and to sell ahead of the thousands of competitors trying to do the same. Moreover, as the prices of these stocks continue to climb faster than any improvement in fundamentals, arithmetic suggests that their expected future returns will be lower unless they can capture market share at an extraordinary rate or further expand their already-high multiples.

This is not a game in which we're interested in testing our luck. Now is the time for patience and fortitude. Rather than stake everything on change agents that might shape the future, we prefer to humbly accept that the future is unknowable and seek to own businesses with scarce, durable assets that we believe have the potential to generate persistent earnings power over time—and acquire these businesses at prices consistent with our strict valuation discipline. We further seek companies supported by prudent management teams and robust capital structures, and we believe such companies generally will be more poised to deliver shareholder value over the long term—with less speed perhaps, than growth stocks, but also, in our view, with greater likelihood. To these positions we add ballast in the form of gold and cash and cash equivalents. For us, gold serves as a potential hedge while also providing the strategy with longer-term purchase optionality. Insofar as inflation has remained muted, the opportunity cost for holding gold, as reflected in real interest rates, has continued to decline globally at the same time fundamentals supporting fiat currencies deteriorate.

Portfolio Review

Global Fund

Global Fund A Shares (without sales charge*) posted a return of 14.73% in second quarter 2020. All geographic regions contributed to performance, led by North America. Similarly, all market sectors were additive to portfolio performance, with materials making the largest contribution. The strategy's position in cash and cash equivalents represented a slight drag. The Global Fund underperformed the MSCI World Index in the period.

Leading contributors to the Fund's performance in the quarter included gold bullion, Wheaton Precious Metals Corp, Barrick Gold Corporation, Fanuc Corporation and Newmont Corporation.

Gold's recovery from its brief mid-March swoon continued in the second quarter, sending the price of the metal to a new seven-year high in nominal US dollar terms; meanwhile, nominal gold prices established all-time highs in all the other currencies we track. With the extraordinary policy accommodation introduced to combat the impacts of Covid-19 unlikely to be unwound anytime soon, we expect the quality of man-made money to continue to deteriorate. If so, it would highlight gold's historical role as a long-duration potential hedge against the myriad risks facing investment portfolios.

The strength in the price of gold was generally supportive of gold-related equities whose performance historically has been leveraged to the gold price. One such example is Wheaton Precious Metals, a Canadian streaming company that maintains, in our view, a high-quality, low-cost portfolio of precious metal purchase agreements that is well diversified across mining partners, geographies and metal types. Despite pandemic-related suspensions of six of its mining assets, Wheaton posted a 50% year-over-year increase in operating cash flow for the first quarter, which allowed the company to reduce its net debt while raising its quarterly dividend payment.

Barrick Gold has continued to execute through the challenges posed by the pandemic, with strong production results and low costs driving improved free cash flow reported for first quarter 2020. Barrick has drawn on previous management experience with Ebola outbreaks in Africa to formulate a plan to promote the safety of its employees and communities in the face of Covid-19. The company has maintained its annual production guidance for 2020 with only a slight downward adjustment, due to a lease dispute with the government of Papua New Guinea. We believe

7. Source: FactSet.
8. Source: FactSet.

* 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.

the company's prudent management team and strong and diversified asset base position it well to manage through the current trying environment.

Signs of economic recovery during the second quarter, particularly in China, helped drive the shares of Fanuc, which had struggled alongside its industrial client base during the first quarter as factories worldwide began to shut down in response to Covid-19. Post-crisis changes to supply chains may favor companies like Fanuc, a global leader in computerized numerical control devices and robots, as manufacturers seek to automate their local capabilities. In the meantime, substantial net cash on its balance sheet and limited leverage appear likely to enable Fanuc to weather additional economic uncertainty.

Given what we view as a high-quality management team and robust balance sheet, Colorado's Newmont is a prime example of a miner that was prepared to meet the challenges of Covid-19. With rigorous protocols already in place, the company has been proactive in managing its mines to protect local communities and infrastructure while at the same time mitigating the pandemic's impact on its business. In contrast with broad market trends that have companies cutting or suspending dividend payments, Newmont recently increased its quarterly dividend by 79%.

The leading detractors in the quarter were Jardine Matheson Holdings Limited, Allegheny Corporation, Wells Fargo & Company, Nutrien Ltd and Philip Morris International.

Hong Kong-headquartered holding company Jardine Matheson controls a diversified collection of business franchises predominantly across Greater China and Southeast Asia. Significant headwinds in certain parts of Jardine's empire continued to hurt the company in the second quarter despite the global equity market rebound. The company is heavily exposed to Hong Kong real estate, which has been under pressure from China's ongoing efforts to exert greater control over the territory and the anti-government protests that have come in response. Further, demand impacts from the Covid-19 pandemic continue to hobble its Indonesia-based Astra business as well as its Mandarin Oriental hotel chain. We view the company as having a solid balance sheet and attractive franchises, and we continue to believe the stock offers attractive value.

Alleghany is a US-based multiline insurer with a core position in property and casualty reinsurance and insurance. Among its specialty lines is business-interruption insurance, which took a bit of a Covid-related hit during the quarter. Notably, Alleghany has a fair amount of equity exposure, both at the holding company level and through its Alleghany Capital unit, which owns and manages a portfolio of nonfinancial middle-market businesses. One of these businesses, W&W/AFCO Steel, was notably weak given customer-driven delays on certain large projects.

Wells Fargo and many other US banks struggled in the second quarter, weighed down by a combination of very low interest rates and an uncertain loan-loss environment as the economic disruption from Covid-19 continued to play out. Wells was particularly battered given widespread expectations that it would be forced to cut its dividend as a result of the Federal Reserve's recently instituted cap on dividend payouts. While the path forward for Wells and other banks remains unclear, we are comfortable with the capital held by Wells Fargo and its likely ability to withstand very adverse scenarios.

Potash prices have trended lower year-to-date, challenging Canadian fertilizer company Nutrien. Though sales volumes have held steady and the stock rebounded off its March lows, reduced prices for its primary earnings driver proved to be a headwind in the quarter. While there are some concerns about potash pricing moving forward as a competitor readies a large Canadian mine that is expected to provide a significant boost to potash capacity, we believe Nutrien's cost structure will allow it to remain competitive in what we view as a stable business.

Philip Morris was able to recover some of the ground lost during the first quarter selloff but remains well below its early-year highs. Tobacco industry volumes were hurt by Covid-19, as lockdowns and other social-distancing restrictions in certain key markets hurt demand. Duty-free sales also suffered given the lack of global travel during the period. Given its pricing power, cost discipline and robust balance sheet, we believe Philip Morris appears well positioned to navigate the ongoing transition from traditional combustible tobacco products to "heat not burn" alternatives.

Overseas Fund

Overseas Fund A Shares (without sales charge*) posted a return of 12.99% in second quarter 2020. All geographic regions contributed to performance, led by developed Europe. Similarly, all market sectors were additive to portfolio performance, with materials making the largest contribution. The strategy's position in cash and cash equivalents represented a slight drag. The Overseas Fund underperformed the MSCI EAFE Index in the period.

Leading contributors to the Fund's performance in the quarter included gold bullion, Fanuc Corporation, Barrick Gold Corporation, Newmont Corporation and Wheaton Precious Metals Corp.

* 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.

The leading detractors in the quarter were Jardine Matheson Holdings Limited, Nutrien Ltd., Chofu Seisakusho Co., Ltd., Hiscox Ltd and Haw Par Corporation.

U.S. Value Fund

U.S. Value Fund A Shares (without sales charge*) posted a return of 14.53% in second quarter 2020. Contributors to performance were found broadly across sectors, led by precious and base metals; holding companies were the only sector to detract from performance. The US Value Fund underperformed the S&P 500 Index in the period.

The top contributors were gold bullion, Oracle Corporation, Exxon Mobil Corporation, Weyerhaeuser Company and Barrick Gold Corporation.

Detractors included Allegheny Corporation, Wells Fargo & Company, Philip Morris International Inc., Universal Health Services, Inc. Class B and Nutrien Ltd.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investment Management, LLC

* 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 06/30/2020 (%)

		YTD	1 Year	5 Years	10 Years	Expense Ratio Gross*	Expense Ratio Net*
First Eagle Global | Class A | SGENX	w/o sales charge	-7.64	-2.54	4.42	7.23	1.11	--
	w sales charge	-12.26	-7.41	3.35	6.69		
First Eagle Overseas | Class A | SGOVX	w/o sales charge	-7.01	-2.60	2.63	5.51	1.15	--
	w sales charge	-11.66	-7.47	1.58	4.97		
First Eagle U.S. Value | Class A | FEVAX	w/o sales charge	-10.17	-6.04	4.87	7.73	1.16**	1.11
	w sales charge	-14.68	-10.73	3.80	7.18		

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 June 30, 2020: **First Eagle Global Fund**: Gold Bullion 12.63%; Newmont Corporation 1.14%; Wheaton Precious Metals Corp 1.14%; Barrick Gold Corporation 1.20%; Fanuc Corporation 1.80%; Newmont Corporation 1.32%; Jardine Matheson Holdings Limited 0.70%; Alleghany Corporation 0.50%; Wells Fargo & Company 0.44%; Nutrien Ltd. 0.87%; Philip Morris International 1.41%. **First Eagle Overseas Fund:** Gold Bullion 12.49%; Fanuc Corporation 2.89% ;Barrick Gold Corporation 1.28%; Newmont Corporation 1.62%; Wheaton Precious Metal Corp 1.12%, Jardine Matheson Holdings Limited 1.34%; Chofu Seisakusho Co., Ltd. 0.32%; Hiscox Ltd 0.62%; Haw Par Corporation Limited 1.14%. **First Eagle U.S. Value Fund:** Gold bullion 14.15%; Oracle Corporation 4.93%; Exxon Mobil Corporation 2.89%; Weyerhaeuser Company 2.06%; Barrick Gold Corporation 1.27%; Alleghany Corporation 2.00%; Wells Fargo & Company 0.66%; Philip Morris International Inc. 2.60%; Universal Health Services, Inc. Class B 0.98%; Nutrien Ltd. 0.87%.

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 June 30 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 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.