Global Fund

Market Overview

Facing threats from multiple directions—geopolitical strife, persistent inflation and shifting central bank policy among them—equities staggered out of the gates in 2022. US stocks continued to demonstrate relative strength during the challenging first quarter, losing 4.6% compared to the 5.2% decline in the MSCI World Index. Emerging markets were worse still, shedding 7.0%. Value stocks outperformed growth names by a large margin across markets, due in part to strength in the energy sector.[1]

Market Summary	1st Quarter 2022
MSCI World Index	-5.15%
S&P 500 Index	-4.60%
German DAX Index	-9.25%
French CAC 40 Index	-6.68%
Nikkei 225 Index	-2.48%
Brent Crude Oil	+38.74% $107.91 a barrel
Gold	+5.92% $1,937.44 an ounce
US Dollar	+5.40% vs. yen +2.21% vs. euro

Source: Bloomberg, WM/Reuters.

Late February saw the outbreak of armed conflict in Ukraine, as Russia invaded its neighbor to the west. In response, unprecedented sanctions were imposed on Russia by countries representing more than half of the global economy, which—while likely to have a substantial negative impact on the Russian economy—have not been without blowback. The supply-chain disruptions resulting from the sanctions and the war itself are far-reaching and have had rapid inflationary consequences in a world already struggling to contain price pressures. Surging prices—particularly in commodities—threaten to dampen consumer spending and business confidence and ultimately weigh on economic growth, increasing the potential for stagflationary conditions to emerge.

With Ukraine refusing to fold to its aggressor, the war wages on, extending the uncertainty surrounding the situation and expanding the range of potential outcomes. For example, while a Russian victory in Ukraine could cement Putin's ambitions and encourage other leaders of similar inclinations, a Russian defeat could be preceded by untold escalation and followed by the emergence of a totally new regime of indeterminate political leanings. There's also a scenario in which diplomacy prevails and sanctions are eased, an outcome that would blunt some of the more severe global macroeconomic and financial market consequences. However, evidence of the horrific violence visited upon Ukrainian noncombatants suggests that Russian sanctions may persist even beyond the end of armed hostilities, independent of outcome. Further, the conflict appears to have crystallized existing alliances and drawn a sharp line between the world's autocracies and its democracies—a structural challenge that will likely have serious long-term ramifications for global supply chains.

Meanwhile, a Covid-19 outbreak in China is having a more short-term impact on supply chains and represents an additional headwind to a Chinese economy that already had begun to scuffle. Beijing recently reintroduced lockdowns affecting tens of millions of people in and around Shanghai, a major industrial and financial hub and the world's busiest container port. [2] Economists have lowered expectations for the country's GDP growth, and the government's target of "around 5.5%" appears to be in jeopardy even as it signals that fiscal and monetary stimulus is forthcoming.[3]

Policymakers in the West are heading in the opposite direction, as inflation remains uncomfortably high. Consumer prices in the US accelerated to rates not seen in four decades, which—combined with strong domestic growth and low unemployment—prompted the US Federal Reserve to introduce its first policy rate hike in more than three years. Following its March meeting, the Fed raised the federal funds rate target by 25 basis points and signaled that six more hikes of that magnitude were likely over the balance of the year, which would bring fed funds rate to near 2%. The minutes from the latest Fed meeting suggest that even more aggressive action is possible, and futures markets are pricing in an additional 225 basis points of tightening this year. The Fed also

1. Source: FactSet; data as of March 31, 2022.
2. Source: The Wall Street Journal; as of April 7, 2022.
3. Source: Bloomberg; as of March 26, 2022.

is finalizing a plan to pare back its $9 trillion balance sheet through a monthly run-off of up to $95 billion of maturing securities.[4]

Searching for Resilience in an Uncertain Environment

In our view, war is among the conditions that moves us out of the comfort zone of quantifiable risk and into the domain of uncertainty. In his fifth century BC book The History of the Peloponnesian War, Thucydides noted that "For war of all things proceeds least upon definite rules." It is wisdom such as this that reinforces our belief in the fundamental role of humility in investing and drives us to build resilient portfolios.

In an uncertain world, we believe it's important to view investments simultaneously for opportunity and for ballast. The confluence of geopolitical aggravation and potentially stagflationary forces suggest the environment may not be particularly nurturing of risk assets, but we feel good about our portfolio from the bottom up and we have diversified exposure to what we see as constructive tailwinds across a range of industries and geographies.

That said, inflation and the potential threat of slowing growth represent a risk to corporate earnings in general. The US exited the worst of the Covid lockdowns with pretty sound economic momentum, and, as such, consensus expectations call earnings growth just shy of 10% in 2022.[5] Businesses in certain sub-sectors of the market that experienced rapid growth during the pandemic may be a particular cause for concern, as many of these companies had especially elevated sales-growth assumptions built into their consensus earnings forecast. Now, however, they face a wall of headwinds related to policy, labor and commodity supply, and have seen pretty substantial derating as a result—and the potential for more should a more structural deceleration in growth rates emerge.

Further, it's possible that Ukraine/Russia conflict may represent a tipping point for the US dollar as the global reserve currency, especially if a favorable resolution remains elusive. The freeze on Russia's ample foreign currency reserves must have other central banks questioning the value of holding their reserves in financial assets to which access can be blocked when needed most—and perhaps have them considering greater diversification of their reserve assets, including more substantial allocations to real assets like gold.

We hold gold in many of our portfolios for two primary reasons: to mitigate the short-term impacts of extreme events, such as war, and to serve as a long-term potential hedge against monetary debasement, inflation and other currency issues. Thus far in the current crisis, gold's reputation has been validated on both fronts.

4. Source: The Wall Street Journal; as of April 6, 2022.
5. Source: FactSet; data as of April 11, 2022.

Portfolio Review

Global Fund A Shares (without sales charge*) posted a return of 0.28% in first quarter 2022. North America was the biggest contributor from a regional standpoint, while developed Europe and Japan detracted. Energy, materials and financials were the top contributors among economic sectors; information technology, consumer discretionary and communication services detracted from performance. The Global Fund outperformed the MSCI World Index in the period.

Leading contributors in the First Eagle Global Fund this quarter included Exxon Mobil Corporation, gold bullion, Schlumberger NV, NOV Inc. and Newmont Corporation.

Sharply higher energy prices during the first quarter served as a tailwind for shares of integrated oil and gas companies such as Exxon Mobil, even as increased input costs weighed on margins for their downstream activities. Meanwhile, oilfield services companies in general posted even stronger gains to start 2022; this industry tends to be highly sensitive to oil and gas capital expenditure cycles, and the stocks rallied as markets anticipated the potential for higher exploration and production budgets in the coming years. Beneficiaries of this trend included Schlumberger, which has been repositioning its business to focus on international markets and on services that leverage its extensive intellectual property and technology capabilities. It also included NOV, which specializes in complex rig equipment used in higher-cost extraction and production settings such as deep-water fields.

After trading in a range to start the year, the gold price broke higher in February as Russia's invasion of Ukraine grew imminent and investors sought perceived safe havens. Notably, at this point gold appeared to decouple from long-dated Treasury yields, which it had tracked quite closely over the past several years. Despite the move higher, gold remains well below its long-term averages relative to risk assets and maintains its appeal as a potential hedge.

Shares of Colorado-based Newmont, the largest gold miner in the world, rallied on both the strength of the gold price and improving company fundamentals. The company reported strong results for the fourth quarter and reiterated its production guidance through 2026. Furthermore, Newmont now expects to achieve higher operating leverage by keeping production costs flat while realizing

* 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.

higher gold prices. We remain constructive on the stock, which offers steady production anchored in good jurisdictions, a good pipeline of organic projects, a strong balance sheet and proven management. The company returned $2.3 billion to shareholders through dividends and share repurchases in 2021 and extended its stock buyback program through 2022.

The leading detractors in the quarter were Meta Platforms Inc. Class A, Compagnie Financière Richemont SA, IPG Photonics Corporation, Prosus N.V. Class N and FANUC Corporation.

Meta Platforms, the parent company of Facebook, Instagram and WhatsApp, among others, traded lower during the quarter. The company warned of slowing growth in its core advertising business due to recent privacy policy changes made by Apple to its mobile operating systems that limit Facebook's ability to track user data. The limited visibility of the company's investment in augmented reality also appears to be an overhang in the stock. We believe that Facebook's core business and ability to generate cash remain strong and growth in its international user base has not slowed. In addition, the recent price decline has enabled the company to buy back stock at a favorable valuation.

Shares of Switzerland-based luxury goods company Richemont, which counts Cartier and Van Cleef & Arpels among its maisons, lagged during the quarter on concerns about the recent Covid shutdowns in China, Macau and Hong Kong, and the perception that the company has a larger Russian customer base relative to its peer group. We continue to believe that Richemont is well positioned to meet future demand for jewelry and watches and think that the restructuring of its ownership and control of online retailer Yoox Net-a-Porter will remove another overhang from the stock.

IPG Photonics is a leader in fiber laser technology, which has applications across a wide range of end users in the industrial, semiconductor, medical and defense fields. Shares of the US-based company declined during the first quarter because of concerns that its Russian operations would be disrupted by the invasion of Ukraine and sanctions against Russia. Direct sales to Russian customers are minimal, and IPG is preparing to relocate production or assembly activities to sites outside Russia if necessary. We continue to believe IPG is well positioned to gain market share over time as its target customers increasingly adopt fiber laser technology.

Based in Amsterdam, Prosus is a technology investment firm and subsidiary of South Africa's Naspers. The company's largest holding is a near-30% stake in Chinese technology firm Tencent Holdings, which traded down along with the rest of the Chinese technology sector in the first quarter. Though very small in comparison to its Tencent position, the Russian investments in Prosus's venture capital portfolio also appeared to serve as a headwind to the stock. We continue to like the opportunity set at Prosus, which completed $5 billion stock buyback program in the first quarter.

Based in Japan, Fanuc is a global leader in computerized numerical control devices and robots. Fanuc shares experienced weakness because of concerns that Chinese industrial growth is slowing down, where Fanuc has a substantial presence. Supply-chain bottlenecks also have increased Fanuc's input and logistics costs, but we believe that the underlying business remains strong. Furthermore, we believe that the company has been taking market share given its operational superiority in the face of supply-chain constraints.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Average Annual Returns as of Mar 31, 2022

				YTD	1 Year	5 Years	10 Years	Expense Ratio*
First Eagle Global Fund	Class A	without sales charge	SGENX	0.28%	8.17%	7.60%	7.45%	1.11%
First Eagle Global Fund	Class A	with sales charge	SGENX	-4.74%	2.77%	6.51%	6.90%	1.11%
MSCI World Index				-5.15%	10.12%	12.42%	10.88%	

Disclosure

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 or by calling 800-334-2143. The average annual returns are historical and reflect changes in share price, reinvested dividends and are net of expenses.

The average annual returns for Class A Shares "with sales charge" of First Eagle Global 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.

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

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.

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.

A 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. "Value" investments, as a category, or entire industries or sectors associated with such investments, may lose favor with investors as compared to those that are more "growth" oriented.

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

The **MSCI World Index** is a widely followed, unmanaged group of stocks from 23 developed markets and is not available for purchase. The index provides total returns in U.S. dollars with net dividends reinvested. **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index designed to measure equity market performance of 23 emerging markets. **Standard & Poor's 500 Index** is a widely recognized unmanaged index including a representative sample of 500 leading companies in leading sectors of the U.S. 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 U.S. 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.

The holdings mentioned herein represent the following percentage of the total assets of the First Eagle Global Fund as of March 31, 2022: Exxon Mobil Corporation 2.82%; gold bullion 9.88%; Schlumberger NV 1.60%; NOV Inc. 0.98%; Newmont Corporation 1.30%; Meta Platforms Inc. Class A 1.64%; Compagnie Financière Richemont SA 1.35%; IPG Photonics Corporation 0.52%; Prosus N.V. Class N 0.59% ; FANUC Corporation 0.86%.

This commentary represents the opinion of the First Eagle Global Fund portfolio managers as of March 31, 2022 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.

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

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 views expressed herein may change at any time subsequent to the date of issue hereof. 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 viewed online or by calling us at 800-747-2008. Please read our prospectus carefully before investing. Investments are not FDIC insured or bank guaranteed and may lose value.

The First Eagle Funds are offered by **FEF Distributors, LLC,** a subsidiary of First Eagle Investment Management, LLC, which provides advisory services.

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