U.S. Value Fund

Market Overview

Financial markets continued to stagger in the second quarter. Though the pain was broad-based, the suffering was felt most acutely in the stock markets, which posted the worst first half of a year since 1970.[1] The S&P 500 Index and the MSCI World Index both slipped into bear markets during the period as they lost an additional 16.1% and 16.2%, respectively. Meanwhile, many of the first quarter's equity market dynamics continued to be felt in the second, most notably the significant outperformance of value relative to growth.

Market Summary	2nd Quarter 2022
S&P 500 Index	-16.10%
German DAX Index	-11.31%
French CAC 40 Index	-8.92%
Nikkei 225 Index	-4.94%
Brent Crude Oil	+6.39% $114.81 a barrel
Gold	-6.72% $1,807.27 an ounce
US Dollar	+11.93% vs. yen +6.43% vs. euro

Source: Bloomberg, WM/Reuters.

We believe the fall from grace across asset classes thus far in 2022 largely has been the result of the normalization of what had been extraordinarily supportive conditions—including the shift away from generationally low costs of capital and energy.

With central banks led by the US Federal Reserve seeking to tame multidecade-high inflation by dampening aggregate demand, interest rates have moved higher across the yield curve, raising the cost of capital for businesses and consumers that also are contending with energy prices about double what they were 12 months ago. At the same time, there has been in unwind of the massive fiscal stimulus that had helped fuel markets' rebound from the Covid swoon; the US budget deficit is forecast to fall to 4.8% of GDP in 2022 and 3.8% in 2023, down from 12.4% in 2021 and approaching the 50-year average of around 3.5%.[2]

Toward the end of the second quarter and into the beginning of the third, however, tighter financial conditions appeared to inspire fear not just of an inflation-dampening economic deceleration but of a full-fledged recession. Indeed, we have begun to see signs that fiscal tightening and higher interest rates are causing demand to soften; in the US, for example, consumer sentiment has deteriorated, manufacturing activity is slowing and mortgage applications are down.[3] The impact of recessionary concerns was most evident in the bond markets. After climbing near 3.5% by mid-June—from close to 1.5% to start 2022—the 10-year US Treasury finished the first half of the year near 3.0%, a rally that suggests to us that markets expect central bank policy restraint to come to a premature end in the face of withering economic growth.[4]

Get Back

We think that a return to the conditions that prevailed in the aftermath of the Covid-19 swoon—namely, moderate inflation and a very low cost of capital—may be further away than some may think. In fact, things may get worse before they get better, especially if we are on the cusp of recession as some fear, suggesting a more complicated investment environment looking forward.

Many of the components of core CPI—such as healthcare, education, entertainment and rent—are quite sticky and may not be as quick to soften as commodity-driven inputs, which could keep inflation prints elevated even as non-core elements ease. A more accommodative Fed combined with a widening current account deficit could weigh on the dollar, pushing the cost of imports higher and adding to inflationary pressures. The Fed balance sheet remains a concern as well; despite flat money supply growth in 2022, we estimate there are about $5 trillion or so in excess reserves as a result of pandemic-related accommodations, and whatever surplus remains at the end of the current Fed tightening cycle may be fodder for future inflation pressures.

However, our most pressing inflationary concern may be the fiscal deficit. While the Congressional Budget Office forecast for

1. Source: Dow Jones Market Data; data as of June 30, 2022.
2. Source: Congressional Budget Office; data as of June 30, 2022.
3. Source: Bureau of Labor Statistics, Institute for Supply Management, Mortgage Bankers Association; data as of June 30, 2022.
4. Source: Bloomberg; data as of June 30, 2022.

the deficit, mentioned earlier, is relatively sanguine, it's not hard to envision multiple sources of negative drift that could push the deficit as a percentage of GDP back into the double digits. Debt-servicing costs appear biased higher as low-rate Treasury debt matures and is replaced by issuance with yields in the 2–3% range. An increase in unemployment off current low levels could slash tax revenues while increasing expenditures in the form of automatic stabilizers, while the country's aging demographics have a similar two-pronged effect on revenues and expenditures. Meanwhile, the capital gains tax windfall paid on 2021 market gains seems unlikely to be repeated next year, taking another chunk out of the revenue basket.

Of course, other considerations are playing out beyond US shores. While it seems to have fallen from the headlines, the war between Russia and Ukraine continues to impact market dynamics, as evinced by steady decline of the euro versus the US dollar over the course of 2022. Already struggling under the weight of high prices, Europe will soon head into colder weather with the potential threat of a cutoff in gas supply hanging over its head. On the flip side, this prospect may prompt European leaders to pressure Ukraine into reaching some sort of peace agreement with Russia.

China, meanwhile, has pivoted from contractionary policy to once again stoking its economic engine; not coincidentally, China was one of the few equity markets to deliver a positive return in the second quarter.[5] That said, it's unlikely that China will provide the type of stimulus it did in 2008–2009, which catapulted the country out of its global financial crisis slump and bolstered the global economy. Further, the periodic lockdowns' associated with the country's zero-Covid policy may continue to cause disruptions to global supply chains.

Planting Seeds

While the market's year-to-date swoon has been painful, the selloff created opportunities for us to put money to work in companies we expect to perform well over the long term, allowing us to enlarge certain existing exposures and to add new ones. Ultimately, we feel good about the prospects for the securities we own and the prices we paid for them, and as a result we are comfortable enduring the uncertainty we see in current financial markets.

5. Source: MSCI; data as of June 30, 2022.

Portfolio Review

US Value Fund A Shares (without sales charge*) posted a return of -12.26% in second quarter 2022. Performance across economic sectors was broadly negative, with consumer staples the only positive contributor; materials, financials and information technology were the leading detractors. The US Value Fund outperformed the S&P 500 Index in the period.

Leading contributors in the First Eagle U.S. Value Fund this quarter included Philip Morris International Inc., Colgate-Palmolive Company, Exxon Mobil Corporation, UGI Corporation and W.R. Berkley Corporation.

Philip Morris shares benefited from the market rotation into defensive areas of the market. The company continued to make progress in its transition to next-generation, non-combustible products and during the quarter entered into an agreement to acquire Swedish Match, which a Stockholm-based maker of Zyn oral nicotine pouches.

Shares of consumer staples giant Colgate-Palmolive have performed well as investors rotated into more recessionary-resilient defensive stocks amid the broader selloff during the second quarter. The company raised revenue guidance for 2022 but lowered its margin outlook because of higher costs for raw materials, packaging and logistics; we believe that the company's size and market share provide it with options to mitigate the inflation challenges it faces. We continue to like Colgate-Palmolive's dividend and previously announced $5 billion stock buyback program.

Integrated oil and gas giant Exxon Mobil performed well in the second quarter as continued high prices for energy products supported the stock. As the largest refiner in the US, the company has benefitted from wide "crack spreads," or the margin between the cost of crude oil and the petroleum products extracted from it. Exxon continues to invest in refining capacity in the US, which industrywide has been in steady decline since 2019. We are pleased that Exxon has been using its strong cash flows to reduce debt and to return cash to shareholders through dividends and stock repurchases.

UGI is a natural gas, propane and electric power distribution company with operations in the US and Europe. It has distribution scale and a gas utility built on top of the Marcellus shale, which we believe has some of the lowest-cost and longest-duration natural gas reserves in the world. The company has improved on the disappointing results posted earlier in the year but remains challenged by commodity price volatility in Europe. We continue to believe that UGI should ultimately benefit from price increases in the energy it supplies.

* 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.

W.R. Berkely is a specialty insurance company based in Connecticut that provides property and casualty insurance and reinsurance products. It reported strong operating results for its most recent quarter, including record underwriting income and net income, as rate increases outpaced expected-loss costs. Berkely also benefitted from the strong performance of its investment portfolio, which is well-positioned to potentially mitigate the impact of inflation and rising interest rates; notably, the company booked a large pretax gain on the sale of a London real estate investment. The company recently increased its regular dividend and declared a special dividend.

The leading detractors in the quarter were HCA Healthcare Inc., Meta Platforms Inc. Class A, gold bullion, Oracle Corporation and Universal Health Services, Inc, Class B.

HCA Healthcare owns and operates 182 hospitals and approximately 2,300 ambulatory sites of care in the US and UK. Although admission volumes have recently increased, the company lowered its sales and earnings guidance for 2022 due to concerns about rising labor costs. The ongoing shortage of healthcare workers in general, and nurses in particular, has forced operators like HCA to fill many roles with temporary contract employees, which is more expensive than hiring full-time workers. We believe these disruptions are temporary, and we maintain our positive opinion on the ability of HCA's management to be effective stewards of both the balance sheet and business operations.

Meta Platforms—the parent company of Facebook, Instagram and WhatsApp, among others—traded lower during the quarter along with other technology stocks. Though it reported larger-than-expected growth in daily active users and in earnings for its most recent quarter, the stock continues to struggle with concerns that changes to the privacy policy on Apple's mobile operating systems will hurt Meta's core advertising business. In addition, Meta's price action of late suggest to us that investors are re-pricing the stock as a mature company more sensitive to macroeconomic conditions. We continue to like Facebook's core business and ability to generate cash.

After rallying in February and early March as investors sought perceived safe havens in anticipation of Russia's invasion of Ukraine, the price of gold bullion drifted steadily lower in the second quarter. While geopolitical discord remains a potential tailwind for the price of gold, the headwind of Fed rate hikes and aggressive inflation-fighting rhetoric drove real interest rates higher and proved to be the more powerful force during the second quarter. Notably, gold continued to decline late in the quarter even as real interest rates gave back some of their gains on rising recessionary concerns; gold often weakens in advance of a recession, as markets digest the potential trajectory of monetary policy going forward. Gold still trades at a discount to many risk assets on a historical basis, and we continue to believe strongly in its utility as a potential hedge.

Oracle is one of the world's largest independent enterprise software companies and has been reinventing itself for the cloud-computing environment, a transition pursued primarily through investments in organic research and design and smallish, well-priced acquisitions. That said, Oracle in June closed its largest-ever deal with the acquisition of Cerner, a designer of software to store and analyze medical records and other healthcare data. Oracle took on additional debt to finance this all-cash acquisition and as a result plans to moderate its stock-buyback program to focus on debt reduction. Despite the weak quarter for the stock, Oracle's operations remain strong; it reported better-than-expected results for its most recent quarter and issued upbeat guidance for the coming fiscal year.

Hospital and healthcare service provider Universal Health Services underperformed after the company lowered its full-year guidance because of lower patient volumes and revenues in acute care. The company is also facing rising labor costs and staff shortages. We believe these challenges are temporary and we are encouraged by management's plan to recruit and retain staff while reducing costs and renegotiating contracts with managed-care payers.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Average Annual Returns as of Jun 30, 2022

				YTD	1 Year	5 Years	10 Years	Expense Ratio Gross**	Expense Ratio Net*
First Eagle U.S. Value Fund	Class A	without sales charge	FEVAX	-10.36%	-6.89%	6.51%	7.59%	1.16%	1.11%
First Eagle U.S. Value Fund	Class A	with sales charge	FEVAX	-14.84%	-11.54%	5.42%	7.04%	1.16%	1.11%
S&P 500 Index				-19.96%	-10.62%	11.31%	12.96%		

Disclosures

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 U.S. Value 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.

**For the First Eagle U.S. Value Fund, 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 Fund's net assets for the period through February 28, 2023. 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%.

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.

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.

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 capital-ization 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 **Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The U.S. Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. 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.

The holdings mentioned herein represent the following percentage of the total assets of the First Eagle U.S. Value Fund as of 06/30/2022: Philip Morris International Inc. 3.62%; Colgate-Palmolive Company 2.77%; Exxon Mobil Corporation 4.22%; UGI Corporation 0.83%; W.R. Berkley Corporation 0.79%; HCA Healthcare Inc. 2.23%; Meta Platforms Inc. Class A 2.43%; gold bullion 11.74%; Oracle Corporation 3.81%; Universal Health Services, Inc, Class B 1.38%.

This commentary represents the opinion of the First Eagle U.S. Value Fund portfolio managers as of 06/30/2022 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.

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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 at www.firsteagle.com 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.

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