Overseas ADR SMA

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
MSCI EAFE Index	-14.51%
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 the deficit, mentioned earlier, is relatively sanguine, it's not hard to

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.

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

The First Eagle Overseas ADR SMA posted a negative absolute return in first quarter 2022. North America and emerging markets were the biggest contributors from a regional standpoint, while developed Europe and Japan detracted. Energy and materials were the top contributors among economic sectors; consumer discretionary, consumer staples and industrials detracted from performance. The First Eagle Overseas ADR SMA outperformed the MSCI EAFE Index in the period.

Leading contributors in the First Eagle Overseas ADR SMA this quarter included Imperial Oil Limited, gold bullion, Nutrien Ltd., Shell PLC Sponsored ADR and British American Tobacco p.l.c. Sponsored ADR.

Sharply higher energy prices during the first quarter served as a tailwind for shares of integrated oil and gas companies such as Imperial Oil, even as increased input costs weighed on margins for their downstream activities. Oil and gas supermajor Shell, a top seller of liquefied natural gas (LNG), also benefited from the energy crunch as LNG prices set new highs in Europe and Asia during the first quarter.

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.

Canada's Nutrien is both the world's largest producer of potash (and a major player in nitrogen and phosphate) and the world's largest agricultural retailer. The company has benefited from strength in agriculture commodity prices and thus strong demand for fertilizer. Market sentiment has also been supported by supply limitations brought on by sanctions against the Russian invasion of Ukraine. Nutrien's network of high-quality, low-cost mines allows the company to maintain productions optionality based on price conditions.

Shares of British American Tobacco, the world's second largest tobacco company, rallied on reported sales growth of 51% in non-combustible nicotine products during 2021. This key growth category includes e-cigarettes, heated tobacco and oral nicotine, and management expects growth in this space to continue. Notably, the company recently reported a profit from its US operations for the first time. Overall, the company's business has been stable as it has been able to pass through price increases on flat unit volumes. British American Tobacco also increased its dividend and announced a £2 billion stock buyback plan.

The leading detractors in the quarter were Compagnie Financière Richemont SA Unsponsored ADR, Prosus N.V. Sponsored ADR, FANUC Corporation Unsponsored ADR, Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR and Unilever PLC Sponsored ADR.

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.

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.

As a foundry, Taiwan Semiconductor (TSMC) manufactures chips designed by other companies such as Nvidia, Broadcom, Intel, Advanced Micro Devices, Apple and many others. We believe that the company's business has been performing very well, but its stock felt the impact of heightened geopolitical uncertainty during the first quarter. We expect semiconductor demand trends will continue to support TSMC as it builds out its manufacturing capacity; in 2021, the company said it planned to spend $100 billion on new technologies and facilities.

Consumer staples giant Unilever traded down during the first quarter alongside many of its peers on concerns about higher input costs and the ability to pass them along to consumers. The maker of Dove soap and Ben & Jerry's ice cream reported better than expected quarterly sales from higher prices and flat volumes, but the company indicated that 2022 operating margins could decline up to 2.4% because of inflationary pressures. Unilever's footprint in emerging markets, which have also been impacted by weakness in exchange rates, could limit its ability to pass through cost increases. The company recently instituted a new organizational structure that is expected to lower costs by €600 million over the next two years and improve sales growth.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Disclosures

First Eagle Separate Account Management, LLC ("FESAM") relies on First Eagle Investment Management, LLC ("FEIM") for numerous services and resources, and the investment teams of FESAM and FEIM work together to make investment decisions.

This Portfolio is available only through a wrap fee or similar program sponsored by a third-party intermediary ("Sponsor") that has engaged First Eagle Separate Account Management, LLC to manage certain of the Sponsor's client accounts on a discretionary basis or to provide the Sponsor with recommendations in the form of model portfolio.

International Overseas ADR Composite contains a seed account invested in a range of asset classes from markets outside the United States. The Strategy seeks to deliver attractive real returns while avoiding the permanent impairment of capital over time by using a value approach to invest in equity securities issued by non-US corporations primarily through USD tradeable securities, a majority of which are American Depository Receipts (ADRs). For comparison purposes, the composite is measured against the MSCI EAFE (Net) Index. Returns include the effect of foreign currency exchange rates. The exchange rate source of the composite is Bloomberg 4 pm EST. The exchange rate source of the benchmark is Reuters 4 pm GMT. The asset mix of the accounts in the composite may not be comparable to the MSCI EAFE (Net) Index

Past performance is not indicative of future results.

Prior to 07-Dec-2009, First Eagle Investment Management, LLC was known as Arnhold and S. Bleichroeder Advisers, LLC.

First Eagle Investment Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. First Eagle Investment Management, LLC has been independently verified for the periods 01-Jan-1996 through 31-Dec-2020.

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First Eagle Investment Management, LLC is an independent SEC registered investment adviser. THL Credit Advisors was acquired and made a part of First Eagle Alternative Credit since Jan-2020. As of 01-Jan-2020, First Eagle Investment Management was redefined to include the Alternative Credit division. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Total returns of the composite and benchmark are presented net of estimated foreign withholding taxes on dividends, interest, and capital gains. MSCI uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rate. Withholding taxes may vary according to the investor's domicile.

The annual composite dispersion presented is an equal-weighted standard deviation calculated using gross returns for the accounts in the composite for the entire year.

The US Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fees performance was calculated using the highest applicable management fee of 2.40% applied monthly. Wrap fees typically include all charges, transaction costs, portfolio management fees, custody fees, and other administrative fees. Wrap fees will vary by sponsor. The investment management fee schedule is 0.40% on assets. Actual investment advisory fees incurred by clients may vary.

The International Overseas ADR Composite has an inception date of 01-Jan-2021.

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.

Strategies whose investments are concentrated in a specific industry or sector may be subject to a higher degree of risk than funds whose investments are diversified and may not be suitable for all investors.

Below investment grade securities or comparable unrated instruments may be subject to greater risks than securities or instruments that have higher credit ratings, including a higher risk of default, and the Fund might have difficulty selling them promptly at an acceptable price.

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

The **MSCI EAFE Index** is an unmanaged total return index, reported in U.S. dollars, based on share prices and reinvested net dividends of companies from 21 countries and is not available for purchase. 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. **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 **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.

Trailing Returns

Period: 01-Jan-2021 to 30-Jun-2022	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*
Overseas ADR – Gross	-8.10	-8.57	-8.26	--	--	--	-1.55
Overseas ADR – Net	-8.29	-8.93	-8.98	--	--	--	-2.64
MSCI EAFE Index - Net	-14.51	-19.57	-17.77	1.07	2.20	5.40	-7.13**

* Overseas SMA composite inception date is 01-Jan-2021.
**Inception date shown for the MSCI EAFE Index matches the Overseas SMA composite inception date.

The investment strategies described herein are those of First Eagle Investment Management. These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these First Eagle Investment Management materials are preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Professional.

Year End	Total Firm Assets (USD Millions)	Composite Assets (USD Millions)	Number of Accounts	Composite Gross	Composite Net	MSCI EAFE (Net)	3Y ex-post Std. Dev. Composite	3Y ex-post Std. Dev. MSCI EAFE	Composite Dispersion
1-Jan-21 to 31-Dec-21	110,489	46	109	6.85%	5.48%	11.26%			N.A.

N.A. – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
Pure Gross is presented as supplemental information and is not reduced by transaction costs.