

Global Real Assets Fund

Market Overview

The rebound of beleaguered technology stocks—which were among the hardest hit during last year’s equity market selloff—continued to make headlines during second quarter 2023. Enamored with the potential of generative artificial intelligence (AI), investors focused their buying attention primarily on a narrow cohort of megacap growth companies with some connection to the burgeoning technology.

Most broad indexes came along for the ride; for example, the S&P 500 Index and MSCI World Index posted their third consecutive quarters of gains, returning 8.7% and 6.8%, respectively. While growth continued to outperform value during the second quarter, the spread between the two styles was far less extreme than it was in the first, as markets slowly began to accept the Federal Reserve’s longstanding contention that policy rates likely would to be higher for longer.¹

Conflicting Signals from Markets

While the excitement around the AI narrative helped boost US equity markets to varying degrees, a paradox seemed to emerge under the upbeat sheen. Even though the Fed has raised rates considerably over the past year-plus, financial conditions haven’t actually tightened all that much thanks to ongoing fiscal expansion, and equity and fixed income markets seem to have fallen out of sync as a result.

Equity markets appear to be pricing in a soft landing. The year-to-date rally in the S&P 500 Index brought its P/E ratio back up to around 20x, while implied volatility receded to pre-Covid levels. In contrast, fixed income markets are flashing warning signs. The yield on two-year Treasuries backed up to the 5% level that preceded March’s bank failures, further inverting the yield curve, while measures of interest rate volatility remained elevated.² At the same time, capital is being rationed within certain parts of the economy; leveraged credit new issuance continues to be muted, and bank-lending standards have tightened to levels consistent with recession.³

While fixed income markets generally had seemed to coalesce around the “higher for longer” narrative toward the end of the first quarter, mid-March’s bank failures called into question the Fed’s willingness to follow through on this strategy amid such

systemic fragility, pulling rates lower across the curve. While this notion dominated market action for the next several weeks, rate sentiment began to shift with the Fed’s May 2-3 policy meeting. Though the 25 basis point increase, which brought the federal funds rate target to 5–5.25%, was dubbed by some as a “dovish hike” given the messaging that accompanied it, rhetoric from Fed officials in the days and weeks that followed made it clear there was still work to be done in the fight against inflation. This was amplified at the central bank’s mid-June meeting; though the fed funds rate was left untouched, many considered this a “hawkish pause” in light of Powell’s comments and the release of a new dot plot showing rates peaking at 5.6% later this year.

Additional hikes would not come as a surprise; while headline inflation in the US has improved markedly on the back of falling energy and food costs, core inflation remains sticky, reflecting resilient economic activity and a still-strong labor market. These dynamics are not unique to the US; the global manufacturing purchasing managers’ index dipped into contraction several months ago, but a buoyant service sector—marked by tight labor markets—has kept composite output positive.⁴ A number of major central banks outside the Fed have maintained a hawkish bias as a result; in June, for example, central banks overseeing seven of the nine most traded currencies outside the US dollar raised policy rates.⁵

So, while we’re seeing a continued gradual disinflation from last year’s peaks amid a still-resilient economic backdrop, the fiscal largesse that has eased this transition appears likely to fade. Combined, these factors may increase the risk of stagflation, which for those who do not remember the 1970s was bad for growth stocks, bad for US versus international equities, and bad for financial assets compared to real assets like gold and oil. Furthermore, by the end of the 1970s, equity multiples were about

1. Source: FactSet; data as of June 30, 2023.

2. Source: FactSet; data as of June 30, 2023.

3. Source: Federal Reserve; data as of June 30, 2023.

4. Source: S&P Global; data as of July 3, 2023.

5. Source: Reuters; data as of July 4, 2023.

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

Past performance is not indicative of future results.

half of their current level, while fixed income yields were about double. Were a similar trajectory to emerge in the 2020s, we could be in for a long period of adjustment.

An All-Weather Approach to the Real Economy

Launched on November 30, 2021, the Global Real Assets Fund seeks the long-term growth of capital through investments in companies that possess scarce, essential, long-duration physical assets. In many cases, these areas have experienced underinvestment that will take years to correct. Investing in these companies at discounts to what it would cost to replace their assets is the core of our strategy. We complement ownership of these companies with traditional stores of value like gold bullion and inflation-linked bonds. Philosophically consistent with other Global Value team strategies, the Fund takes a fundamental, bottom-up approach to portfolio construction, with a focus on resilience.

Portfolio Review

The First Eagle Global Real Assets Fund A Shares (without sales charge*) posted a return of -0.88% in second quarter 2023. Japan and emerging markets were the leading contributors by region, while developed Asia excluding Japan and developed Europe detracted. Industrials and health care were the leading contributors among equity sectors, while materials and utilities detracted. The Global Real Assets Fund underperformed the MSCI World Index in the period.

Leading contributors in the First Eagle Global Real Assets Fund this quarter included Magellan Midstream Partners, L.P., American Homes 4 Rent Class A, HCA Healthcare Inc., Komatsu Ltd. and Equity Residential.

Shares of Magellan, a midstream energy MLP, rose after the company announced that it had entered into an agreement to be acquired for a combination of cash and stock by fellow Tulsa-based midstream service provider Oneok for a 22% premium to Magellan's closing share price prior to the deal announcement. Although the asset bases of the two companies overlap geographically, they are in separate business areas: Magellan transports, stores and distributes refined petroleum products and crude oil, while Oneok focuses on natural gas and natural-gas liquids (NGLs). We like the transaction. MMP and OKE both earn among the highest returns in the sector, and the combination of two complementary asset bases will result in a more diverse business mix that should generate stable cash flow across cycles. The deal remains subject to shareholder approval, and a vote is scheduled for September 21.

American Homes 4 Rent is a real estate investment trust (REIT) that owns and operates single-family home rentals as well as

In a period dominated by the performance of a small handful of technology-related names, it was not surprising that businesses associated with real assets generally underperformed. However, this relative underperformance also created favorable circumstances to acquire solid companies at what we believe to be attractive prices. As a result, we have traded more actively in 2023 than we have in some time, opportunistically taking advantage of price weakness—especially in areas of the market that had fallen out of favor broadly—to further bolster the overall quality and resilience of the portfolio.

We continue to believe that real assets represent an attractive strategic allocation given their potential diversification benefits, high current income, potential for attractive risk-adjusted returns over time due to their scarcity, and tendency to perform well during inflationary periods.

a build-to-rent development business. The company controls approximately 59,000 single-family properties in the Southeast, Midwest, Southwest and Mountain West regions of the US. The company has executed well, reporting better-than-expected results for its most recent quarter, and its stock has rebounded from last year's broad repricing of the real estate sector. Given its captive build-to-rent development business, we believe American Homes 4 Rent is well positioned to benefit from the structural undersupply of housing stock in the US.

Shares of HCA Healthcare, the largest for-profit US hospital operator, performed well as the company continued to recover from pandemic-related disruptions that caused patient volumes to decline and labor costs to rise. HCA reported better-than-expected results for its most recent quarter and raised its full-year outlook. Results were driven by both growth in visits and procedures as well as improved labor costs, which are approaching pre-Covid levels.

Japanese firm Komatsu is one of the largest manufacturers of construction and mining machinery in the world. Despite recent weakness in commodity prices, utilization of Komatsu's equipment remained high as it continued to benefit from global investments in infrastructure and urbanization. We view Komatsu as a high-quality business with strong recurring revenue streams from its service, maintenance and after-market segments.

Equity Residential is one of the largest apartment REITs in the US, investing primarily in upscale residential units in urban and high-density suburban areas of coastal cities such as Los Angeles, San Francisco, Washington DC and New York. Like American Homes 4 Rent, shares of Equity Residential also rebounded from

* 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.

last year's broad repricing of the real estate sector. With most of its units priced slightly below market rates, Equity Residential is well-positioned to generate additional revenue through rent increases.

The leading detractors in the quarter were gold bullion, UGI Corporation, NOV Inc., Wheaton Precious Metals Corp and Royal Gold, Inc..

The relatively small decline in the price of gold during the quarter belied what was a fair amount of intra-quarter volatility as markets anticipated the potential trajectory of Fed policy. March's bank failures inspired dovish expectations early in the quarter, but sticky core inflation and resilient economic prints as time went on guided markets back toward the possibility that rates would be higher for longer. Despite this short-term volatility, we continue to value gold as a strategic holding and potential hedge against economic and geopolitical uncertainty

UGI is a natural gas, propane and electric power distribution company with operations in the US and Europe. Warm weather in its AmeriGas footprint hurt propane demand against a backdrop of rising expenses; AmeriGas also ran into customer-service issues, largely due to a shortage of drivers.

NOV is a Texas-based oilfield service provider specializing in complex rig equipment for higher-cost extraction settings such as deep-water fields. Weakness in the quarter may reflect disappointment in the free cash flow reported for the first quarter, as the company focused on building working capital in support of strong revenue growth; this is a typical seasonal behavior of oilfield

service and equipment companies. In addition, some temporary supply-chain issues resulted in an inventory buildup. Although normalized oil prices have led to reduced drilling by marginal players, we anticipate continued strong capital spending from the larger publicly traded drillers, to the benefit of companies like NOV.

Wheaton is a Canadian precious metals streaming and royalty company. Weakness in Wheaton's shares reflected lower prices for both gold and silver during the quarter as well as temporary labor-related disruptions to silver production at Newmont's Peñasquito mine in Mexico, in which Wheaton has an economic interest. Management guidance suggests that production in the second half of the year will exceed that of the first. We regard Wheaton as a well-run company with a high-quality portfolio of long-life, low-cost assets and a strong balance sheet.

Denver-based Royal Gold is a globally diversified precious metals streaming and royalty company. As it is leveraged to movements in the price of gold, Royal Gold followed a similarly circuitous path during the quarter that ultimately resulted in a loss. As a streamer, Royal Gold provides desired exposure to the underlying precious metal while sidestepping the direct operational exposures borne by miners.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Average Annual Returns as of Jun 30, 2023

	YTD	1 Year	Since Inception	Expense Ratio Gross ¹	Expense Ratio Net	Inception Date
First Eagle Global Real Assets Fund – Class A FERAX (without load)	2.42%	7.07%	1.62%	5.13%	1.10%	Dec 1, 2021
First Eagle Global Real Assets Fund – Class A FERAX (with load)	-2.68%	1.76%	-1.65%	5.13%	1.10%	Dec 1, 2021
First Eagle Global Real Assets Fund – Class I FEREX	2.64%	7.46%	1.92%	4.75%	0.85%	Dec 1, 2021
First Eagle Global Real Assets Fund – Class R6 FERRX	2.54%	7.38%	1.87%	4.76%	0.85%	Dec 1, 2021
MSCI World Index ²	15.09%	18.51%	-1.12%			
Consumer Price Index +400bps ³	4.45%	6.57%	9.87%			

1. First Eagle Investment Management, LLC ("FEIM") has contractually agreed to waive and/or reimburse certain fees and expenses of Classes A, I and R6 so that the total annual operating expenses (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses, dividend and interest expenses relating to short sales, and extraordinary expenses, if any) ("annual operating expenses") of each class are limited to 1.10%, 0.85% and 0.85% of average net assets, respectively. Each of these undertakings lasts until February 29, 2024 and may not be terminated during its term without the consent of the Board of Trustees. The Fund has agreed that each of Classes A, I and R6 will repay FEIM for fees and expenses waived or reimbursed for the class provided that repayment does not cause annual operating expenses (after the repayment is taken into account) to exceed either: (1) 1.10%, 0.85% and 0.85% of the class' average net assets, respectively; or (2) if applicable, the then-current expense limitations. Any such repayment must be made within three years after the year in which FEIM incurred the expense.

2. Primary index.

3. Secondary index.

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.

"With sales charge" performance for Class A Shares gives effect to the deduction of the maximum sales charge of 5.00%.

Class I Shares require \$1MM minimum investment and are offered without sales charge. There is no minimum subsequent investment amount for Class I Shares.

Class R Shares are offered without sales charge.

¹Operating expenses reflect the Fund's total annual operating expenses for the share class as of the Fund's most current prospectus, including management fees and other expenses. (0466-EXPN)

The First Eagle Global Real Assets Fund ("The Fund") is new and may not be successful under all future market conditions. The Fund may not attract sufficient assets to achieve investment, trading or other efficiencies.

A contingent deferred sales charge of 1.00% may apply on certain redemptions of Class A shares made within 18 months following a purchase of \$1,000,000 or more without an initial sales charge.

Real economy refers to the part of a country's economy that produces goods and services, rather than the part that consists of financial services such as banks and stock markets. Real assets, in which the Fund will invest, include physical assets and assets that are otherwise recognized as stores of value, such as gold bullion or other precious metals, certain commodities and inflation-linked fixed income securities. Real asset industries, of securities in which the Fund will invest, are those that relate to ownership or production of such assets or products or services otherwise supporting such assets; which include basic materials, industrials, chemicals, energy, infrastructure, real estate, and utilities, as well as related suppliers and similarly connected businesses within the telecommunications, healthcare, automobile and consumer staples industries.

The federal funds rate is the interest rate at which depository institutions (banks and credit unions) lend reserve balances to other depository institutions overnight on an uncollateralized basis. Reserve balances are amounts held at the Federal Reserve to maintain depository institutions' reserve requirements. Institutions with surplus balances in their accounts lend those balances to institutions in need of larger balances.

Risk Disclosures

All investments involve the risk of loss of principal.

The value and liquidity of portfolio holdings may fluctuate in response to events specific to the companies or markets, as well as economic, political or social events in the United States or abroad. During periods of market volatility, the value of individual securities and other investments at times may decline significantly and rapidly. The securities of small and micro-size companies can be more volatile in price than those of larger companies and may be more difficult or expensive to trade.

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.

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.

The Global Real Assets Fund will invest in companies operating in various industries related to real assets. To the extent there is a downturn in one or more of these industries, there would be a larger impact on the Fund than if the Fund's portfolio were more broadly diversified. Factors that may affect these industries include, but are not limited to, government regulation or deregulation, energy conservation and supply/demand, raw material prices, commodities regulation, cost of transport, cost of labor, interest rates, and broad economic developments such as growth or contraction in different markets, currency valuation changes and central bank movements.

The Global Real Assets Fund may invest in securities of companies that focus on real estate related activities. Real estate and its related businesses are highly dependent on market conditions, including interest rates. REITs are subject to special risks including the quality and skill of REIT management and the internal expenses of the REIT. Many types of businesses are significant owners and operators of real estate and can be directly or indirectly exposed to similar risks in addition to their own more sector-specific risks. Real estate income and values may be negatively affected by general and local economic developments such as extended vacancies of properties, as well as demographic trends, such as population movement or changing tastes and values. Real estate income and values also may be negatively affected

by condemnations, tax law changes, zoning law changes, regulatory limits on rent, environmental regulations and the availability of mortgage financing and changes in interest rates.

The Global Real Assets Fund may invest in energy companies, which may be negatively affected by natural disasters, the high investment costs of exploration and other long-term projects, maintenance costs (and risks of obsolescence) associated with significant fixed assets, commodity prices, government regulations, and conservation efforts, among other factors.

Although the Global Real Assets Fund is intended to provide a measure of protection against inflation, it is possible it will not do so to the extent intended. The Fund's investments may be adversely affected to a greater extent than other investments during periods of deflation.

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

MSCI World Index measures the performance of large and midcap securities across 23 developed markets countries. The index provides total returns in U.S. dollars with net dividends reinvested. **MSCI EAFE Index** measures the performance of large and midcap securities across 21 developed markets countries around the world excluding the US and Canada. **Bloomberg Global Aggregate Bond Index** measures the performance of global investment grade debt from 24 local currency markets, including treasury, government-related, corporate, and securitized fixed rate bonds from both developed and emerging markets. **Russell 1000® Value Index** measures the performance of large-cap value segment of the US equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. **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. Although the S&P 500 Index focuses on the large cap segment of the market, with approximately 80% coverage of US equities, it is also considered a proxy for the total market. The S&P 500 Index includes dividends reinvested.

The holdings mentioned herein represent the following total assets of the First Eagle Global Real Assets Fund as of 30-Jun-2023: Magellan Midstream Partners, L.P. 11.52%; American Homes 4 Rent Class A 2.21%; HCA Healthcare Inc. 1.51%; Komatsu Ltd. 2.35%; Equity Residential 1.86%; gold bullion 11.24%; UGI Corporation 1.36%; NOV Inc. 2.18%; Wheaton Precious Metals Corp 1.83%; Royal Gold, Inc. 1.49%.

This commentary represents the opinion of the First Eagle Global Real Assets Fund portfolio managers as of 30-Jun-2023 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. (0216-DISC)

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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.

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