

U.S. Fund*

Market Overview

The first quarter ushered in a change of US leadership and with it a change in global equity market dynamics.

Though 2025 started well for risk assets broadly, sour sentiment took hold of US markets in mid-February as concerns mounted about the economic impacts of the Trump administration's policy priorities. Meanwhile, non-US markets appeared to be reinvigorated by plans for greater fiscal spending in Germany and China. In contrast with recent US dominance, the MSCI EAFE Index outperformed the S&P 500 Index handily during the first quarter, 6.9% to -4.3%, while US exposure drove a 1.8% decline in the MSCI World Index. In another trend reversal, value outperformed growth across markets.¹

Of course, circumstances changed dramatically in the early days of the second quarter, as we will discuss later in this report.

Sentiment Journey

Trump's election victory in November 2024 initially fueled another leg higher in equities, as markets hoped the campaign trail promises of pro-growth deregulation and stimulative tax policy would bolster earnings for a range of US companies amid steady economic growth and cooling inflation. This optimism began to fade well before Trump took office in late January, however, and the unraveling of the so-called "Trump trade" was underway in earnest by mid-February as it became clear that the new administration's policy timeline prioritized tariffs and program cuts over stimulative measures. It wasn't long before domestic stock markets had given back all of their post-election day gains and then some.²

Non-US markets were mostly unfazed, however, buoyed by the prospect of increased fiscal spending. Germany's new governing coalition spearheaded legislation to permanently exempt defense spending above 1% of GDP from its restrictive constitutional debt brake and created a €500 billion infrastructure fund, allowing the European country with the most fiscal space the flexibility to deploy it.³ Earlier, the annual meeting of China's parliament emphasized the need to boost consumption in the face of external threats like the escalating

Market Summary	1st Quarter 2025
S&P 500 Index	-4.27%
German DAX Index	+11.32%
French CAC 40 Index	+5.79%
Nikkei 225 Index	-9.91%
Brent Crude Oil	+0.13%
	\$74.74 a barrel
Gold	+19.02%
	\$3,123.57 an ounce
US Dollar	-4.85% vs. yen
	-4.14% vs. euro

Source: Bloomberg, WM/Reuters.

trade war with the US.⁴ This comes on top of plans to increase fiscal support by 1 to 2% of GDP this year.

In the US, hard economic data released in the first quarter continued to show persistent economic growth alongside stubbornly above-target inflation in the US. However, soft indicators appeared to capture the early negative impacts of the new administration's policy erraticism and aggressive cost cutting. Consumers, for one, have grown decidedly more cautious in the face of the prevailing uncertainty. Consumer confidence as measured by The Conference Board has declined for four consecutive months, and its expectations index—which captures consumers' short-term outlook for income, business and labor-market conditions—fell to a 12-year low in March and sits well below the threshold that usually signals coming recession.⁵ A survey from the University of Michigan indicated similarly crumbling sentiment,⁶ while the New York Fed's latest consumer data revealed notable pessimism across prospects for household finances, employment, loan delinquencies and credit access.⁷

Business attitudes have also darkened. On Main Street USA, the NFIB Small Business Optimism Index depicted waning confidence in the economy and high and rising uncertainty in what the future holds.⁸ Globally, business confidence in the year ahead approached post-Covid lows in March, with US manufacturing Purchasing Managers' Index (PMI) slipping to below 50 indicating expectations of contracting

1. Source: FactSet; data as of March 31, 2025.

2. Source: FactSet; data as of March 31, 2025.

3. Source: Reuters; data as of March 21, 2025.

4. Source: Reuters; data as of March 4, 2025.

5. Source: The Conference Board; data as of March 25, 2025.

6. Source: University of Michigan; data as of March 28, 2025.

7. Source: Federal Reserve Bank of New York; data as of March 10, 2025.

8. Source: NFIB; data as of March 11, 2025.

* The First Eagle U.S. Fund was known as the First Eagle U.S. Value Fund prior to 28-Feb-2025.

activity.⁹ Perhaps most tellingly, tariffs were mentioned more than 800 times in investor events or conference calls during the first quarter, the highest rate in 15 years.¹⁰ With this level of concern evident even before the announcement of Trump's tariff plan, it seems likely the topic will dominate earnings calls in the weeks ahead.

Mind the Gap

While the environment has changed dramatically in the early days of the second quarter—more on that later—it's worth noting that the US economy entered the year with an ongoing positive output gap, as well as below-average unemployment and above-average wage growth. A positive output gap indicates the economy is operating above potential, and the resulting inflationary impulse typically invites a cooling response from policymakers. For example, the Federal Reserve's rate hikes in 2022 and 2023 in response to persistently high inflation narrowed but did not close the output gap. With monetary policy settings currently pretty close to neutral, the persistence of the positive output gap likely can be attributed to expansionary fiscal policy and ongoing deficit spending.¹¹

Persistent deficits have also helped support corporate earnings, in our view, and skewed risk perception in US markets. From World War II through the global financial crisis, the country's primary fiscal position was more or less in balance through decades of offsetting deficits and surpluses. Since 2009, however, economic cycles have been characterized by deeper primary deficits at the bottom and shallower deficits at the top.¹² The level of S&P 500 earnings has more or less kept pace with the mounting pile of debt that has resulted from persistent deficit spending for much of the twenty-first century.¹³

Which is to say that as government debt goes, so too goes the nominal drift in the economy and corporate participation in it. Assuming that current levels of debt accumulation are needed to support expectations of continued earnings growth, a reacceleration in payroll growth, wage growth and inflation are plausible—though underappreciated—byproducts.

Between a Rock and a Hard Place

While it's painless to acknowledge the structural deterioration of the country's fiscal profile, fixing it is not. Easy fiscal policy begets difficult choices: Do nothing to contain spending and increase the risk of inflation, or take action to curb it and increase the risk of recession.

Federal outlays as a percentage of GDP have been chronically high since the onset of Covid-19 and amounted to around 23% in fiscal 2024.¹⁴ Dividing federal spending into its three major

components—discretionary, net interest and mandatory—can help illuminate the challenges facing policymakers seeking to address the issue.

Discretionary spending comprises nondefense and defense spending and is funded annually through the congressional appropriations process. Nondefense discretionary spending supports a wide range of programs, from education and public health to scientific research and tax collections. While the Trump administration has identified nondefense discretionary spending as the lowest-hanging and most politically expedient fruit to pick, at 3.3% of GDP, it's a small harvest. So while the Department of Government Efficiency (DOGE) makes headlines by taking a chainsaw to these outlays, its ability to impact the deficit and debt is minimal. For example, while a 20% cut to the nondefense discretionary budget would be significant to the programs impacted, it would only amount to about 0.6% of GDP.

On the defense side, spending has shifted markedly lower since the end of the Cold War and in 2024 comprised just 2.9% of GDP, slightly above the all-time low of 2.7% in 1999. Given the shifting alliances amid an increasingly shaky geopolitical landscape, it's hard to imagine this rate going lower. The Trump administration has urged its allies in the North Atlantic Treaty Organization to increase their defense spending in the face of new and emerging threats, and Secretary of State Rubio has signaled that the US would follow suit.¹⁵ Trump himself recently announced that he plans to request \$1 trillion for defense in the fiscal 2026 budget, up from about \$850 billion in 2025.¹⁶

Assuming a unilateral restructuring or voluntary default of US debt is off the table, net interest spending is untouchable. The cost of servicing government debt has climbed rapidly in recent years as sub-2% debt issued during the Covid-19 period matured and was replaced by debt at rates in excess of 4%; this trend is forecast to continue.¹⁷ Notably, 2024 represented the first year that net interest spending exceeded defense spending. "Ferguson's Law" posits that any power that spends more on debt servicing than on defense faces a heightened risk of imperial decline. With the US in violation of this law, there is perhaps some inevitability to the country's pullback from the global stage.¹⁸

With both discretionary and net interest spending unlikely sources of relief, meaningful progress on US debt likely will require entitlement reform and/or higher revenue. The bulk of government outlays—representing 14.1% of GDP in 2024—are directed toward programs like Social Security, Medicare and Medicaid, mandatory commitments whose parameters are enshrined into law. Mustering the necessary

9. Source: S&P Global; data as of April 4, 2025.

10. Source: Reuters, S&P Global; data as of April 3, 2025.

11. Source: Bloomberg, Federal Reserve Bank of Atlanta, Bureau of Labor Statistics; data as of March 31, 2025.

12. Source: Bureau of Economic Analysis, US Treasury, Federal Reserve Bank of St. Louis, First Eagle Investments; data as of December 31, 2024.

13. Source: Bloomberg; data as of March 31, 2025.

14. Source: Federal Reserve Bank of St. Louis and US Office of Management and Budget, data as of March 27, 2025.

15. Source: Reuters; data as of April 3, 2025.

16. Source: Bloomberg; data as of April 7, 2025.

17. Source: Congressional Budget Office; data as of January 17, 2025.

18. Niall Ferguson, "Ferguson's Law: Debt Service, Military Spending, and the Fiscal Limits of Power," Hoover Institution (February 21, 2025).

political will for changes to programs so broadly popular with voters seems like an insurmountable challenge. Generating additional revenue through higher taxes is also appears difficult to reach with Republicans controlling the White House and both chambers of Congress.

Enter tariffs. Charged to importers at the port of entry into the US and mostly passed along to end consumers, tariffs act as a sort of backdoor consumption tax on Americans. Yes, they generate revenue for the federal government, but at the likely cost of higher prices and slower economic activity.

Trump championed the benefits of tariffs throughout his presidential campaign, and he quickly—if with shifting degrees of conviction—slapped new levies on specific countries (notably, Canada, Mexico and China) and industries (steel and aluminum) upon taking office. Designating April 2 as “Liberation Day,” Trump appeared in the White House’s Rose Garden to introduce a wide-ranging package of tariffs, imposing a baseline 10% charge on all imports globally and steeper rates—referred to as, but not actually, “reciprocal”—on countries deemed to be “bad actors.”¹⁹

More extreme than markets seemed to anticipate, the tariff announcement unleashed a rout across risk assets worldwide and a significant spike in volatility. Perhaps of greater concern was the selloff in Treasuries and the US dollar, which may suggest wavering conviction in these assets as reliable “safe havens” during periods of unrest. A week later, via social media and with decidedly less fanfare, Trump announced that while the 10% baseline tariff would continue, the “reciprocal” tariff would be paused for all countries except China, which is now subject to a tariff of 145%.²⁰

19. Source: Bloomberg; data as of April 2, 2025.

20. Source: *The Wall Street Journal*; data as of April 9, 2025.

Seeking Ballast amid the Chaos

We make a point of acknowledging our inability to forecast the future even in the most placid of times, but Trump’s to and fro approach to trade policy—which thus far has included tariffs, counter-tariffs, counter-counter-tariffs, tariff pauses, etc.—has introduced profound instability to the global order.

Given the lack of both historical comparisons and clarity around many important variables, directionality may be the best one can hope for in a forecast. To that end, the global tariff framework as currently designed likely would raise prices and slow economic activity in the US while weighing on both prices and economic growth abroad. Further, tariffs and their indeterminate impact reflect another investment risk in a world rife with them, the aggregate impact of which suggests a greater likelihood of nonlinear market moves such as those we have seen in recent days.

But rather than making concentrated bets on the direction of markets, we continue to focus on investing in a diversified basket of individual assets that we believe have the potential to demonstrate resilience across multiple states of the world. In certain portfolios, this includes gold, whose resilience year-to-date underscores why we advocate for a strategic exposure to the metal as a potential hedge against adverse market outcomes. Gold also serves as a source of long-term deferred purchasing power, easily convertible to cash when market dislocations produce opportunities to invest in high-quality businesses at prices that have suddenly become much more attractive.

Portfolio Review

U.S. Fund A Shares (without sales charge*) posted a return of 4.06% in first quarter 2025. Materials, consumer staples and health care were the leading contributors among equity sectors, while information technology, communication services and consumer discretionary were the largest detractors. The US Value Fund outperformed the S&P 500 Index in the period.

Leading contributors in the First Eagle U.S. Fund this quarter included gold bullion, Philip Morris International Inc., Elevance Health, Inc., HCA Healthcare Inc. and Bank of New York Mellon Corporation.

Gold continued to serve its role as a potential hedge against adverse market conditions during the quarter, setting a series of new nominal highs as the dollar slumped and real interest rates fell. Sustained geopolitical unrest continued to underpin demand from central banks, as did the potential fallout from a shifting and uncertain global trade framework.

Philip Morris reported strong results during the quarter, propelled by both smoke-free and combustible products. With costs denominated in US dollars but approximately two-thirds of revenues sourced from non-US markets, we believe the company should be positioned to benefit from a weaker US dollar. Investors’ recent interest in companies that consistently generate cash may have provided an additional tailwind, along with the reduced emphasis on socially responsible investing. Facilitated by strong operations, management has consistently returned cash to shareholders through dividends and stock repurchases.

Elevance Health is the health insurer and healthcare-services provider formerly known as Anthem. Elevance’s margins were pressured last year by higher Medicaid utilization rates, but they have been recovering alongside rising reimbursement rates, to the benefit of the stock.

* 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.

HCA Healthcare is the largest for-profit hospital operator in the US. The company reported continued strong growth during the quarter, and operational improvements across key performance indicators that quelled—at least for now—investor fears about significant cuts to entitlement programs such as Medicaid and Medicare. We believe HCA's difficult-to-replicate network of large urban hospitals provides a measure of insulation against policy-related disruption. We view HCA's management as an effective steward of both operations and the balance sheet as it continues to return capital to shareholders through share buybacks.

Bank of New York Mellon is the world's largest custody bank, with a \$2.1 trillion investment management business. Results reported during the quarter exceeded investor expectations, reflecting higher investment service fees supported by strong client acquisitions and higher account balances. The stock also benefited from positive sentiment toward financial stocks in general during the quarter. Management's ongoing focus on efficiency and expense control has contributed to wider margins to better support debt obligations.

The leading detractors in the quarter were Oracle Corporation, Alphabet Inc. Class C, Salesforce.com, Inc., Alphabet Inc. Class A and Noble Corporation PLC Class A.

Oracle is one of the world's largest independent enterprise software companies. The company reported lower-than-expected results for its most recent quarter and provided lower-than-expected forward guidance. Oracle cited capacity constraints as a factor in its sales miss but noted that its cloud infrastructure business bookings have increased. Oracle said capital expenditures would be higher than previously expected as it expands its data-center capacity. We believe Oracle should be positioned to capture recurring and sustainable revenue streams by providing services that support the use and adoption of artificial intelligence.

Shares of Alphabet, the parent company of Google and YouTube, traded lower after it reported slower-than-expected sales growth in its cloud business, which provides services that range from basic data storage to artificial intelligence-powered analytical tools. The company attributed this slowdown to capacity constraints and increased its capital expenditure budget in order to build out capacity. We believe that Alphabet's market position remains strong, and we

like the company's focus on returning cash to shareholders through dividends and stock buybacks.

Shares of enterprise software developer Salesforce traded down after the company reported lower-than-expected results for its most recent quarter and provided lower-than-expected forward guidance. This prompted concerns about its transformation from a service business to an artificial intelligence-powered enterprise business (its Agentforce platform). We continue to like Salesforce's operational strength, market dominance and focus on balancing growth with improving profitability.

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Noble is a deepwater drilling contractor for the oil and gas industry. The industry continues to experience softness in operator activity, and demand for Noble's services fell alongside declining OPEC production. We note that industry fundamentals remain relatively healthy, with a modest decline in utilization and rational capacity. With its high-capacity utilization, attractive contracted day rates and manageable debt, Noble should be positioned to endure the current lull in operator activity. Longer term, we expect deepwater oil exploration to comprise a meaningful component of global supply, to the benefit of scale players like Noble.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Trailing Returns

Period: 4-Sep-2001 through 31-Mar-2025

	Calendar YTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	Expense Ratio ¹	Inception Date
Class A (FEVAX) w/o Load	4.06%	11.45%	8.31%	15.90%	8.61%	8.99%	9.07%	1.15%	Sep 4, 2001 ²
Class A (FEVAX) w/ Load	-1.15%	5.88%	6.48%	14.72%	8.06%	8.62%	8.83%	1.15%	Sep 4, 2001 ²
S&P 500 Index	-4.27%	8.25%	9.06%	18.59%	12.50%	13.15%	9.05%		

Past performance is not indicative of future results. All returns data beyond one-year figures are annualized. Portfolio and index returns are shown in US dollars (USD).

The performance data quoted herein represents past performance and does 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 is 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. "With sales charge" performance for Class A Shares gives effect to the deduction of the maximum sales charge of 3.75% for periods prior to March 1, 2000, and of 5.00% thereafter. The average annual returns for Class C Shares reflect a CDSC (contingent deferred sales charge) of 1.00% in the year-to-date and first year only. Class I Shares require \$1MM minimum investment and are offered without sales charge. Class R6 Shares are offered without sales charge. Operating 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.

1. The annual expense ratio is based on expenses incurred by the fund, as stated in the most recent prospectus.

2. The Fund commenced operation April 28, 1970. Performance for periods prior to January 1, 2000 occurred while a prior portfolio manager of the Fund was affiliated with another firm. Inception date shown is when this prior portfolio manager assumed responsibilities.

The First Eagle U.S. Fund was known as the First Eagle U.S. Value Fund prior to 28-Feb-2025.

Investments are not FDIC insured or bank guaranteed and may lose value.

The average annual returns for Class A Shares "with sales charge" or "w/load" of First Eagle U.S. 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.

Risks

All investments involve the risk of loss of principal.

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

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.

Definitions

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. **Gross domestic product (GDP)** measures the value of total economic output in goods and services for an economy.

MSCI World Index (Net) measures the performance of large and midcap equities across developed markets countries. A net-return index tracks price changes and reinvestment of distribution income net of withholding taxes. **MSCI EAFE Index** (Net) measures the performance of large and midcap equities across developed markets countries around the world excluding the US and Canada. A net-return index tracks price changes and reinvestment of distribution income net of withholding taxes. **NFIB Small Business Optimism Index** is a widely recognized economic indicator measuring the sentiment and outlook of US small business owners across a variety of areas critical to their operations. A **purchasing managers' index (PMI)** measures the growth or expansion of certain segments of the economy. **S&P 500 Index** (Gross/Total) measures the performance of 500 of the top companies in the leading industries of the US economy and is widely recognized as a proxy for the US market as a whole. A total-return index tracks price changes and reinvestment of distribution income. **Nikkei 225** is a price-weighted index composed of 225 stocks in the Prime Market of the Tokyo Stock Exchange. It is widely recognized as a proxy for the Japanese equity market as a whole. German **DAX® Index** measures the performance of the 40 largest companies listed on the Frankfurt Stock Exchange that fulfil certain minimum quality and profitability requirements. It is widely recognized as a proxy for the German equity market as a whole. **CAC 40® Index** is a free-float market capitalization-weighted index that measures the performance of the 40 largest and most actively traded shares listed on Euronext Paris.

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

The holdings mentioned herein represent the following total assets of the First Eagle U.S. Fund as of 31-Mar-2025: gold bullion 13.78%; Philip Morris International Inc. 3.58%; Elevance Health, Inc. 3.15%; HCA Healthcare Inc. 3.62%; Bank of New York Mellon Corporation 2.99%; Oracle Corporation 3.07%; Alphabet Inc. Class C 2.09%; Salesforce.com, Inc. 1.38%; Alphabet Inc. Class A 1.39%; Noble Corporation PLC Class A 0.63%.

This commentary represents the opinion of the Global Value team as of the date noted. 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.

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.

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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. You may also request printed copies by calling us at 800-747-2008. Please read our prospectus carefully before investing.

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