Global Income Builder Fund

Market Overview

Equity market performance in the fourth quarter was in many ways a microcosm of the past two years. As has been the trend, outperformance during the last stanza of 2024 could be found in the most concentrated, highest-growth segment of the world's largest stock market; that is, tech-oriented US stocks.

Market Summary	4th Quarter 2024
Bloomberg US Aggregate Bond Index	-3.06%
Bloomberg US Corporate High Yield Index	+0.17%
MSCI World Index	-0.16%
S&P 500 Index	+2.41%
German DAX Index	+3.02%
French CAC 40 Index	-3.15%
Nikkei 225 Index	+5.35%
Brent Crude Oil	+4.00% $74.64 a barrel
Gold	-0.38% $2,624.50 an ounce
US Dollar	+9.35% vs. yen +7.50% vs. euro

Source: Bloomberg, WM/Reuters.

The NYSE FANG+ Index gained more than 15% in the fourth quarter, the cherry on top of a 51% annual gain. Overlapping with nine of the 10 FANG+ components, the S&P 500 Index was able to share in some of the spoils, advancing 2.4% for the quarter and 25% for the year, while the FANG+-less MSCI EAFE Index returned -8.1% and 3.8%, respectively.[1] Fixed income indexes, meanwhile, were mostly lower in the fourth quarter's rising-rate environment; the Bloomberg US Aggregate Bond Index declined 3.1% for the quarter but gained 1.3% for the year.

Parting Is Such Sweet Sorrow

As suggested by the recent dominance of US stock markets, risk perception in the US has been low, boosting equity multiples and pushing credit spreads to cyclical tights. With inflation seemingly brought to heel without torpedoing economic growth, concerns about the Federal Reserve's ability to negotiate a soft landing appear to have all but completely dissipated from the public consciousness. In stark contrast, risk perception in China is high, as the tailwinds that benefitted the world's second largest economy in the immediate aftermath of Covid have turned. The MSCI China Index was down as much as 50% from its early-2021 peak at one point, while government bond yields across the curve ended 2024 near all-time lows.[2]

We think the post-pandemic decoupling of the US and China is a development worth noting. For much of the past several decades, the symbiotic relationship between the two markets represented a primary driver of global macroeconomic activity and financial market performance, so much so that the term "Chimerica" was coined to describe the interconnectivity of the world's most rapidly growing emerging market (at the time) and its dominant economic power (still).[3]

While signs of strain in the Chinese economy in the not-too-distant past were typically viewed as bad for global activity and risk assets broadly, the impacts of China's current malaise have been more nuanced. For example, the collapse of China's property market bubble—which began with the default of developer Evergrande in 2021 and has yet to find a bottom—is at least partly responsible for the cyclically moderating inflation pressures in the US and many other countries. Fixed asset investment in China has shifted away from real estate and toward manufacturing, and the resulting excess capacity has weighed on export prices and provided China's trading partners with a strong disinflationary impulse.[4] Meanwhile, waning confidence among Chinese businesses and households depressed imports and caused a range of economically sensitive commodities—everything from oil to copper to wheat—to derate versus gold, another exogenous source of downward pressure on global inflation.

Bloody, but Unbowed

While the US has made significant progress against inflation, the battle has reached only a fragile peace, in our view, and the country remains vulnerable to renewed pricing pressures.

Ironically, China is one potential source of such a renewal. China's rate of deflation has moderated, as has the deflation impulse being exported to its trading partners. This impulse might weaken further still should policymakers make good on suggestions of large-scale stimulus; a December meeting of the Central Economic Work Conference produced a statement that "lifting consumption vigorously" was among party leaders' top goals for 2025.[5]

1. Source: FactSet; data as of December 31, 2024.
2. Source: MSCI, Bloomberg; data as of December 31, 2024.
3. Niall Ferguson and Moritz Schularick, "'Chimerica' and the Global Asset Market Boom," International Finance (10:3, 2007).
4. Source: UBS, First Eagle Investments; data through September 30, 2024.
5. Source: Bloomberg; data as of December 12, 2024.

New tariffs on imports into the US could add further fuel to the inflation fire. While China is the main target of President-elect Trump's protectionist leanings—on the campaign trail, Trump vowed to impose new 60% tariffs on all Chinese imports—he also has pledged tariffs as high as 10% on global imports and an additional 25% on goods from Canada and Mexico.[6] Beyond their impact on producer and consumer costs, these tariffs could have both direct and indirect impacts on oil prices, which are already highly susceptible to shifts in the geopolitical temperature. Meanwhile, the surge in capital expenditures among big tech companies—previously capital-light companies like Meta, Google and Microsoft now have capital budgets that dwarf those of traditional giants like Exxon—has implications for the real economy, particularly as these investments extend into energy.[7]

The US labor market may be the root of our inflation concerns, however. During the Fed's tightening cycle, nonfarm payrolls continued to grow even as the unemployment rate ticked modestly higher, an unusual dynamic we think can be attributed to the massive stimulus provided during the Covid-19 era. The nominal rebasing of the economy that resulted from the government's debt spree bolstered corporate profits even as margins contracted, which supported a moderation in payrolls growth rather than an outright contraction. With financial conditions easing and economic confidence mounting, profits and profit margins have since inflected upward, and it's reasonable to think that payrolls and wage growth may follow suit.[8] Though down from its peak of 6.7%, wage inflation of 4.3% remains inconsistent with the Fed's 2% inflation goal and this stickiness is likely among the reasons why inflation prints have stubbornly persisted above target even as other components have retreated.[9]

Perhaps recognizing these challenges, the Fed has grown increasingly hawkish only a few months into its rate-cut cycle. While 100 basis points worth of cuts since September brought the Fed's key policy rate to 4.25–4.50% by year-end 2024, its December dot plot expects only 50 basis points more in 2025, down from 100 basis points in September.[10] Should inflationary pressures reignite—notably, many measures of inflation already have bounced off the lows established earlier in the year—even this revised forecast may prove ambitious.[11]

Treasury yields backed up significantly during the fourth quarter, ending near 2024 highs in a selloff that transpired over two stages. The first began in mid-September and persisted through late November as markets recalibrated their expectations for 2025 Fed rate cuts in light of strong US economic data and the potentially inflationary impact of an incoming Trump administration. After a brief recovery, the selloff resumed with vigor as mid-December messaging around the path of Fed policy validate concerns that the central bank would act with caution in the coming year. Notably, UK gilts traded in sympathy with Treasuries throughout the quarter, while the increase in European sovereign yields was concentrated in December.[12]

Valuation Has Its Own Gravity

As a result of this period of low-risk perception in US markets, the valuation of growth stocks relative to value stocks has reached all-time highs. Needless to say, it's been a challenging period for value-oriented investors. We'd be wary of extrapolating these results going forward, however. While one can never know when a catalyst will emerge to drive markets back to their long-term means, the extremities we are seeing today reminds us of a phrase often used by our former colleague Jean-Marie Eveillard: "Valuation has its own gravity."

There are any number of potential developments—renewed inflation but one of them—that could trigger a swift recalibration of risk appetites. And though we remain wary in the current environment, we also see opportunity. But rather than making concentrated bets on the direction of markets, we have continued to focus on investing in a diversified basket of individual assets we believe have the potential to demonstrate resilience across multiple states of the world. This includes an allocation to gold, whose resilience throughout the disparate macroeconomic conditions of 2024 underscores why we advocate for a strategic exposure to the metal as a potential hedge against adverse market outcomes. It also includes short-duration positioning within the fixed income portion of the portfolio, with an emphasis on higher-quality issues.

6. Source: Reuters; data as of January 8, 2025.
7. Source: Bloomberg, First Eagle Investments; data as of September 30, 2024.
8. Source: Federal Reserve Bank of Atlanta; data as of December 31, 2024.
9. Source: Federal Reserve Bank of Atlanta; data as of December 11, 2024.
10. Source: Federal Reserve; data as of December 18, 2024.
11. Source: Bureau of Labor Statistics; data as of December 11, 2024.
12. Source: Bloomberg; data as of December 31, 2024.

Portfolio Review

Global Income Builder Fund A Shares (without sales charge*) posted a return of -5.18% in fourth quarter 2024. As of December 31, 2024, the Fund's equity allocation was 65.59%, comprising 39.77% international stocks and 25.82% US stocks. The Fund's 22.38% bond allocation included 15.62% in investment grade issues. The Global Income Builder Fund underperformed the composite index in the period.

Leading equity contributors in the First Eagle Global Income Builder Fund this quarter included Hongkong Land Holdings Limited, Enterprise Product Partners LP and Bank of New York Mellon Corp. Fixed income contributors included Mexico Remittances Funding Fiduciary Estate Management 4.875%, due 1/15/28; Truist Financial Corp. 6.669% Perpetual Preferred Stock; and Citgo Petroleum Corp. 7.0%, due 6/15/25.

* 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.

Hongkong Land is a property investment, management and development company with commercial and residential property interests across Asia, primarily in Hong Kong and Singapore. Shares of Hongkong Land performed well after the company announced a new strategic plan to focus on commercial property management, cease most residential development and dispose of portions of the existing rental portfolio. Hongkong Land will focus on premium mixed-use projects across key cities in the Asia-Pacific region, serving as the developer and manager of projects funded by third-party capital. The company seeks to double its dividend payout by 2035 while also buying back shares.

Enterprise Products Partners is one of the largest publicly traded partnerships and a leading U.S. provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, refined products and petrochemicals. Enterprise's sprawling, vertically integrated system is critically important to the US energy system and impossible to replicate. Midstream stocks in general rerated higher in 2024 on the back of strong interest from the generalist investment community. We believe the sector may be benefitting from a decline in terminal value risk—i.e. the growing realization that these assets and the hydrocarbons they transport will continue to see strong demand for decades to come.

Bank of New York Mellon is the world's largest custody bank and also maintains a $2.1 trillion investment management business through multiple subsidiaries. The company reported better-than-expected results for its most recent quarter. The bank has demonstrated its ability to improve operating leverage as its revenues have outpaced inflation.

The Mexico remittances bonds referenced above are secured by reimbursements due to Mexican retailer Nueva Elektra del Milenio on money transferred from US individuals to recipients—often friends and family—in Mexico. Favorable exchange rates during the quarter enabled higher repatriations from Mexico as the stronger dollar was converted into a weaker peso. This particular issue was refinanced during the quarter.

Truist Financial was formed by the 2019 merger of BB&T Corporation and SunTrust Banks. The sale of Truist's insurance business in May 2024 strengthened the bank's capital ratios, while contained credit losses and improved profitability facilitated by the return of an upward-sloping yield curve also have supported sentiment toward the bonds.

Citgo Petroleum is a refiner, transporter and marketer of transportation fuels, petrochemicals and other industrial products. Amber Energy won the competitive bid in October to acquire Citgo's majority stake from the insolvent Venezuelan state-owned oil company PDVSA, a transaction that should enhance Citgo's ability to meet its financial obligations. Note, however, that a judge at year end reopened the bidding on this asset in search of a bid higher than Amber's $7.3 billion; a new hearing for the sale is scheduled for July.

The leading equity detractors in the quarter were Nestle SA, HCA Healthcare Inc. and Unilever plc. Fixed income detractors included Government of Brazil 10.0%, due 1/1/27; Government of the United States of America 3.375%, due 5/15/33; and Government of the United States of America 6.125%, due 11/15/27.

Nestlé is the world's largest packaged food company. Defensive consumer staples companies sometimes trade as bond proxies and, as such, broadly traded lower during the fourth quarter amid rising interest rates. Nestle's decline in reported sales and large emerging markets exposure also weighed on shares, but organic growth remains positive and strong demographics in emerging markets is expected to fuel growth over the long term. The company's recently appointed CEO is successfully implementing a turnaround plan to sell slower-growth businesses and focus on higher-growth concepts. With strong brand franchises and dominant share in high growth markets, we remain constructive on our exposure.

HCA Healthcare is the largest for-profit hospital operator in the US. Share pressure during the quarter reflected speculation over possible health care reforms following the November elections. HCA's large urban hospitals would be difficult to replicate, which we believe should provide some insulation against policy disruption. We view HCA's management as effective stewards of both business operations and the balance sheet as they continue to return capital to shareholders through share buybacks.

Shares of consumer staples giant Unilever were pressured during the quarter despite reporting strong results, perhaps reflecting negative sentiment surrounding Latin America, which is a significant market for the company. Operations globally remain robust, and we continue to find Unilever's shares attractive. The company continues to invest in core brands and improve cost efficiencies while executing on turnaround plans to exit slower-growth and lower-margin businesses.

Brazil's sovereign bonds were weak during the quarter as the Brazilian real depreciated sharply and bond yields spiked. While a new cycle of higher policy rates in Brazil may subdue inflation and bolster the real, it also would increase interest expenses on the country's large debt load and accentuate the need for fiscal reform.

Prices of longer-duration US Treasuries were biased lower in the fourth quarter's rising-rate environment.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Trailing Returns

Period: 1-May-2012 through 31-Dec-2024

	Calendar YTD	1 Year	3 Year	5 Year	10 Year	15 Year	25 Year	Since Inception	Expense Ratio[1]	Inception Date
Class A (FEBAX) w/o Load	6.62%	6.62%	3.61%	5.03%	5.23%	-	-	5.66%	1.18%	May 1, 2012[2]
Class A (FEBAX) w/ Load	1.29%	1.29%	1.86%	3.96%	4.69%	-	-	5.23%	1.18%	May 1, 2012[2]
Composite Index[3]	11.45%	11.45%	2.93%	6.72%	6.67%	7.17%	5.36%	7.16%		Mar 1, 2017

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.
3. Effective 1-Mar-2016 the Fund is compared against a composite index, 60% of which consists of the MSCI World Index and 40% of which consists of the Bloomberg US Aggregate Bond Index. The Fund believes this composite index provides a useful comparison against the performance of the Fund, which currently invests in both equity and fixed income securities.

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

Performance assumes reinvestment of all distributions and does not account for taxes.

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 of the value of total economic output in goods and services for an economy. **Currency debasement** refers to a reduction in a currency's purchasing power. **Beta** is a measure of an investment's price volatility relative to that of the overall market. **A floating interest rate** adjusts periodically based on movements in an underlying reference rate.

Risk Disclosures

All investments involve the risk of loss of principal.

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

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. 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. Investments in bonds are subject to **interest-rate risk** and can lose principal value when interest rates rise. Bonds are also subject to credit risk, in which the bond issuer may fail to pay interest and principal in a timely manner, or that negative perception of the issuer's ability to make such payments may cause the price of that bond to decline. Recent market conditions and events, including a global public health crisis and actions taken by governments in response, may exacerbate these risks. **Bank loans are often less liquid** than other types of debt instruments. There is no assurance that the liquidation of any collateral from a secured bank loan would satisfy the borrower's obligation, or that such collateral could be liquidated. The Fund may invest in **high yield, fixed income securities** that, at the time of purchase, are non-investment grade. High yield, lower rated securities involve greater price volatility and present greater risks than high rated fixed income securities. High yield securities are rated lower than investment-grade securities because there is a greater possibility that the issuer may be unable to make interest and principal payments on those securities. High yield securities involve greater risk than higher rated securities and portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not.

Income generation is not guaranteed. If dividend paying stocks in the Fund's portfolio stop paying or reduce dividends, The Fund's ability to generate income will be adversely affected.

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. **Bloomberg US Aggregate Bond Index** (Gross/Total) measures the performance of the investment grade, US dollar-denominated, fixed-rate taxable bond market in the US, including Treasuries, government-related and corporate securities, fixed-rate agency MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. A total-return index tracks price changes and reinvestment of distribution income. **Bloomberg Global Aggregate Index** (Gross/Total) measures the performance of investment grade debt from local currency markets worldwide. The multi-currency benchmark includes treasury, government-related, corporate and securitized fixed rate bonds from both developed and emerging markets. A total-return index tracks price changes and reinvestment of distribution income. **MSCI China Index** (Net) measures the performance of large and midcap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings. A net-return index tracks price changes and reinvestment of distribution income net of withholding taxes. **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 Global Income Builder Fund as of 31-Dec-2024: Hongkong Land Holdings Limited; 0.00% Enterprise Products Partners L.P.; 0.87% Bank of New York Mellon Corporation; 0.57%; Mexico Remittances Funding Fiduciary Estate Management Sarl 4.875%, due 1/15/2028 0.85%; Truist Financial Corporation 6.669% Perp 1.15%; Citgo Petroleum Corp. 7.00%, due 6/15/2025 0.65%; 0.57% Nestle S.A.; 0.28% HCA Healthcare Inc.; 0.47% Unilever PLC; 1.37% Government of the United States of America 0.375%, due 7/15/2025 1.97%; Government of the United States of America 2.75%, due 6/30/2025 0.57%; Government of Brazil 10.0%, due 1/1/2027 2.12%.

This commentary represents the opinion of the First Eagle Global Income Builder Fund portfolio managers as of the date noted 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.

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