# Gold Fund

## Market Overview

**Disparate forces battled for supremacy over the direction of gold's price during the fourth quarter of 2024, the weakest in what was a noteworthy year for the metal. Buffeted by the contradictory influences of rising interest rates on one side and escalating geopolitical tensions on the other, gold finished a volatile quarter down 0.4%.[1]**

It certainly could have been worse; the FTSE Gold Mines Index fell nearly 17% in the fourth quarter, while silver was down 7%. Furthermore, gold's slight decline into year-end doesn't take the shine off of a year in which it set a series of nominal record highs—culminating at a peak of $2,787/oz on October 30—on its way to an annual gain in excess of 25%.[2]

| Market Summary | 4th Quarter 2024 |
|---|---|
| FTSE Gold Mines Index | -16.81% |
| 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%<br>$74.64 a barrel |
| Gold | -0.38%<br>$2,624.50 an ounce |
| US Dollar | +9.35% vs. yen<br>+7.50% vs. euro |

Source: Bloomberg, WM/Reuters.

### *Seeking Shelter from Multiple Storms*

Gold began the quarter in the peculiar fashion that was its calling card through most of 2024, rallying in the face of macroeconomic factors that traditionally have been obstacles to price gains, including rising real and nominal interest rates, a strengthening dollar and signs of increasing hawkishness from the Federal Reserve. Despite these seemingly inhospitable conditions, gold surged to a new record high in late October before trading with less directionality for the balance of the quarter. We think this behavior is linked to gold's reputation as a potential "safe haven" during periods of uncertainty and strife.

Indeed, ebbs and flows in the intensity of armed conflicts in the Middle East and Eastern Europe seemed to dictate movements in the price of gold throughout the fourth quarter even as other drivers provided a more consistent headwind. Gold's October rally, for example, came amid a particularly fraught month geopolitically, bookended by an October 1 missile attack on Israel by Iran and Israel's retaliation on October 26.[3] Looming US elections may also have contributed to the general feeling of dis-ease during the month.

We saw a similar, if less intense, pattern play out through the end of the year. Falling gold prices in the first half of November reversed course later in the month with the troubling introduction of new, more advanced weaponry in the Ukraine/Russia war.[4] The announcement of a ceasefire between Israel and Hezbollah in late November again eased demand for perceived safe haven assets like gold, but a rebel offensive on Syria's Assad regime soon sparked another mini-rally.[5] The brevity of this conflict—and the indifference of Assad allies Iran and Russia as his regime was toppled—appeared to keep panic and the demand for gold in check to close out 2024.

### *Tight as a Drum*

While we won't attempt to forecast the path of the gold price in 2025, a continuation of the push/pull dynamic between real interest rates and geopolitical risk that characterized 2024 would not be a total surprise. Less clear is which side will prove more influential in the new year.

After easing throughout the late spring and summer, real interest rates moved sharply higher during October and ultimately ended the fourth quarter near 2024 highs. This turnaround was driven at least in part by a Fed that grew increasingly hawkish only a few months into its rate-cut cycle, as the economy remained resilient and inflation persisted stubbornly above target. While 100 basis points worth of rate cuts from September to December brought the central bank's key policy rate to 4.25–4.50% by year-end, both policymakers and markets have recalibrated their expectations for additional easing in 2025.[6] The Fed's December dot plot of rate expectations, for example, pointed to an additional 50 basis points of cuts over the next

1. Source: Bloomberg, FTSE Russell; data as of December 31, 2024.
2. Source: Bloomberg, FTSE Russell; data as of December 31, 2024.
3. Source: BBC; data as of October 28, 2024.
4. Source: The New York Times; data as of November 23, 2024.
5. Source: The Guardian; data as of December 8, 2024.
6. Source: Federal Reserve; data as of December 18, 2024.

year, down from 100 basis points in September.[7] Should inflationary pressures reignite—both core and headline consumer price index are off the lows established earlier in the year—even this forecast may prove overly ambitious, potentially pressuring real rates higher.[8]

On the other hand, it's no secret that the world remains a volatile place, driving the recurring need for safe havens. Beyond the various unresolved global hotspots mentioned earlier, we think Europe could be a potential source of destabilization. It's possible that leadership vacuums in its two largest economies—Germany and France—combined with US President-Elect Trump's uncertain commitment to Ukraine and affinity for tariffs may set the stage for turbulence on the Continent.

In reaction to both heightened geopolitical risks and the specter of currency debasement, global central banks over the past few years have been aggressively accumulating gold. While off the record-setting levels of 2022 and 2023, net gold purchases by central banks amounted to a robust 794 tonnes for year-to-date 2024 through November.[9] Continued demand could be a key source of support for the gold price in the coming year. So, too, could demand for physically backed gold Exchange-Traded Funds (ETFs), which capture investment demand from both institutional and individual investors globally. These domestic vehicles in 2024 posted positive net flows for the first time in four years.[10]

While it's uncertain whether the headwinds or tailwinds will hold greater sway over gold in 2025, we remain confident in our belief that the metal should demonstrate its resilience over the long run across varied investment environments and prove its value as a strategic allocation in diversified portfolios.

7. Source: Federal Reserve; data as of December 18, 2024.
8. Source: Bureau of Labor Statistics; data as of December 11, 2024.
9. Source: World Gold Council; data as of January 6, 2025.
10. Source: World Gold Council; data as of January 8, 2025

## Portfolio Review

Gold Fund A Shares (without sales charge*) posted a return of -10.11% in fourth quarter 2024. Gold bullion and gold-related equities both detracted. The Gold Fund outperformed the FTSE Gold Mines Index in the period.

Leading contributors in the First Eagle Gold Fund this quarter included Orla Mining Ltd, G Mining Ventures Corp, Pan American Silver Corp Contingent Value Rights 2019-22.02.29, Fresnillo plc and Industrias Peñoles SAB de CV.

Orla Mining is a Canadian junior producer that owns one producing mine (Camino Rojo in Mexico), one feasibility-stage mine (the recently acquired South Railroad in Nevada) and one pre-feasibility project (Cerro Quema in Panama). Management in October raised its gold production guidance for full-year 2024—the second such action of the year—while reiterating its improved cost guidance from August. Orla's announced acquisition of Newmont's Musselwhite mine in Ontario for cash could more than double Orla's annual gold production without diluting shareholder returns.

G Mining Ventures acquires, explores and develops precious metal projects. The company was created in 2020 as an offshoot of G Mining Services, a provider of mining project execution services with a history of delivering projects on time and within budget. The company recently achieved commercial production at its flagship Tocantinzinho mine in Brazil, and the mine continues to meet development milestones and generate operating cash. Future development opportunities for the company include development-stage Oko West in Guyana and the recently acquired exploration-stage CentroGold project in Brazil.

Pan American Silver is a Canadian mining company with large silver endowments and a diversified portfolio of producing mines. As these contingent value rights are connected to the shuttered Escobal silver mine in Guatemala, their performance from quarter to quarter largely reflects expectations for the reopening of the mine. The country's August 2024 appointment of a new deputy minister of sustainable development may precipitate the review needed to certify compliance with indigenous consultation guidelines, a prerequisite to production. In the meantime, the mine remains on care and maintenance with no target date to resume operations.

The leading detractors in the quarter were Newmont Corporation, Northern Star Resources Ltd, Barrick Gold Corporation, Wheaton Precious Metals Corp and gold bullion.

Newmont is one of the world's largest gold miners and a major producer of silver. Despite meeting expectations on production and free cash flow during the quarter, shares traded down on unexpectedly higher costs at assets acquired from Newcrest and reduced guidance for short- and medium-term production. We remain constructive on Newmont's strong fundamentals and commitment to returning capital to shareholders; notably, the company has sold five of six noncore assets tagged for divestment in 2024 and plans to direct a portion of the greater-than-anticipated proceeds to additional share buybacks.

Northern Star Resources is a senior Australian gold producer with assets in Australia and Alaska. Operating results during the quarter were pressured by seasonal shutdowns for repairs and maintenance, but were in line with expectations. Northern Star's plans to buy De Grey Mining also appeared to weigh on the shares, but we are constructive on the prospects for a non-dilutive combination of the two companies. De Grey's Hemi development project provides a rich, long-life, low-cost gold mine in the Tier-1 jurisdiction of Western Australia, enhancing the quality of Northern Star's asset portfolio and its ability to generate cash.

* 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.

Canada's Barrick Gold is the second-largest gold producer in the world. While financial results reported during the quarter were in-line, management guided expectations for future production toward the lower end of the range, partially due to a slower ramp-up at its Pueblo Viejo mine in the Dominican Republic. Encouraging results at its Fourmile project in Nevada and limited capex increases for Reko Diq in Pakistan were positive, if partial, offsets. We continue to like Barrick's organic growth opportunities, ability to execute in challenging environments and focus on returning cash to shareholders through both share repurchases and dividends.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

## Trailing Returns

| | Calendar YTD | 1 Year | 3 Years | 5 Years | 10 Years | Inception | Gross Expense Ratio[1] | Fund Inception Date |
|---|---|---|---|---|---|---|---|---|
| First Eagle Gold Fund Class A (SGGDX) w/o load | 10.33% | 10.33% | 5.14% | 6.80% | 6.82% | 5.69% | 1.19% | Aug 31, 1993[2] |
| First Eagle Gold Fund Class A (SGGDX) w/ load | 4.80% | 4.80% | 3.36% | 5.70% | 6.27% | 5.52% | 1.19% | Aug 31, 1993[2] |
| FTSE Gold Mines Index | 6.62% | 6.62% | -0.48% | 1.17% | 6.15% | 0.78% | | |

**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.

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

**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. **Exchange-traded funds (ETFs)** are listed investment vehicles that seek to provide exposure to a benchmark, index or actively managed strategy. **ILO Convention 169**, or C169, refers to an international treaty adopted by the International Labour Organization Convention in 1989 that recognizes indigenous peoples' right to self-determination within a nation-state and set standards for national governments regarding indigenous peoples' economic, socio-cultural and political rights, including the rights to traditional lands. **Currency debasement** refers to a reduction in a currency's purchasing power.

**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.

Investment in **gold and gold-related investments** present certain risks, including political and economic risks affecting the price of gold and other precious metals like changes in US or foreign tax, currency or mining laws, increased environmental costs, international monetary and political policies, economic conditions within an individual country, trade imbalances and trade or currency restrictions between countries. The price of gold, in turn, is likely to affect the market prices of securities of companies mining or processing gold, and accordingly, the value of investments in such securities may also be affected. Gold related investments as a group have not performed as well as the stock market in general during periods when the US dollar is strong, inflation is low and general economic conditions are stable. In addition, returns on gold related investments have traditionally been more volatile than investments in broader equity or debt markets. Investment in gold and gold related investments may be speculative and may be subject to greater price volatility than investments in other assets and types of companies. 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.

**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. **FTSE Gold Mines Index** (Price) measures the performance of gold mining companies worldwide that have a sustainable, attributable gold production of at least 300,000 ounces a year and that derive 51% or more of their revenue from mined gold. A price-return index only measures price changes. **60% Gold Bullion/40% FTSE Gold Mines Index** (Price) is a benchmark composed of 60% gold bullion and 40% FTSE Gold Mines Index. Gold bullion is reflected by the Bloomberg spot rate of gold. FTSE Gold Mines Index measures the performance of gold mining companies worldwide that have a sustainable, attributable gold production of at least 300,000 ounces a year and that derive 51% or more of their revenue from mined gold. A price-return index only measures price changes. **Consumer price index (CPI)** (Price) measures inflation as experienced by consumers in their day-to-day living expenses by capturing the average change over time in the prices paid for a representative basket of consumer goods and services. A price-return index only measures price changes. **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 Gold Fund as of 31-Dec-2024: Orla Mining Ltd 1.79%; G Mining Ventures Corp 2.07%; Pan American Silver Corp Contingent Value Rights 2019-22.02.29 0.11%; Fresnillo plc 0.47%; Industrias Peñoles SAB de CV 0.74%; Newmont Corporation 6.22%; Northern Star Resources Ltd 7.64%; Barrick Gold Corporation 4.43%; Wheaton Precious Metals Corp 11.04%; gold bullion 17.43%.

This commentary represents the opinion of the First Eagle Gold 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.

The Fund may invest in gold and precious metals through investment in a wholly-owned subsidiary of the Fund organized under the laws of the Cayman Islands (the "Subsidiary"). Gold Bullion and commodities include the Fund's investment in the Subsidiary.

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