Seeking a Better Retirement-Income Solution

We believe the lack of explicit, effective, and user-friendly retirement-income solutions is a glaring shortcoming of most defined contribution (DC) retirement plans.

In our view, an effective retirement-income solution should be designed to meet two investor objectives:

1. deliver a material and persistent stream of income generated by the invested capital that holds value in real terms i.e. grows with inflation and
2. protect the invested capital so that it maintains its initial value and is not needed to pay expenses in retirement

The perfect retirement-income solution would, in our opinion, grow the invested principal at the rate of inflation as well, holding its purchasing power in real terms. By providing a true income solution, plan sponsors can meet their fiduciary obligations and potentially improve participant outcomes while retaining plan assets and maintaining the benefits of scale.

Entering retirement and beginning the phase of generating income as a return "ON" capital as opposed to a return "OF" capital should not mean the end of capital growth. In an attempt to mitigate longevity and inflation risks, in particular, plan participants should still grow their capital, which necessarily entails taking on market risk. We believe a thoughtful approach to risk management in the distribution phase entails seeking capital appreciation while attempting to mitigate downside impact, which would increase the potential that income can be funded through investment performance while principal continues to grow. In our opinion, the First Eagle Global Income Builder Fund may be more appropriate for potentially providing a long-term stream of income generated by your capital in addition to growth of capital for plan participants in the retirement income stage rather than "guaranteed income" products. The First Eagle Global Fund also seeks to provide long-term capital appreciation potential with the goal of generating income.

KEY TAKEAWAYS

- Most DC plans lack an explicit, effective, user-friendly income solution for participants in retirement. Sponsors have an opportunity to meet this need, but must remain mindful of their participants' potential liquidity, flexibility and legacy needs in retirement.
- An effective retirement-income strategy seeks to deliver a persistent income stream that holds its value in real terms while growing investment principal. However, many existing options being marketed focus on return of capital i.e. decumulation while fulfilling one retirement need to the detriment of the others.
- Annuities guarantee a payment stream but are largely providing a return of capital rather than generating income on the invested capital, do not protect the payments against inflation, and do not seek to generate a return on capital for the investor. Capital-markets solutions like target-dates funds or retirement income funds may put principal at risk for subpar appreciation.
- In our view, the First Eagle Global Income Builder Fund and First Eagle Global Fund may be more appropriate for potentially providing a persistent stream of income and long-term growth of capital for retired plan participants rather than "guaranteed income" products and many popular decumulation vehicles.

Decoding Decumulation

As defined contribution plans steadily replaced defined benefit plans as the primary employer-sponsored vehicle for retirement savings, much industry attention—by sponsors, advisors, consultants and service providers—has been focused on ways to encourage workers to save and invest for retirement. Innovations ranging from auto-enrollment and -escalation to professionally allocated portfolios have historically helped DC plans evolve into potentially efficient wealth-accumulation vehicles for American workers. However, DC plans generally have been less adept at providing similarly user-friendly solutions for the "decumulation" stage of a participant's retirement journey when they stop receiving income from employment and need to generate income using the capital they have diligently accumulated throughout their working years.

The term many use when discussing this phase of the retirement savings cycle is "decumulation", defined by Websters Dictionary as *disposal of something accumulated*. In essence, transforming the accumulated wealth into a stream of payments for what is hoped to be lifelong, consistent income stream. The question is, do plan sponsors and retirees believe it is prudent to use their accumulated capital as income when they are in retirement, spend it over time, and end with a zero balance i.e. dispose of the assets they accumulated.

That said, the issue of decumulation has gained momentum in recent years due in no small part to the massive wave of Baby Boomer retirees leaving the workforce and, in many cases, rolling their retirement assets into individual retirement accounts (IRAs) that enable access to a wider range of income-focused investment options. IRA assets stood at $9.7 trillion at year-end 2022, compared $9.3 trillion in employer-sponsored DC plans ($6.6 trillion of which were 401(k) plans); of the 55 million households that owned IRAs, 60% had rolled over assets from an employer-sponsored plan.[1]

Research by Cerulli Associates revealed that 58% of its plan sponsor clients are actively seeking to retain these assets in their plans, but it's not surprising that their efforts thus far have fallen short.[2] Too often, participants who remain in their DC plan are left with options—including both insurance- and capital markets-based solutions—that fall short in meeting all of retirees' key needs. DC plan sponsors that want to retain the assets of retiring participants would be well-advised to consider including in their plan lineups vehicles that seek to deliver not only a dependable stream of income but also the potential to mitigate inflation, preserve principal and promote capital appreciation. Most currently available decumulation strategies fulfill some of these at the expense of others.

Annuities. Among the provisions of the SECURE 2.0 Act enacted in late 2022 was the elimination of certain barriers impacting the availability of lifetime income annuities—insurance contracts that guarantee the owner a regular, fixed stream of income for life in exchange for an upfront premium—in qualified retirement plans like 401(k)s and IRAs. While advocates for such annuities rightfully highlight their ability to provide participants with a guaranteed income stream in retirement, we believe these products have significant shortcomings.

Perhaps chief among these is that annuities—like many insurance products—often are unprofitable for the buyer. In exchange for the peace of mind that comes with guaranteed income, a buyer of a standard "life-only" income annuity forfeits all access to the premium paid as well as to any return that capital may generate, with no residual benefits in the event of death. According to research from the Morningstar Center for Retirement & Policy Studies, the first 14 years or so of income paid on such an annuity is merely the return of the retiree's upfront premium; disbursements do not exceed the initial cost of the annuity contract—that is, generate a net gain—until year 15.[3] In short, annuities in large part provide a return of capital, not a return on capital.

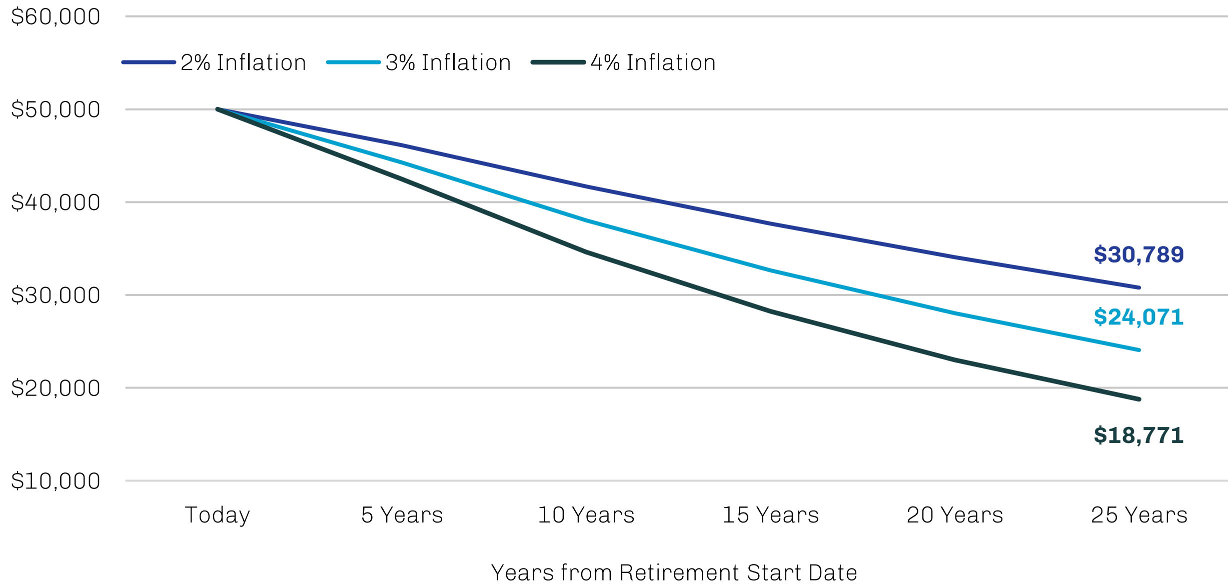
Further, the purchasing power of static annuity payments are susceptible to the deleterious impact of inflation. With the headline consumer price index (CPI) in the US spiking to a 40-year high of 9.1% in 2022 and still above the Federal Reserve's target of 2%, many retirees likely have felt the not-inconsequential sting of what some have referred to as the "silent tax" of inflation, as shown in Exhibit 1.[4] While a range of desirable features—including survivor life and inflation-linked disbursements—are available as riders to annuity contracts, they come at the cost of lower monthly income, making it even harder for a buyer to recoup their principal, short of a very long life.

1. Source: Investment Company Institute; data as of May 2023.
2. As of June 30, 2023.
3. Spencer Look, "Annuities Unveiled: A Guide to Understanding Annuities," Morningstar (December 2023).
4. Source: FactSet; data as of November 30, 2023.

It's estimated that in 25 years, $50,000 may buy as much as $30,789 buys today—even at a low inflation rate of 2%.

Exhibit 1. Inflation Is the "Silent Tax" That Erodes Buying Power

Hypothetical Impact of Inflation on $50,000



Source: First Eagle Investments; data as of March 31, 2024. **Past performance is not indicative of future results.** Charts are for illustrative purposes only.

Capital-markets solutions. Rather than annuitizing part or all of their accumulated assets, participants may choose instead to maintain exposure to the financial markets. Target-date funds are investments that participants are accustomed to due to their mutual fund structure and broad usage as DC plan offerings. Participants likely will find this option more familiar than annuities, but these commonly-employed solutions have their own issues as well.

Many target-date funds, for example, have glidepaths designed to take participants from day one on the job all the way to and through retirement, de-risking over time by reducing equity exposures in favor of greater fixed income holdings. In retirement, many of these funds tend to have risk profiles similar to retirement income funds, another popular option. Retirement income funds, also known as managed payout funds among other names, typically are actively-managed asset allocation portfolios that seek, but do not guarantee, a targeted income stream for retirees. While they look to fund income payments through their investments in stocks (especially dividend payers) and bonds, they may also dip into the fund's principal to do so.

In our view, plan participants seeking to mitigate in-retirement risks—longevity risk and inflation risk chief among them—require a more thoughtful approach to capital market risk than the above options possess. As we have previously discussed, fixed income investments are no less inherently risky than stocks. More troublingly, an allocation bias toward fixed income may limit the potential for capital appreciation. Researchers at the National Bureau of Economic Research studied optimal allocations between equity, fixed income and money market accounts for households under a range of variables, including but not limited to income risk, home ownership, medical costs, mortality risk, family dynamics and taxes. Their findings indicated that participants who lower their equity allocation to 50% in the wealth protection stage and 30-40% in the decumulation stage on average have less overall retirement wealth than participants who maintain larger equity allocations.[5]

5. Source: Victor Duarte, Julia Fonseca, Aaron S. Goodman and Jonathan A. Parker, "Simple Allocation Rules and Optimal Portfolio Choice Over the Lifecycle," National Bureau of Economic Research (April 2022).

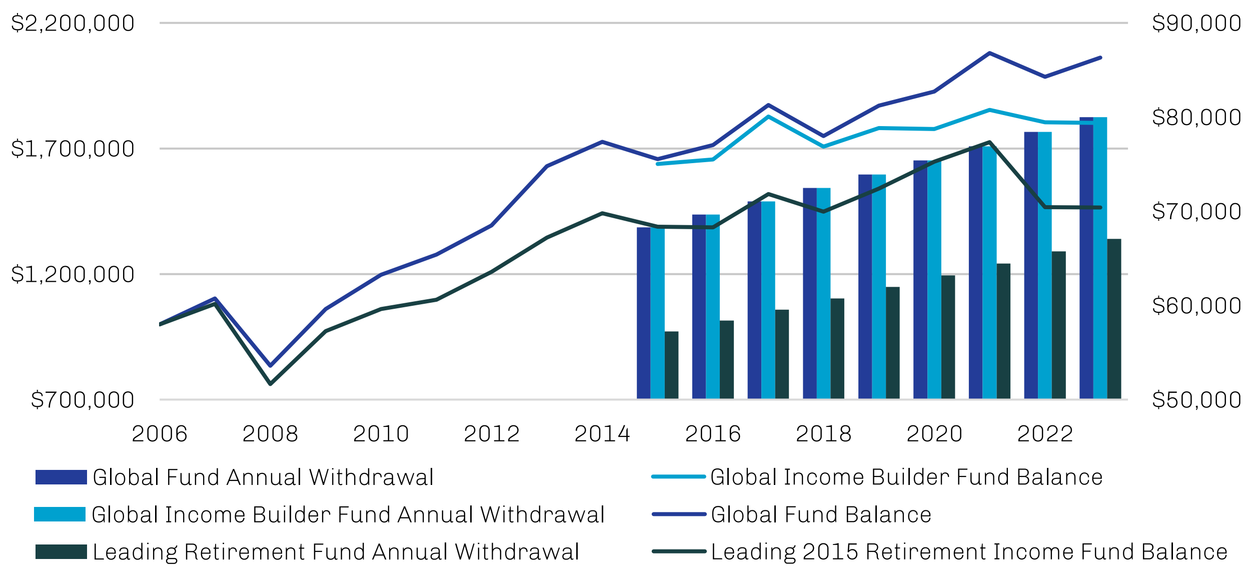
A Global Approach to Decumulation

At First Eagle, we believe the most serious risk retirees face is not short-term market volatility but rather the permanent impairment of capital. Funds managed by First Eagle's Global Value team—including First Eagle Global Income Builder Fund and Global Fund—may represent more appropriate decumulation options given their active, flexible, fundamental approach to portfolio construction and underlying emphasis on potentially mitigating volatility and downside. Notably, these vehicles may be appropriate across the retirement journey, helping participants in their goal of seeking to build wealth in the accumulation stage while providing income in the decumulation stage.

The Global Fund has maintained a high active share and outperformed major indexes as well as the leading retirement income fund across market cycles and through pronounced downturns. In Exhibit 2, we simulate the growth of hypothetical $1,000,000 investments in the Global Fund and the leading 2015 retirement income fund from January 2007 through December 2023. The assumptions are that 1) all dividends and interest are reinvested from 2007 through 2014 and 2) each participant takes an initial withdrawal of 4% beginning in January 2015 and increases that amount by 2% annually. The participant who invested in the Global Fund would have seen their account balance grow to $2.062 million over the period even as they drew approximately $666,000 in cumulative income. The retirement income fund investor, in contrast, would end the period with an account balance of $1.465 million while receiving only $558,000 in income. In other words, the Global Fund investor grew their account balance by almost $600,000 more than the retirement income fund investor while receiving almost an additional $108,000 in income.

Exhibit 2. Global Fund and Global Income Builder Fund Have Historically Outperformed the Leading 2015 Retirement Income Fund

Hypothetical Growth of $1,000,000 with Distributions Starting in 2015, January 2007 through December 2023



Source: Morningstar Direct; data as of December 31, 2023. This chart illustrates a hypothetical $1,000,000 investment in Global Fund and Global Income Builder Class I Shares. Date selected assumes purchase on January 1, 2007. Target date fund (TDFs) was designated as a QDIA option in the Pension Protection Act of 2006. The time period, January 2007 through December 2023, was chosen because since 2007, TDFs have started accumulating large amounts of assets and become the go-to 401(k) plan default fund.[6] We believe this is a meaningful time period to evaluate targeted retirement date fund's performance.

Past performance is not indicative of future results. 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. Performance information is for Class I Shares, which require $1MM minimum investment and are offered without sales charge. Performance assumes all distributions have been reinvested.

6. Plan Sponsor Council of America, 65th Annual Survey, 2022.

Also falling under the umbrella of the Global Value team at First Eagle, Global Income Builder Fund incorporates the Global Fund's flexible investment approach and emphasis on downside mitigation potential, but with increased focus on income generation and securities that can provide it, such as dividend-paying equities and fixed income. As a result, Global Income Builder has a lower annualized standard deviation of 9.28% compared to the 11.32% of the Global Fund, a risk profile that may make the fund favorable as a decumulation vehicle.[7]

Exhibit 2 also shows the same scenario with one difference: The participant who invested in Global Fund in 2007 reallocates this exposure to Global Income Builder Fund in 2015 as they enter decumulation. As shown, such a strategy could provide the participant with aggregate retirement income of $660,000 and a remaining investment balance of $1.802 million; the lower risk profile of Global Income Builder accounts for the difference in performance relative to Global Fund. This compares favorably to the leading retirement income fund, where a 4% annual withdrawal would have only generated approximately $558,000 in cumulative income with an ending balance of $1.465 million. By separating the many wants from the one true necessity—a material income stream that persists over time and holds its value in real terms—First Eagle Global Income Builder has the potential to help retirees get closer to their goals, if appropriate.

Conclusion

This focus on retirement-income solutions in plan menus is in its nascent stages. As the investment landscape, tools, services and support continue to evolve, fiduciaries should be prepared to evolve along with it, introducing sensible plan enhancements over time. We believe an effective retirement-income strategy incorporates mechanisms that not only seek to deliver a material income stream that holds its value in real terms, but also has the potential to reduce portfolio volatility, limit downside capture in challenging market environments and potentially grow the capital base over time.

For any retirement-income solution to be truly effective, however, it must be part of an end-to-end strategy that begins with an assessment of plan needs and product and platform design, prioritizes ongoing participant education, and incorporates an explicit process to ensure plan best practices evolve in line with the retirement landscape. Providing a comprehensive retirement income solution as part of the company's retirement plan investment menu may also encourage participants to retain assets in plans through retirement, maintaining economies of scale and helping manage costs for sponsors.

In our view, the addition of First Eagle Global Fund and First Eagle Global Income Builder Fund in plan lineups may be effective selections for participants across their entire retirement journey, from seeking to build wealth over the long term to providing potentially steady, reliable income that persists over time, grows principal and holds value in real terms.

7. As of December 31, 2023.

Average Annual Returns as of 31-Mar-2024

	Calendar YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Expense Ratio[1]	Inception Date
Global Fund Class A (SGENX) w/o Load	6.48%	13.37%	6.61%	8.35%	6.45%	12.35%	1.10%	1-Jan-1979[2]
Global Fund Class A (SGENX) w/ Load	1.16%	7.70%	4.81%	7.24%	5.91%	12.23%	1.10%	1-Jan-1979
Global Fund Class C (FESGX)	5.28%	11.51%	5.80%	7.53%	5.65%	9.00%	1.86%	5-Jun-2000
Global Fund Class I (SGIIX)	6.54%	13.64%	6.87%	8.62%	6.73%	9.97%	0.86%	1-Aug-1998
Global Fund Class R6 (FEGRX)	6.57%	13.74%	6.95%	8.70%	-	7.40%	0.79%	1-Mar-2017
MSCI World Index[3]	8.88%	25.11%	8.60%	12.07%	9.39%	9.80%		
Global Income Builder Fund Class A (FEBAX) w/o Load	2.68%	6.69%	4.48%	5.61%	4.51%	5.69%	1.18%	1-May-2012
Global Income Builder Fund Class A (FEBAX) w/ Load	-2.45%	1.38%	2.71%	4.54%	3.97%	5.23%	1.18%	1-May-2012
Global Income Builder Fund Class C (FEBCX)	1.49%	4.91%	3.66%	4.80%	3.71%	4.89%	1.94%	1-May-2012
Global Income Builder Fund Class I (FEBIX)	2.75%	6.94%	4.73%	5.88%	4.77%	5.95%	0.97%	1-May-2012
Global Income Builder Fund Class R6 (FEBRX)	2.77%	7.03%	4.81%	5.93%	-	5.55%	0.89%	1-Mar-2017
MSCI World Index[4]	8.88%	25.11%	8.60%	12.07%	9.39%	10.55%		
Bloomberg US Aggregate Bond Index	-0.78%	1.70%	-2.46%	0.36%	1.54%	1.51%		
Composite Index[5]	4.96%	15.32%	4.24%	7.57%	6.43%	7.09%		

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. Since inception returns based on SGENX inception.
4. Since inception returns based on FEBAX inception.
5. The composite index consists of 60% of the MSCI World Index and 40% of the Bloomberg US Aggregate Bond Index.

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 Global Fund 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 A shares "with sales charge" of First Eagle Global Income Builder reflect the maximum sales charge of 5.00%. 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.

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 obtained by visiting our website at www. firsteagle.com or calling us at 800-334-2143. Please read our prospectus carefully before investing. Investments are not FDIC insured or bank guaranteed and may lose value.

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Past performance is not indicative of future results.

Risk Disclosures

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 volatility than investments in broader equity or debt markets. Physical gold does not produce income.

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.

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

All investments involve the risk of loss.

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

Funds that invest 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.

The **Global Income Builder Fund** invests in high yield securities (commonly known as "junk bonds") which are generally considered speculative because they may be subject to greater levels of interest rate, credit (including issuer default) and liquidity risk than investment grade securities and may be subject to greater volatility. 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.

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.

Income generation and dividends are not guaranteed. All investments involve the risk of loss. If dividend paying stocks in the Global Income Builder Fund's portfolio stop paying or reduce dividends, the fund's ability to generate income will be adversely affected.

Definitions

An **annuity** is an insurance contract that exchanges present contributions for future income payments.

The **Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

A **Defined Contribution (DC) plan** is a type of retirement plan in which the employer, employee or both make contributions on a regular basis.

Distribution Phase is the stage where the accumulated funds are managed and withdrawn in ways that provide the biggest benefits and advantages to the retiree.

A **401(k) QDIA** (Qualified Default Investment Alternative) is the investment used when an employee contributes to the plan without having specified how the money should be invested.

Standard Deviation is a statistical measure of the distance a quantity is likely to be from its average value. It is applied to the annual rate of return to measure volatility.

A **Target-Date Fund (TDF)** is a fund offered by an investment company that seeks to grow assets over a specified period of time for a targeted goal. While target-date funds aim to reduce risk overtime, they—like any investment—are not risk free, even when the target date has reached. Target-date funds do not provide guaranteed income in retirement and can lose money if the stocks and bonds owned by the fund drop in value.

Morningstar Target-Date 2015 Category portfolios provide diversified exposure to stocks, bonds and cash for those investors who have a specific date in mind (in this case, the years 2011–2015) for retirement.

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

MSCI World Index measures the performance of large and midcap securities across 23 developed markets countries. The index provides total returns in US dollars with net dividends reinvested.

The **Bloomberg US Aggregate Bond Index** is an unmanaged broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS and is not available for purchase.

FEF Distributors, LLC ("FEFD") (SIPC), a limited purpose broker-dealer, distributes certain First Eagle products. FEFD does not provide services to any investor, but rather provides services to its First Eagle affiliates. As such, when FEFD presents a fund, strategy or other product to a prospective investor, FEFD and its representatives do not determine whether an investment in the fund, strategy or other product is in the best interests of, or is otherwise beneficial or suitable for, the investor. No statement by FEFD should be construed as a recommendation. Investors should exercise their own judgment and/or consult with a financial professional to determine whether it is advisable for the investor to invest in any First Eagle fund, strategy, or product.

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

First Eagle Investments is the brand name for First Eagle Investment Management, LLC and its subsidiary investment advisers.