

Overseas Equity ETF

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 trade

Market Summary

1st Quarter 2025

MSCI World Index	-1.79%
MSCI EAFE Index	+6.86%
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.

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

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.

post-Covid lows in March, with US manufacturing Purchasing Managers' Index (PMI) slipping to below 50 indicating expectations of contracting 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 political will for changes to programs so broadly popular with voters seems like an insurmountable challenge. Generating additional

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).

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

Overseas Equity ETF posted a return of 11.81% in first quarter 2025. All regions contributed to performance; developed Europe and North America were the leading contributors while emerging markets and Japan lagged. Materials, consumer staples and financials were the largest contributors among equity sectors, while information technology and real estate were the only detractors and health care also lagged. The Overseas Equity ETF outperformed the MSCI EAFE Index in the period.

Leading contributors in the First Eagle Overseas Equity ETF this quarter included Alibaba Group Holding Ltd., British American Tobacco p.l.c., Shell PLC, Wheaton Precious Metals Corp and BAE Systems plc.

Chinese technology giant Alibaba reported strong earnings during the quarter, reflecting robust e-commerce and cloud operations. With the dominant cloud infrastructure business in China, Alibaba should be positioned to benefit from Chinese investment in generative artificial intelligence (AI). Notably, Apple has selected Alibaba to develop AI features for its phones in China. Alibaba continues to invest in growing its businesses and improving operating efficiencies, even as it returns cash to shareholders through dividends and stock repurchases.

British American Tobacco (BAT) is the world’s second-largest tobacco company. Looking beyond lackluster operating results and a litigation settlement reported during the quarter, shares benefitted from investor interest in stable, cash-generative companies. Tobacco stocks in general may attract a larger investor audience given the declining emphasis on socially responsible investing. BAT has a portfolio of strong brands and is focused on returning cash to shareholders through dividends and buybacks.

Oil and gas supermajor Shell reported strong results during the quarter, highlighting cost cutting and asset efficiencies. Given its heavy exposure to liquefied natural gas, and with less exposure to spot oil prices and transportation demand, Shell should be positioned to withstand prospectively lower commodity prices. Shareholders continue to benefit from management’s solid history of returning cash to shareholders through dividends and buybacks.

Wheaton Precious Metals, a Canadian streaming and royalty company, reported record-breaking revenue for the most recent quarter, driven by production that exceeded the upper end of expectations thanks to stronger-than-expected output at the Salobo and Constancia mines

in Peru. Wheaton also guided solid production growth for the next several years. Wheaton benefits from capable management, a strong balance sheet and steady production from high-quality, low-cost mines, and—as a streamer—it has the luxury of reinvesting its robust cash flows only as attractive opportunities emerge.

BAE Systems is the largest defense contractor in the UK. The company is well positioned to benefit from prospectively easier fiscal policies in Europe as countries seek to increase their defense spending in the face of uncertain military support from the US. BAE's long-term government contracts generate recurring revenues and provide cyclical resilience.

The leading detractors in the quarter were Taiwan Semiconductor Manufacturing Co., Ltd., Diageo plc, Henkel AG & Co. KGaA Pref, Bakkafrøst P/F and AIA Group Limited.

Taiwan Semiconductor is the world's largest semiconductor foundry, and includes Nvidia, Broadcom, Intel, Advanced Micro Devices and Apple among its clients. As a primary manufacturer of advanced chips used in generative artificial intelligence, the company has seen continued strong sales in this category. However, its stock traded down due to concerns about the potential impact of tariffs on its business. The company has made significant efforts in recent years to diversify its manufacturing base geographically and recently announced plans to increase its manufacturing capacity in the US.

Domiciled in the UK, Diageo is a multinational alcoholic beverage company with a portfolio of brands, including Guinness, Johnnie Walker and Smirnoff. While alcohol sales surged during the lockdown of Covid-19, the subsequent decline of at-home consumption has weighed on the performance of Diageo. Concerns about the impact of tariffs were also a headwind during the quarter, as nearly half of the company's US sales are imports from Mexico and Canada. We remain constructive on Diageo given its unique portfolio of brands, diverse geographic footprint and focus on premium spirits.

German chemical company Henkel maintains leading global positions across both its industrial (adhesives) and consumer businesses (beauty care, laundry and home care). The company is experiencing weakness in both its industrial- and consumer-end markets and provided lower-than-expected sales guidance. During the quarter, the company announced the divestment of its North American private label business as it optimizes its portfolio to focus on businesses with better pricing power.

Bakkafrøst is the third-largest fish-farming company in the world. The company operates vertically integrated salmon farms, primarily in the Faroe Islands, spanning from feed and smolt production—the stage in which salmon are ready to transition to the sea—to slaughter and processing. Higher harvest volumes across the industry and weakening consumer demand weighed on both salmon prices and the shares of Bakkafrøst during the quarter, as did concerns about potential tariffs on US imports. In our view, Bakkafrøst is well positioned to benefit from longer-term growth in global seafood consumption and is insulated by the structural constraints on salmon farming.

AIA Group offers a range of insurance products and financial services in southeast Asia, with an emphasis on life insurance. The stock traded lower with the onset of local market weakness and volatility near the end of the quarter. AIA's highly productive distribution network—with agents who are deeply embedded in their local communities and emphasize in-person client meetings—continues to recover from the disruption caused by the Covid-19 pandemic. We also like AIA's investments in digital platforms as well as its commitment to returning cash to shareholders through dividends and stock buybacks.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Average Annual Returns

Data as of 31-Mar-2025

	Calendar YTD	Inception	Gross Expense Ratio ¹	Fund Inception Date
First Eagle Overseas Equity ETF (FEOE) NAV	11.81%	11.89%	0.79%	Dec 19, 2024
First Eagle Overseas Equity ETF (FEOE) Market	12.15%	12.60%	0.79%	Dec 19, 2024
MSCI EAFE Index	6.86%	7.57%		

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.

1. First Eagle Investment Management, LLC (the "Adviser") has contractually agreed to waive and/or reimburse certain fees and expenses so that the total annual fund operating expenses (excluding Acquired Fund Fees and Expenses ("AFFE"), brokerage commissions, extraordinary items, interest or taxes) ("annual operating expenses") is limited to 0.50% of the Fund's average daily net assets. These contractual limitations are in effect until December 31, 2025, and may not be terminated prior to that date without the approval of the Board of Trustees (the "Board") of The RBB Fund Trust (the "Trust").

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

Risks

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. **ETFs are subject to additional risks** that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a premium or discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact an ETF's ability to sell its shares. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the ETF. Brokerage commissions will reduce returns.

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 total value of all 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 Overseas Equity ETF as of 31-Mar-2025: Alibaba Group Holding Ltd. 2.34%; British American Tobacco p.l.c. 3.95%; Shell PLC 3.83%; Wheaton Precious Metals Corp 2.54%; BAE Systems plc 2.43%; Taiwan Semiconductor Manufacturing Co., Ltd. 1.75%; Diageo plc 2.32%; Henkel AG & Co. KGaA Pref 1.24%; Bakkafrøst P/F 0.54%; AIA Group Limited 0.79%.

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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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