Gold Fund

Market Overview

After closing 2023 at an all-time nominal high 0f around $2,078 per ounce, gold traded sideways for the first two months of the new year before breaking sharply higher in March.[1]

Notably, gold's late-quarter rally occurred even as nominal and real interest rates trended higher on tempered expectations for Federal Reserve rate cuts in 2024. Gold's resilience suggests to us that other demand factors—central bank buying, perhaps most notably—likely exerted a strong influence on prices during the quarter and underscored the value we place on strategic exposure to the metal. For the first quarter as a whole, the spot price of gold gained 8.1%, while silver advanced 4.9%. The FTSE Gold Mines Index finished 2.18% lower.[2]

Gold Sets New Nominal High Despite the Headwind of Higher Real Rates

We've noted previously that gold's inverse relationship with real interest rates—i.e., the difference between the nominal interest rate and the expected rate of inflation—historically has been the most important driver of its price movements over time. As such, gold market dynamics during first quarter 2024 might seem a bit peculiar.

Signs of increasing Federal Reserve dovishness in late 2023 fueled expectations that the central bank would cut its policy rate aggressively in 2024, which pulled down nominal and real interest rates, weakened the US dollar and sparked a sharp year-end rally in the gold price. These rate-cut expectations dimmed somewhat during the first quarter, however, as a combination of robust economic activity and stubborn but manageable inflation bolstered hopes that a soft landing was not only possible but also likely and would require only limited additional policy intervention to achieve. Futures traders recalibrated their outlook for the number and magnitude of 2024 cuts, moving from six cuts totaling 150 basis points in January to only three cuts for 75 basis points by early April.[3]

The renewed higher-for-longer bias prompted a rebound in nominal Treasury rates across the yield curve, and real rates—as represented by the yield on 10-year US Treasury inflation-protected securities (TIPS)—followed suit, gaining about 16 basis points over the period. Not a massive move, but also not one likely to fuel a rally in gold. Similarly, the US dollar, which also has been negatively correlated with the price of gold over the long term, strengthened over the quarter as traders unwound their rate cut bets. Despite these seeming headwinds, the gold price, after bouncing around in a trading range for most of January and February, broke sharply higher in March, rallying more than 8% over the month to finish at an all-time nominal high above $2,200.[4]

Market Summary	1st Quarter 2024
FTSE Gold Mines Index	-2.18%
MSCI World Index	+8.88%
S&P 500 Index	+10.56%
German DAX Index	+10.39%
French CAC 40 Index	+9.04%
Nikkei 225 Index	+21.54%
Brent Crude Oil	+13.55% $87.48 a barrel
Gold	+8.09% $2,229.87 an ounce
US Dollar	+7.35% vs. yen +2.28% vs. euro

Source: Bloomberg, WM/Reuters.

The Many Facets of Gold

Despite the strong gravitational pull of real rates, there are numerous factors that can impact movements in the gold price, particularly over the short term. While gold's decoupling from real interest rates was particularly stark during the first quarter, the metal's resilience throughout the current rate-hike cycle suggests to us that one or more of these other influences may be playing a consistent role.

It's been our experience that the gold market sometimes serves as the metaphorical canary in the coalmine, sussing out potential dangers before they manifest in asset prices more broadly. Such dangers are plentiful in today's environment. The massive accumulation of debt by governments worldwide, for example, may support increased interest in an asset like gold with a track record as a potential hedge against currency debasement. Investors interested in potential "safe havens" in uncertain times, meanwhile, have ample reasons to consider gold amid a geopolitical backdrop—from Russia/Ukraine to the Middle East to China—that continues to deteriorate. And with federal elections scheduled in more than 70 countries during 2024, including in the US, local politics also may spawn unforeseen policy shifts.[5]

1. Source: World Gold Council; data as of January 8, 2024.
2. Source: Bloomberg, FTSE Russell; data as of December 31, 2023.
3. Source: Bloomberg World Interest Rate Probabilities; data as of April 3, 2024.
4. Source: World Gold Council; data as of April 9, 2024.
5. Source: The Economist; data as of November 13, 2023.

Perhaps in reaction to these issues, demand from global central banks has been a key source of support for the gold price in recent years. At 1,037 tonnes, net purchases of gold by central banks in 2023 was second only to 2022's record level of 1,082 tonnes.[6] Buying has continued to be strong in 2024, with central banks adding an additional 64 tonnes to their coffers year-to-date through February. Notably, emerging market central banks have been the primary buyers, led by the People's Bank of China, which has added to its gold reserves for 16 consecutive months.

In contrast with central banks, financial buyers have been more reticent to increase their exposure to gold. Globally, physically backed gold ETFs, which capture investment demand from both institutional and individual investors, have seen outflows for 10 consecutive months. Flows have varied by region during this period, however, with Asia seeing consistent inflows, Europe consistent outflows and North America fluctuating between the two.[7] Moribund investor demand may help explain the large dispersion in performance between gold bullion and gold stocks during the quarter.

Surprise, Surprise, Surprise

While a Fed pivot toward accommodative monetary policy this year could potentially support further gains in the gold price, the hot US inflation print released in early April is a good reminder of why we don't try to forecast the future price of gold or invest in it tactically. At 3.5% on a headline basis, March CPI was above expectations and potentially may derail already-tempered expectations for 2024 rate cuts.

Expectations of Fed policy have oscillated wildly over the past decade, and we would not be surprised to see market sentiment continue to ebb and flow reactively. Meanwhile, other potentially more dangerous hazards lurk, and we believe that a consistent, strategic exposure to gold and gold-related equities may be a potential hedge against a wide range of unpredictable events and extreme outcomes.

6. Source: World Gold Council; data as of October 4, 2023.
7. Source: World Gold Council; data as of March 31, 2024.

Portfolio Review

Gold Fund A Shares (without sales charge*) posted a return of 0.42% in first quarter 2024. Gold bullion contributed to performance, while gold-related equities detracted. The Gold Fund outperformed the FTSE Gold Mines Index in the period.

Leading contributors in the First Eagle Gold Fund this quarter included AngloGold Ashanti Limited, Dundee Precious Metals Inc., gold bullion, Agnico Eagle Mines Limited and Alamos Gold Inc..

AngloGold Ashanti is a senior gold producer with a diverse portfolio of operations and projects. The company has been executing well on its plan to improve its cost structure, particularly in labor, and it met its production and cost goals for its most recent fiscal year. In 2023, AngloGold redomiciled to be headquartered and listed in the US (from South Africa), which is expected to provide the company better access to institutional investors in developed markets. In addition, it recently reported what it believes to be the biggest greenfield gold discovery in the US in more than a decade at its North Bullfrog site in Nevada. We continue to like AngloGold's portfolio of assets and its long-term fundamentals.

Dundee Precious Metals is a junior miner headquartered in Toronto with assets in Bulgaria, Serbia and Ecuador. The company has been executing well and reported results in line with its production and cost guidance for its most recent fiscal year. Dundee's proposed acquisition of Canadian gold exploration and development company Osino Resources fell through in February after Osino received a favorable offer, but we were impressed by management's capital discipline in declining to submit a counteroffer. The firm also announced the sale of its smelter in Namibia during the period, which will add cash to its already solid balance sheet. We continue to view Dundee as a high-quality operator with strong cash flow generation and a history of returning it to shareholders through dividends and stock repurchases.

The factors driving the performance of gold bullion during the quarter were discussed in detail in the Market Overview section of this report.

The leading detractors in the quarter were Newmont Corporation, Wheaton Precious Metals Corp, NovaGold Resources Inc., B2Gold Corp. and Barrick Gold Corporation.

Newmont is one of the world's largest gold miners and also a major producer of silver. Newmont's acquisition of Newcrest Mining closed in November 2023, and management's inaugural guidance for the combined company underwhelmed on multiple fronts, including softer production guidance, extended mine development schedules, higher-than-anticipated capex, asset write-downs and a reduced dividend. That said, we remain constructive on Newmont's strong fundamentals and long-term prospects, and the company reiterated its plan to focus on long-life, low-cost Tier 1 reserves in good jurisdictions while divesting lower-quality assets. With prospective proceeds from future asset sales, Newmont appears intent on returning capital to shareholders through buybacks and dividends.

Wheaton is a Canadian precious metals streaming and royalty company. The company reported results in line with market expectations for 2023 but reduced somewhat its forward guidance for gold production in 2024, partially due to changes in mining sequence at the Salobo mine in Brazil operated by Vale. In our view, Wheaton remains an attractive investment: a well-run company with a robust balance sheet and exposure to production from high-quality, low-cost mines.

NovaGold is a development company domiciled in Canada with a single asset: the Donlin Gold project in remote Alaska, a 50/50 joint venture with Barrick Gold. While studies for the project are progressing, we remain constructive on NovaGold's prospects. Donlin is a large, high-quality asset with a long projected life, located in a favorable jurisdiction, held in partnership with an experienced operator.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

* 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.

Average Annual Returns as of Mar 31, 2024

				YTD	1 Year	5 Years	10 Years	Expense Ratio*
First Eagle Gold Fund	Class A	without sales charge	SGGDX	0.42%	-3.05%	10.33%	4.23%	1.19%
First Eagle Gold Fund	Class A	with sales charge	SGGDX	-4.62%	-7.89%	9.21%	3.69%	1.19%
FTSE Gold Mines Index				-2.18%	-3.76%	5.22%	2.42%	

The performance data quoted herein represent past performance and do 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 are available at www.firsteagle.com. Investments are not FDIC insured or bank guaranteed and may lose value. The average annual returns for Class A Shares "with sales charge" or "w/load" of First Eagle Gold Fund give effect to the deduction of the maximum sales charge of 3.75% for periods prior to 1-Mar-2000 and of 5.00% thereafter.

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

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

The **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.

Treasury Inflation-Protected Securities (TIPS) are a type of US Treasury security whose principal value is indexed to the rate of inflation. The principal of a TIPS increases with inflation and decreases with deflation, as measured by the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U).

Exchange-traded funds (ETFs) are a basket of securities that tracks an underlying index. ETFs can contain investments such as stocks and bonds.

Risk Disclosures

All investments involve the risk of loss of principal.

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 securities across 23 developed markets countries. The index provides total returns in US dollars with net dividends reinvested. 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 the shares of companies whose principal activity is the mining of gold and encompasses all gold mining companies 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 in the worldwide market. A Price Return Index only measures price changes. **Consumer Price Index (CPI)** measures the average change over time in prices paid by US consumers for a specific basket of goods and services. The core version of this index excludes more volatile food and energy prices. A Price Return Index only measures price changes. **S&P 500 Index** (Gross/Total) is a widely recognized unmanaged index including a representative sample of 500 leading companies in leading sectors of the US economy. Although the S&P 500 Index focuses on the large cap segment of the market, with approximately 80% coverage of US equities, it is also considered a proxy for the total market. The S&P 500 Index includes dividends reinvested. A total return index tracks price changes and reinvestment of distribution income. **Nikkei 225** is an unmanaged price-weighted equity index, which consists of 225 stocks in the first section of the Tokyo Stock Exchange. German **DAX® Index** is unmanaged and tracks the segment of the largest and most important companies—known as blue chips—on the German equities market. It contains the shares of the 30 largest and most liquid companies admitted to the FWB® Frankfurt Stock Exchange in the Prime Standard segment. The DAX represents about 80% of the aggregated prime standard's market cap. The French **CAC 40** is an unmanaged market index designed to reflect the evolution of the Euronext Paris market. It is made up of the 40 highest ranking shares listed on the Paris market, according to criteria based on free float market capitalization and trading volume. The index is reviewed and adjusted every quarter in order to take into account changes concerning the size and the volume of the constituent companies.

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-Mar-2024: AngloGold Ashanti Limited 4.33%; Dundee Precious Metals Inc. 2.19%; gold bullion 14.71%; Agnico Eagle Mines Limited 5.57%; Alamos Gold Inc. 5.50%; Newmont Corporation 4.48%; Wheaton Precious Metals Corp 14.19%; NovaGold Resources Inc. 2.39%; B2Gold Corp. 3.14%; Barrick Gold Corporation 13.86%.

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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Investors should consider investment objectives, risks, charges and expenses carefully before investing. The prospectus and summary prospectus contain this and other information about the Funds and may be viewed at www.firsteagle.com. You may also request printed copies by calling us at 800-747-2008. Please read our prospectus carefully before investing.

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