U.S. Value Fund

Market Overview

Risk appetites remained unsated in the first quarter even as markets tempered their expectations for the number and magnitude of Federal Reserve rate cuts in 2024.

A combination of robust economic growth and stubborn but manageable inflation appeared to bolster hopes that a soft landing was not only possible but also likely and would require only limited additional policy intervention to achieve. The S&P 500 Index returned 10.6% in the first quarter, while the MSCI World Index gained 8.9%.[1] Growth continued to outpace value.

Market Summary	1st Quarter 2024
S&P 500 Index	+11.69%
German DAX Index	+8.87%
French CAC 40 Index	+5.93%
Nikkei 225 Index	+5.23%
Brent Crude Oil	-19.17% $77.04 a barrel
Gold	+11.60% $2,062.98 an ounce
US Dollar	-5.53% vs. yen -4.16% vs. euro

Source: Bloomberg, WM/Reuters.

Catch My Drift

Among the more curious developments in first quarter 2024 was the concurrent new highs established by both equity markets and gold prices despite the persistence of interest rates—both nominal and real—at levels not seen since before the global financial crisis. High interest rates generally would be expected to weigh on equity valuation multiples, while the price of gold historically has been inversely related to changes in the real interest rate.

We think a fundamental shift to a higher rate of nominal drift in the world economy may be the most plausible explanation for the combination of high stock prices, high gold prices and low Treasury prices we see today. The world's largest economies—including the US, China, the euro zone, Japan and India—have been growing their stocks of government debt at a fairly rapid rate, continuing to run primary deficits even as mounting interest expenses drive total debt burdens still higher. The stimulative impact of this spending appears to have buoyed activity in general, with everything from equities and gold to wage growth (4.7% in the March reading of the Atlanta Fed's Wage Growth Tracker[2]) and corporate earnings and revenues (forecast at 10.9% and 5.1%, respectively, for S&P 500 companies in 2024[3]) being marked higher.

While the loose financial conditions that have resulted from ongoing deficit spending appear to have promoted economic resilience in the face of a higher cost of capital, they also are complicating the Federal Reserve's efforts to fully rein in inflation. The hot inflation print released in early April was a good reminder of the ongoing push-pull between fiscal and monetary policies. At 3.5% on a headline basis, the March consumer price index (CPI) was above expectations and may derail the 2024 rate cuts that both the market and the Fed appear to want. Interest expenses on the country's massive debt pile will continue to increase as lower-yield bonds roll off and are replaced at contemporary rates, creating a whole other set of problems for the country.

The challenging fiscal picture in the US brings to mind what we refer to internally as the "India paradox." Typically, high interest rates—and thus high discount rates—could be expected to weigh on equity market valuation multiples. Not so in India. Despite a 10-year government bond yield that has averaged more than 7% since 2014, the MSCI India Index has delivered an annualized return of 13.6% over the past decade and trades at a trailing price-to-earnings (P/E) ratio of 26.2x as of the end of March. For comparison, the MSCI USA Index also trades at a P/E ratio of 26.2 and has a 10-year annualized return of 12.9% in an environment of 2.4% 10-year Treasury yields.[4] While this confluence of high interest rates and high multiples in India may seem illogical at first glance, it seems less so if you consider the stimulative impact that deficit spending has had on the country's nominal economic growth, which has averaged around 10.2% since 2014 (including the Covid-related contraction in 2020)—well in excess of long-term interest rates.[5]

Without a primary deficit—as was the tendency in US budgets from World War II through 2000—nominal drift is driven solely by interest

1. Source: FactSet; data as of March 31, 2024.
2. Source: Current Population Survey, Bureau of Labor Statistics, Federal Reserve Bank of Atlanta; data as of April 10, 2024.
3. Source: FactSet; data as of April 5, 2024.
4. Source: Organization for Economic Co-Operation and Development, MSCI; data as of March 31, 2024.
5. Source: Organization for Economic Co-Operation and Development; data as of March 31, 2024.

rates and assets are priced at a risk premium to that. Primary deficits can fuel levels of nominal drift in excess of prevailing interest rates, often to the particular benefit of certain sectors and companies that serve as claims on nominal growth and whose performance patterns tend to drift in concert with it. This tendency has been quite evident in India, for example, where there are a number of large consumer staples businesses whose exposures to nominal economic drift may represent a very attractive risk premium relative to Indian sovereign debt despite the high valuation multiples that they command.

Nominal drift may also explain the persistent success of certain names in the US tech space, where multiples continue to expand for companies viewed as "staples" in today's high-tech world. It's reasonable to think that the persistence of higher levels of nominal drift in developed markets ultimately may result in multiple expansion for businesses well-positioned to benefit from it. Like in India, this may include traditional consumer staples companies, whose modest valuation multiples in developed exchanges imply a low-risk claim on nominal drift.

Gold Surges Despite Headwinds

Tumultuous geopolitical conditions continue to feed into the investment environment from the top down, even without the emergence of a truly global conflagration. Deteriorating global relations have prompted ever-rising defense budgets across the developed world, for example, contributing to the deficit spending and nominal drift we mentioned above. They're promoting a risk premium in oil prices, while supporting better-than-expected demand and sticky supply levels. And they also may be a key factor behind gold's resilience in the first quarter and throughout the current rate-hike cycle.

Despite the seeming headwinds of higher real interest rates and a stronger dollar, the gold price broke sharply higher in March, rallying more than 8% over the month to finish at an all-time nominal high above $2,200.[6] 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. Global central banks, perhaps themselves extra-sensitive to these dangers, have been massive buyers of gold in recent years, which has helped support the metal's price. 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; buying has continued to be strong in 2024, with central banks adding an additional 64 tonnes to their coffers year to date through February.[7] Notably, emerging market central banks have been the primary buyers, led by the People's Bank of China, which has upped its gold reserves for 16 consecutive months.

The Price of Resilience

For some time now, assets promising growth have been assigned premium valuations, suggesting a low level of risk aversion in the markets. Should the environment become more complex—if the soft-landing scenario fails to play out, or sovereign debt concerns promote a broad repricing of government paper, or if any one of the global military hotspots ignites into broader conflict—the market may start to value potential resilience over expected growth. This is not as strange as it seems; in the mid to late 1990s, companies as straightforward as Coca-Cola and Clorox, for example, were trading at earnings multiples of 50x or more.[8] Resilience has traded at a premium in the past, and there's no reason to believe it won't do so again under the right circumstances.

6. Source: World Gold Council; data as of April 9, 2024.
7. Source: World Gold Council; data as of October 4, 2023.
8. Source: FactSet; data as of March 31, 2024.

Portfolio Review

U.S. Value Fund A Shares (without sales charge*) posted a return of 7.93% in first quarter 2024. Communication services, health care and financials were the largest contributors among equity sectors; real estate, consumer discretionary and industrials were flat. The US Value Fund underperformed the S&P 500 Index in the period.

Leading contributors in the First Eagle U.S. Value Fund this quarter included Meta Platforms, Inc. Class A, gold bullion, HCA Healthcare Inc., Oracle Corporation and Exxon Mobil Corporation.

In recent years, Meta Platforms—the parent company of Facebook, Instagram and WhatsApp, among other social-media platforms—has transformed the narrative around its business from social network to content engine/e-commerce concerns. The company reported strong top-and bottom- line results for the most-recent quarter; notably, its Reels video service—viewable on both Facebook and Instagram—is benefiting as advertisers diversify away from TikTok. The company remains committed to expense control and profitability, and also initiated a dividend during the quarter.

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

HCA Healthcare is the largest for-profit hospital operator in the US. The company continues to make progress on its recovery from disruptions caused by the Covid-19 pandemic and has seen normalization in its patient volumes, labor expenses and nursing shortages. HCA reported better-than-expected results for its most recent quarter, and we maintain our positive opinion on the ability of HCA's management to be effective stewards of both the balance sheet and business operations.

Oracle is one of the world's largest independent enterprise software companies. Oracle's cloud infrastructure business is growing rapidly and its remaining performance obligations embed a similar rate of growth. Oracle's co-location of a database platform with Microsoft enables Azure/Microsoft customers to use Oracle's databases as they migrate to the cloud. Continued progress integrating the Cerner acquisition may be an additional tailwind for Oracle.

Integrated oil and gas giant Exxon Mobil reported strong results for its most recent quarter. While the company's top-line results were supported by high oil prices, its production efficiencies and cost controls have contributed to better profitability and significant free cash flow generation. We continue to view Exxon as a high-quality operator with strong capital discipline, an attractive portfolio of durable assets and a commitment to returning cash to shareholders.

The leading detractors in the quarter were IPG Photonics Corporation, C.H. Robinson Worldwide, Inc., Newmont Corporation, NOV Inc. and Dentsply Sirona, Inc.

IPG Photonics is a leader in fiber laser technology with applications across a wide range of end users in the industrial, semiconductor, medical and defense fields. Cyclical exposure to China pressured sales during the quarter, especially to solar customers as they manage inventories. We remain constructive on the shares. Emerging markets other than China remain strong, and sales and market share for handheld welders are increasing in the US. The company may deploy net cash to buy back stock.

C.H. Robinson is the largest freight broker in North America, linking transportation providers to businesses across industries. Profits declined during the quarter on both lower truckload volumes and pricing. C.H. Robinson's fundamental business remains structurally sound, enhanced by management's focus on expense control.

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.

Texas-based NOV is a manufacturer of complex rig equipment for higher-cost extraction settings, such as deep-water oil fields, and also supplies capital equipment used in offshore windfarms. The company reported weaker-than-expected results for its North American business, however its offshore and international segments remain strong. Management also announced plans to divest some assets and redeploy capital in higher-growth segments, such as electrical submersible pumps. We continue to expect to NOV to benefit from increased—and long-deferred—capital spending by the major and national oil companies.

Dentsply Sirona is the world's largest manufacturer of professional dental products and technologies, including consumables, instruments and equipment. Sales of larger-ticket equipment requiring financing have been pressured by higher interest rates. We remain optimistic on management's ability to realize structural benefits from the 2016 merger between Dentsply and Sirona that created the company, even as the synergies have been slow to materialize.

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 U.S. Value Fund	Class A	without sales charge	FEVAX	7.93%	18.18%	9.72%	7.89%	1.16%
First Eagle U.S. Value Fund	Class A	with sales charge	FEVAX	2.55%	12.26%	8.61%	7.33%	1.16%
S&P 500 Index				10.56%	29.88%	15.05%	12.96%	

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 U.S. Value Fund give effect to the deduction of the maximum sales charge of 5.00%.

*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. **Atlanta Fed's Wage Growth Tracker** is a three-month moving average of median wage growth based on hourly data. **US Treasury securities** are investments that are backed by the full faith and credit of the US government. The **price-to-earnings ratio (P/E ratio) i**s a valuation ratio of a company's current share price compared to the earnings per share. Generally, a high P/E ratio means that investors are anticipating higher growth in the future.

Risk Disclosures

All investments involve the risk of loss of principal.

Investment in gold and gold-related investments present certain risks, and returns on gold related investments have traditionally been more volatile than investments in broader equity or debt markets.

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.

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. **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. **MSCI USA Index** (Gross/Total) is designed to measure the performance of the large and mid cap segments of the US market. With 627 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US. A total return index tracks price changes and reinvestment of distribution income. The **MSCI India Index** (Gross/Total) is designed to measure the performance of the large and mid cap segments of the Indian market. With 136 constituents, the index covers approximately 85% of the Indian equity universe. **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 U.S. Value Fund as of 31-Mar-2024: Meta Platforms, Inc. Class A 3.55%; gold bullion 12.30%; HCA Healthcare Inc. 4.01%; Oracle Corporation 3.61%; Exxon Mobil Corporation 2.82%; IPG Photonics Corporation 1.24%; C.H. Robinson Worldwide, Inc. 2.11%; Newmont Corporation 0.76%; NOV Inc. 1.49%; Dentsply Sirona, Inc 0.90%.

The commentary represents the opinion of the Global Value team as of the date noted. The opinions expressed are not necessarily those of the 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 views expressed herein may change at any time subsequent to the date of issue hereof. The information provided is not to be construed as a recommendation to buy, hold or sell or the solicitation or an offer to buy or sell any fund or security.

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.

The opinions expressed are not necessarily those of the 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 views expressed herein may change at any time subsequent to the date of issue hereof.

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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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