Global Income Builder Fund

Market Overview

The rebound of beleaguered technology stocks—which were among the hardest hit during last year's equity market selloff—continued to make headlines during second quarter 2023.

Enamored with the potential of generative artificial intelligence (AI), investors focused their buying attention primarily on a narrow cohort of megacap growth companies with some connection to the burgeoning technology.

Most broad indexes came along for the ride; for example, the S&P 500 Index and MSCI World Index posted their third consecutive quarters of gains, returning 8.7% and 6.8%, respectively. While growth continued to outperform value during the second quarter, the spread between the two styles was far less extreme than it was in the first, as markets slowly began to accept the Federal Reserve's longstanding contention that policy rates likely would be higher for longer. This acceptance drove interest rates higher across the curve, to the detriment of longer-duration securities. The Bloomberg Global Aggregate Bond Index lost 0.8%, while the Bloomberg US Corporate High Yield Index posted a return of 1.7%.[1]

Market Summary	2nd Quarter 2023
Bloomberg US Aggregate Bond Index	-0.84%
Bloomberg US Corporate High Yield Index	+1.75%
MSCI World Index	+6.83%
S&P 500 Index	+8.74%
German DAX Index	+3.32%
French CAC 40 Index	+3.54%
Nikkei 225 Index	+18.54%
Brent Crude Oil	-6.11% $74.90 a barrel
Gold	-2.54% $1,919.35 an ounce
US Dollar	+8.60% vs. yen -0.42% vs. euro

Source: Bloomberg, WM/Reuters.

Markets Are Sending Mixed Signals

While the excitement around the AI narrative helped boost US equity markets to varying degrees, a paradox seemed to emerge under the upbeat sheen. Even though the Fed has raised rates considerably over the past year-plus, financial conditions haven't actually tightened all that much thanks to ongoing fiscal expansion, and equity and fixed income markets seem to have fallen out of sync as a result.

Equity markets appear to be pricing in a soft landing. The year-to-date rally in the S&P 500 Index brought its P/E ratio back up to around 20x, while implied volatility receded to pre-Covid levels. In contrast, fixed income markets are flashing warning signs. The yield on two-year Treasuries backed up to the 5% level that preceded March's bank failures, further inverting the yield curve, while measures of interest rate volatility remained elevated.[2] At the same time, capital is being rationed within certain parts of the economy; leveraged credit new issuance continues to be muted, and bank-lending standards have tightened to levels consistent with recession.[3]

While fixed income markets generally had seemed to coalesce around the "higher for longer" narrative toward the end of the first quarter, mid-March's bank failures called into question the Fed's willingness to follow through on this strategy amid such systemic fragility, pulling rates lower across the curve. While this notion dominated market action for the next several weeks, rate sentiment began to shift with the Fed's May 2-3 policy meeting. Though the 25 basis point increase, which brought the federal funds rate target to 5–5.25%, was dubbed by some as a "dovish hike" given the messaging that accompanied it, rhetoric from Fed officials in the days and weeks that followed made it clear there was still work to be done in the fight against inflation. This was amplified at the central bank's mid-June meeting; though the fed funds rate was left untouched, many considered this a "hawkish pause" in light of Powell's comments and the release of a new dot plot showing rates peaking at 5.6% later this year.

Additional hikes would not come as a surprise; while headline inflation in the US has improved markedly on the back of falling energy and food costs, core inflation remains sticky, reflecting resilient economic activity and a still-strong labor market. These dynamics are not unique to the US; the global manufacturing purchasing managers' index dipped into contraction several months ago, but a buoyant service sector—marked by tight labor markets—has kept composite output positive.[4] A number of major central banks outside the Fed have maintained a hawkish bias as a result; in June, for example, central banks overseeing seven of the nine most traded currencies outside the US dollar raised policy rates.[5]

1. Source: FactSet; data as of June 30, 2023.
2. Source: FactSet; data as of June 30, 2023.
3. Source: Federal Reserve; data as of June 30, 2023.
4. Source: S&P Global; data as of July 3, 2023.
5. Source: Reuters; data as of July 4, 2023.

Notably absent from this cohort of tightening banks were the central banks of Latin America, nearly all of which are now on hold and biased toward cutting rates. Having acted early and decisively in early 2021 to raise interest rates, these economies are benefitting from declining inflation. Their currencies are benefitted from positive nominal and real rate carry; the region is home to five of the world's eight best performing currencies during first half 2023.[6] In addition, concerns that the leftward political shift in the region over the past few years would bring about a populist overhaul have abated, as the most-feared policy outcomes of this "new pink tide" failed to come to fruition.[7] Certain countries also have been outsized beneficiaries of the re-domiciling of manufacturing capacity alongside the rise of protectionism and pandemic-era disruptions to supply chains.

Taking Advantage Opportunistically but Deliberately

Markets have been quite asynchronous among asset classes, sectors and regions, currency effects in some cases have amplified these divergences. In this transitional type of environment, we are looking to leverage the portfolio's flexible investment mandate to construct a portfolio we believe is well-suited to provide meaningful and sustainable income along with downside mitigation.

Our flexible mandate allows us to move into markets opportunistically—but deliberately—when we see value. For example, while fixed income held little appeal to us for several years, higher interest rates and shifting dynamics have revealed broad potential in the space, from Treasuries and TIPS to local- and hard-currency sovereigns to corporate credit. We're looking at the market for broadly syndicated loans, where low new issuance and secondary volumes have challenged price discovery and potentially opened a door for experienced investors. Within equities, certain mature, dividend-paying businesses left behind in the AI frenzy appear particularly cheap, including names in health care, real estate and regional banks. And we continue to hold gold-related securities as a potential hedge against a range of adverse market developments, including elevated sovereign risk.

6. Source: Bloomberg; June 23, 2023.
7. Source: Wilson Center; January 6, 2023.

Portfolio Review

Global Income Builder Fund A Shares (without sales charge*) posted a return of 1.42% in second quarter 2023. As of June 30, 2023, the Fund's equity allocation was 62.37%, comprising 37.95% international stocks and 24.42% US stocks. The Fund's 24.03% bond allocation included 15.00% in investment grade issues. The Global Income Builder Fund underperformed the composite index in the period.

Leading contributors in the First Eagle Global Income Builder Fund this quarter included Magellan Midstream Partners, L.P., Fomento Economico Mexicano SAB de CV Sponsored ADR Class B, and HCA Healthcare Inc. Leading fixed income contributors included Government of Mexico 8.0%, due 12/7/2023, Government of Mexico 5.75%, due 3/5/2026, and Government of Brazil 10.0%, due 1/1/2025,

Magellan transports, stores and distributes refined petroleum products and crude oil throughout the mid-continent region of the US. Shares of Magellan performed well after the company announced that it had entered into an agreement to be acquired by Oneok at a premium to its current price. Oneok is also a US midstream service provider, but with a focus on natural gas liquids. The transaction remains subject to shareholder approval.

Fomento Economico Mexicano SAB de CV (FEMSA) is a multinational beverage and retail company headquartered in Mexico. The company maintains a collection of quality assets, including a 47% stake in Coca-Cola FEMSA, the largest franchise bottler of Coke in the world, and 100% ownership of OXXO, the largest convenience-store chain in Mexico and Latin America. FEMSA has made good progress on its strategic growth initiative to expand its bottling, retail and digital businesses while divesting its beer business and other non-core assets and reducing debt. The company divested its minority investment in Heineken and entered into an agreement to sell its minority stake in Jetro Restaurant Depot, a wholesale food service supplier.

Shares of HCA Healthcare, the largest for-profit US hospital operator, performed well as the company continued to recover from pandemic-related disruptions that caused patient volumes to decline and labor costs to rise. HCA reported better-than-expected results for its most recent quarter and raised its full-year outlook. Results were driven by both growth in visits and procedures as well as improved labor costs, which are approaching pre-Covid levels.

Local currency Mexican sovereign bonds have performed well as the country's yield curve held steady while the peso appreciated, inflation began to ease and economic growth continued during the quarter. Economic strength has been fueled by healthy remittances, a stable political landscape, and strong manufacturing exports driven by nearshoring (i.e., companies relocating elements of their supply chain closer to their end markets).

Brazil's local-currency sovereign bonds performed well, supported by growth in Brazil's economy, strength in the real and several key policy developments. The government revealed its new fiscal framework that constrains its ability to run primary fiscal deficits. Brazil's lower house of Congress approved a landmark Constitutional reform to simplify and unify the country's complex production and consumption taxes into one. Finally, its central bank confirmed an inflation target of 3% for next year helping to re-anchor inflation expectations lower and opening the door for the central bank to cut policy interest rates.

The leading detractors in the quarter were gold bullion, British American Tobacco p.l.c., and Royal Gold, Inc. Fixed income detractors included Government of the United States of America 6.125%, due

* 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.

12/15/2027; Government of the United States of America 0.125%, due 4/15/2027; and Truist Financial Corporation 4.8% Perpetual Preferred Stock.

The relatively small decline in the price of gold during the quarter belied what was a fair amount of intra-quarter volatility as markets anticipated the potential trajectory of Fed policy. March's bank failures inspired dovish expectations early in the quarter, but sticky core inflation and resilient economic prints as time went on guided markets back toward the possibility that rates would be higher for longer. Despite this short-term volatility, we continue to value gold as a strategic holding and potential hedge against economic and geopolitical uncertainty

British American Tobacco (BAT) is the world's second largest tobacco company. Shares of the company traded down during the quarter on both financial and operational concerns. Investors were disappointed that the company suspended its share buyback and directed cash instead to the reduction of debt, while combustible product volumes weakened in the US. BAT is enormously cash generative, with potential untapped pricing power in the US combustible market. We believe the stock remains cheap and has an attractive dividend yield.

Denver-based Royal Gold is a globally diversified precious metals streaming and royalty company. As it is leveraged to movements in the price of gold, Royal Gold followed a similarly circuitous path during the quarter that ultimately resulted in a loss. As a streamer, Royal Gold provides desired exposure to the underlying precious metal while sidestepping the direct operational exposures borne by miners.

US Treasuries sold off during the quarter. While March's bank failures weighed on yields through early May, signs of Fed hawkishness sent both real and nominal rates higher as the quarter progressed.

Truist Financial Corporation was formed by the 2019 merger of BB&T Corporation and SunTrust Banks. These perpetual preferred shares pay a fixed 4.8% dividend and will reset to a floating rate of 300 basis points above five-year Treasury rates in 2024. Negative sentiment toward the banking sector following March's failures was an overhang, but we still view Truist as a well-run, high-quality company, and we believe that the variable rate reset limits interest rate risk.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Average Annual Returns as of Jun 30, 2023

				YTD	1 Year	5 Years	10 Years	Since Inception (May 1, 2012)	Expense Ratio*
First Eagle Global Income Builder Fund	Class A	without sales charge	FEBAX	5.57%	9.67%	4.85%	5.35%	5.60%	1.16%
First Eagle Global Income Builder Fund	Class A	with sales charge	FEBAX	0.29%	4.16%	3.79%	4.82%	5.12%	1.16%
Composite Index**				9.77%	10.58%	6.03%	6.49%	6.60%	
MSCI World Index				15.09%	18.51%	9.07%	9.50%	9.70%	
Bloomberg US Aggregate Bond Index				2.09%	-0.94%	0.77%	1.52%	1.37%	

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 or by calling 800-334-2143.

The average annual returns for Class A Shares "with sales charge" of First Eagle Global Income Builder 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.

**Composite Index - effective March 1, 2016 the Fund is compared against a composite index, 60% of which consists of the MSCI World Index and 40% of which consists of the Bloomberg US Aggregate Bond Index. The Fund believes this composite index provides a useful comparison against the performance of the Fund, which currently invests in both equity and fixed income securities.

Fee waivers were in effect for some of the periods shown. Had fees not been waived and/or expenses reimbursed, returns would have been lower.

Performance assumes reinvestment of all distributions and does not account for taxes.

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

Past performance is not indicative of future results.

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. Reserve balances are amounts held at the Federal Reserve to maintain depository institutions' reserve requirements. Institutions with surplus balances in their accounts lend those balances to institutions in need of larger balances.

Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

The price-to-earnings ratio (P/E ratio) is 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.

A soft landing is when a central bank raises interest rates to a level that will ease inflation without triggering a recession.

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).

Risk Disclosures

All investments involve the risk of loss of principal.

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.

Investments 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. Recent market conditions and events, including a global public health crisis and actions taken by governments in response, may exacerbate these risks.

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.

The 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 rates, 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.

Income generation is not guaranteed. If dividend paying stocks in the Fund's portfolio stop paying or reduce dividends, The Fund's ability to generate income will be adversely affected.

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

MSCI World Index measures the performance of large and midcap securities across 23 developed markets countries. The index provides total returns in U.S. dollars with net dividends reinvested. **Russell 1000® Growth Index** measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000 companies with higher price-to-value ratios and higher forecasted growth values. The Russell 1000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. **The Bloomberg US Aggregate Bond Index** is an unmanaged broad-based benchmark that measures the investment grade, U.S. 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. **The Bloomberg US Corporate High Yield Bond Index** measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below and is composed of fixed-rate, publicly issued, non-investment grade debt, is unmanaged, with dividends reinvested, and is not available for purchase. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility and Finance, which include both US and non-US corporations. **S&P 500 Index** 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. **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.

The holdings mentioned herein represent the following total assets of the First Eagle Global Income Builder Fund as of 30-Jun-2023: Magellan Midstream Partners, L.P. 0.00%; Fomento Economico Mexicano SAB de CV Sponsored ADR Class B 1.21%; HCA Healthcare Inc. 1.22%; Government of Mexico 8.0%, due 12/7/2023 0.23%; Government of Mexico 5.75%, due 3/5/2026 0.18%; Government of Brazil 10.0%, due 1/1/2025 0.27%; gold bullion 6.31%; British American Tobacco p.l.c. 2.27%; Royal Gold, Inc. 0.61%; Government of the United States of America 6.125%, due 11/5/2027 0.85%; Government Of The United States Of America 0.125%, due 4/15/2027 0.78%; Truist Financial Corporation 4.8%, Perp 0.66%.

This commentary represents the opinion of the First Eagle Global Income Builder Fund portfolio managers as of 30-Jun-2023 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.

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