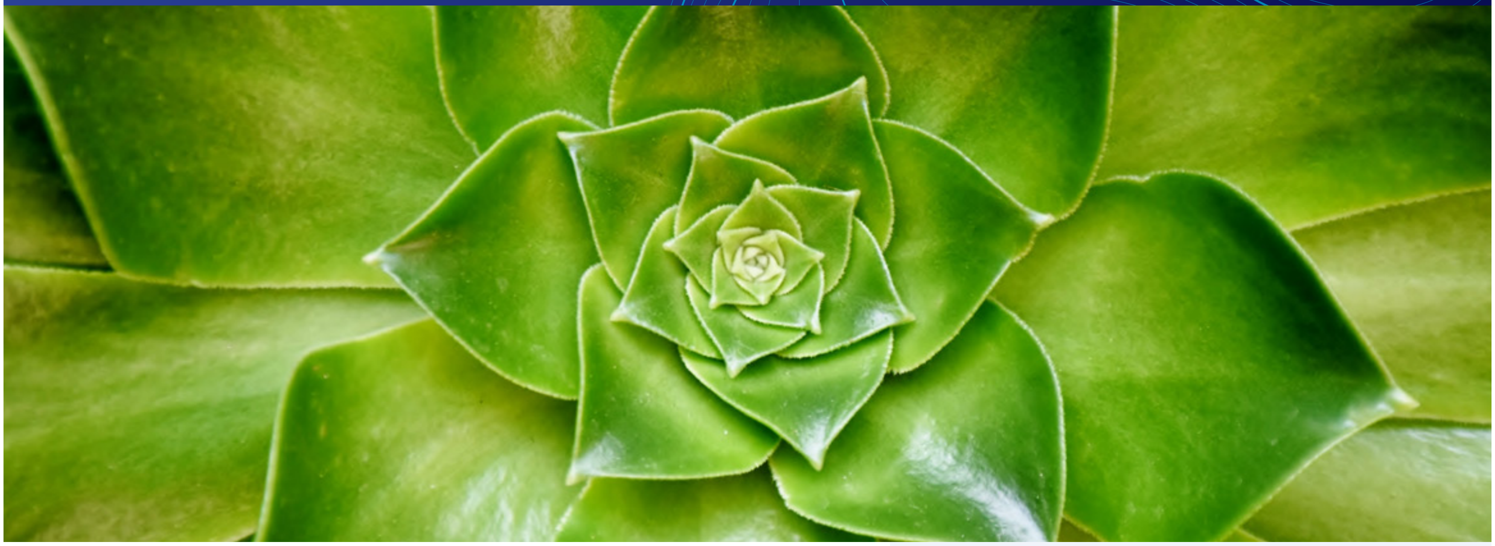


Taking a Tactical Pause to Evaluate Qualified Default Investment Alternative (QDIA)

Finding a Balanced Approach to Accumulation

The widespread popularity of retirement plan auto-enrollment features has helped improve retirement readiness among the American workforce, but there remains work to be done.

We think the process of choosing a defined contribution plan's qualified default investment alternative (QDIA) is an area that could be meaningfully improved. As the investment vehicle to which participant deferrals are allocated absent other direction, a plan's QDIA garners a large share of its total assets and thus plays a large role in determining its overall success. For the vast majority of plans, we believe target date funds have been considered the QDIA of choice due to their ease of use. But we believe some of these products' flaws have been overlooked—to the detriment of plan participants.

Risk management is perhaps the key shortcoming of target date funds, in our view. By relying on blunt, programmatic asset class shifts over time based on fund vintage, these products historically have been susceptible to large losses during market downturns, as demonstrated most recently during 2022's broad-based selloff. We believe a dynamic investment approach that thoughtfully adjusts portfolio risk exposures in response to prevailing market conditions and shifting security valuations would better position participants to navigate the bull markets, bear markets and occasions of gut-wrenching crisis they are likely to face over their multi-decade retirement journey. While this process may not be as easy as the implementation of a target date suite, we believe that better long-term outcomes in the QDIA space may be paramount.

KEY TAKEAWAYS

- Both defined contribution plan sponsors and participants in general have historically benefited from the introduction of QDIAs as the default investment option for participants who have not directed their deferrals.
- In our view, the overwhelming popularity of target date funds as QDIAs belies the risks lurking in these vehicles. We believe sponsors would benefit from evaluating a broad range of investment strategies—not just target date funds—when choosing the best QDIA option for their plan.
- The latest market tumult of 2022 served as a reminder that the primary risk to retirement savers is suffering large losses that deny them the potential of full wealth-generating features of compounding assets over a long period of time. Sponsors are well-advised to consider these dynamics when selecting the QDIA that will house a large portion of participant assets.
- Funds managed by First Eagle's Global Value team—including First Eagle Global Fund and Global Income Builder Fund—may represent attractive QDIA options given their active, flexible, fundamental approach to portfolio construction, underlying emphasis on mitigating downside risk, and the potential for long-term growth of capital across market cycles.

Time spent rebounding from deep swoons is time lost for participants seeking to benefit from the long-term compounding of their assets. First Eagle's Global Value team believes that overpaying for assets is the primary cause of these portfolio impairments, and our range of fundamentally driven, bottom-up equity portfolios seek to actively manage downside risk by seeking a "margin of safety" in the price of the securities in which we invest.[1] In our view, the track record produced by our disciplined execution of this philosophy makes a number of First Eagle's funds—including Global Fund and Global Income Builder Fund, both of which include a range of global equity and fixed income securities as well as cash and gold—appropriate candidates for a defined contribution plan's QDIA option.

Target Date Funds as QDIA: Popularity ≠ Panacea

The market strife of 2022 was a painful reminder that retirement plan participants need access to thoughtful, well-diversified investment options appropriate for every stage of the retirement journey. Plan sponsors and wealth managers can support these efforts by building diverse plan lineups that provide strategies with complementary investment styles, philosophies and goals and that are appropriate across a variety of macroeconomic regimes. These criteria should extend to a plan's choice of qualified default investment alternative; as this vehicle will serve as the default allocation for individual participant deferrals in the absence of other direction, it is likely to have an outsized influence on the retirement readiness of the plan's participant base in aggregate.

Introduced by the Pension Protection Act of 2006 (PPA), QDIAs are intended to help plan sponsors fulfill their fiduciary responsibilities while promoting the real growth of participant accounts. According to guidelines set by the PPA, there are three investment vehicles that can be used as a QDIA:

- Balanced funds, including target risk funds
- Professionally managed accounts
- Target date funds

> The market strife of 2022 was a painful reminder that retirement plan participants need access to thoughtful, well-diversified investment options.

The latter option has been by far the most popular choice among defined contribution plans. According to the Plan Sponsor Council of America, 86% of plans employed target date funds as their QDIA in 2022. Despite their widespread adoption, target date funds are not a cure-all for retirement savers, in our view. In fact, we believe the "set it and forget it" appeal of these funds—anchored in the asset allocation glidepaths that purport to become more conservative as the portfolio's retirement date draws near—is based on flawed assumptions of future risk and return potential and thus presents significant risk to participant outcomes.

Living in the Past

In previous papers, we highlighted how the one-size-fits-all approach of target date funds may not be appropriate for each plan participant's unique financials needs and goals. We also have questioned if benchmark-level returns, which many target date funds pursue via passive investments, should be the goal of retirement portfolios. Perhaps the most troubling flaw of target date funds, however, is the two-pronged assumption baked into glidepath construction: namely, that fixed income investments are inherently less risky than stocks and, as a result, portfolio risk can be adequately mitigated through programmatic adjustments to relative stock and bond exposures. While changes in asset allocation do provide some risk management features, the slope of a glidepath typically is based on backward-looking risk and return assumptions that may not be representative of future experience. Further, these adjustments to a portfolio's stock or bond exposure do not include mechanisms

1. First Eagle defines "margin of safety" as the difference between a company's market value and our estimate of its intrinsic value. An investment made with a margin of safety is no guarantee against loss.

to mitigate systemic risks likely to emerge periodically over a participant's lifecycle, such as inflation, extreme market gyrations, exogenous shocks and geopolitical uncertainty.

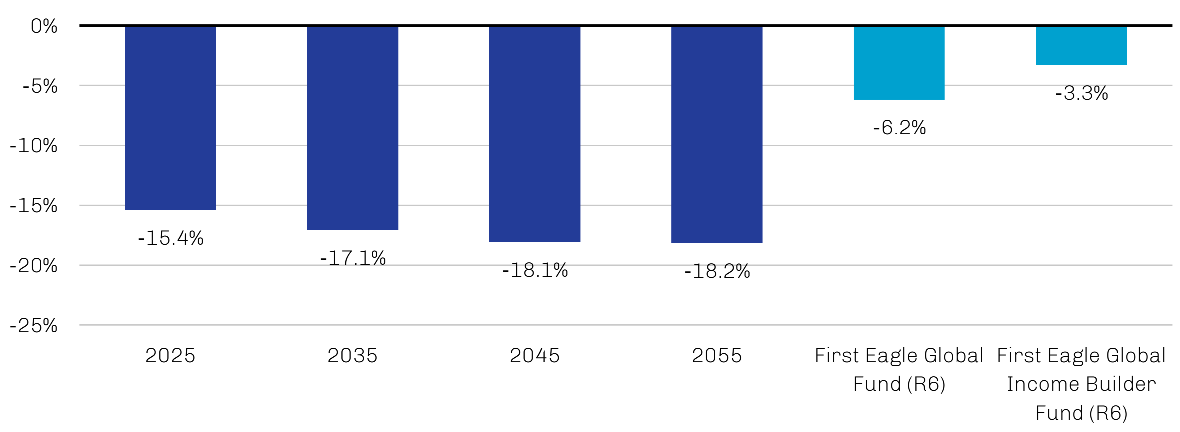
Consider 2022, for example, when high inflation, rising interest rates and geopolitical conflict drove a broad-based decline across assets, including the fixed income investments that historically have provided retirement with some stability in volatile times (as evident in the three downturns that preceded last year's). Posting its worst-ever calendar-year performance, -13%, the Bloomberg US Aggregate Bond Index provided portfolios little in the way of ballast during 2022.[2]

Adjusting a portfolio's stock or bond exposure is not a mechanism to mitigate systemic risks.

While the significant losses posted by target date funds in 2022 was not surprising given the challenging investment backdrop, the narrow dispersion across retirement dates was troubling. As shown in Exhibit 1 below, funds with a 2025 target—and thus well into the "less risky" segment of the glidepath—posted a median decline of 15.4%, only slightly better than the 18.3% decline of 2055 funds allocated at maximum risk levels. For contrast, Exhibit 1 also includes the performance of First Eagle's Global Fund and Global Income Builder Fund. Last year's results suggest to us that target date funds do not provide the kind of downside mitigation that investors—particularly those in or nearing retirement—may need. While participants in 2055 funds have ample time to make up 2022's losses before starting to take distributions, those hoping to retire in 2025 don't have that luxury. The two First Eagle funds in the illustration, however, had significantly smaller downside capture. The potential to mitigate downside risk—and therefore recoup lost income faster when markets recover—is beneficial for participants across all phases of the retirement lifecycle.

Exhibit 1. Target-Date Funds Disappointed on the Downside in 2022

Median 2022 Returns of Morningstar Target-Date Fund Categories for Various Glide Paths (Based on Cheapest Share Class) Compared to Global Fund and Global Income Builder Fund



Source: Morningstar Direct; data as of July 31, 2023.

Past performance does not guarantee future results.

2. Source: FactSet, data as of July 31, 2023

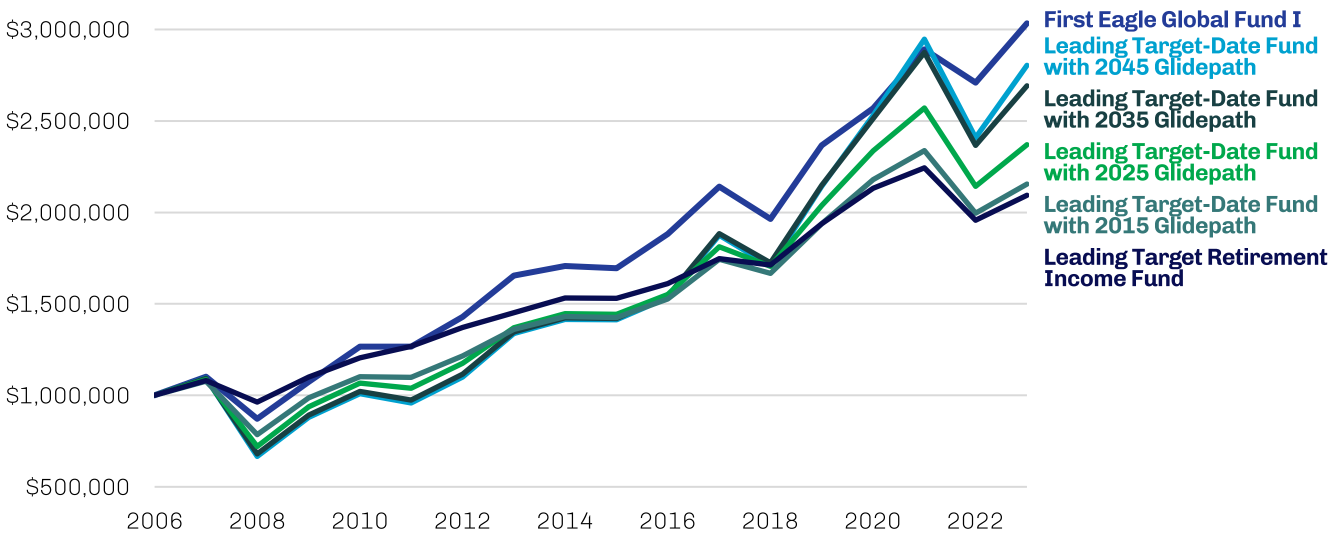
Consider an Alternative that Seeks to Mitigate Risk Actively

In our view, 2022 highlighted the need for plan sponsors to consider how well their investment lineups—and their QDIA, in particular—preserve capital in challenging environments. First Eagle has long believed the key to the potential of building retirement wealth over the long term is exposure to investments that lose less in difficult market environments, as this encourages participants to maintain consistent exposure to risk assets and may position them to recover more quickly from the inevitable periods of decline.

The First Eagle Global Fund is a globally diversified, benchmark-agnostic portfolio that seeks long-term real returns while seeking to avoid the permanent impairment of capital. The Global Fund seeks resilience from the bottom up, identifying individual companies we believe to be well-positioned, well-managed and well-capitalized, and invest in them only when they are trading at a "margin of safety."[3] As a balanced fund, the Global Fund invests primarily in equities and has the flexibility to hold cash and cash equivalents as deferred purchasing power when risk assets are overpriced, and gold as a potential hedge against extreme market outcomes.[4] In addition, the fund has the flexibility to also hold bonds when the team believes relative valuations have the potential to provide equity-like returns with fixed income-like volatility. For investors seeking to accumulate wealth over a long investment time horizon, First Eagle's countercyclical approach to investment and flexibility allows us to seek what we consider to be the best opportunities worldwide and has enabled the Global Fund to maintain high active share while outperforming major indexes as well as the various target date fund vintages across market cycles and through pronounced downturns, as shown in Exhibit 2.

Exhibit 2. Global Fund Has Historically Outperformed Leading Target-Date Funds through Market Downturns and across Market Cycles

Hypothetical Growth of $1,000,000 with Dividends and Income Reinvested



Source: Morningstar Direct; data as of July 31, 2023.

Date selected assumes purchase on January 1, 2007. Targeted retirement date fund (TDFs) was designated as a QDIA option in the Pension Protection Act of 2006. The time period, January 2007 through July 2023, was chosen because since 2007, TDFs have started accumulating large amounts of assets and become the go-to 401(k) plan default fund.[5] We believe this is a meaningful time period to evaluate targeted retirement date fund's performance.

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.

3. First Eagle defines "margin of safety" as the difference between a company's market price and our estimate of its "intrinsic value," or our judgment of what a prudent and rational business buyer would pay in cash for all of a company in normal markets.
4. A balanced fund is a mutual fund that owns a blend of equity and fixed-income investments.
5. Plan Sponsor Council of America, 65th Annual Survey, 2022.

In our opinion, an investment portfolio that aims to participate in rising markets while seeking to minimize losses in falling ones may be a good QDIA fit for plan participants to consider across the disparate stages of their retirement journey, if appropriate. The pursuit of steady growth is aligned with the long-term wealth-accumulation goals of early-career savers, while the focus on downside mitigation is especially useful for participants near or in retirement looking to preserve their nest eggs. A benchmark-agnostic, low-beta approach that features exposures to a broad range of assets also may help participants avoid knee-jerk reactions during periods of broad market distress; by adhering to their long-term strategic allocations, participants may be better positioned for quicker recoveries and ultimately long-term wealth accumulation. Further, the fund's goals are consistent with the principles established by the Employee Retirement Income Security Act (ERISA) that plan sponsors and fiduciaries must select investments that are "diversified so as to limit the risk of large losses."

> An investment portfolio that aims to participate in rising markets while seeking to minimize losses in falling ones may be a good QDIA fit.

Another vehicle that may be worthy of QDIA consideration is First Eagle Global Income Builder Fund. Also falling under the umbrella of the Global Value team at First Eagle, Global Income Builder Fund shares the Global Fund's flexible, go-anywhere investment approach and emphasis on downside mitigation, but with increased focus on sustainable income generation and securities that can provide it, such as dividend-paying equities and fixed income. The portfolio also maintains flexibility to consider other income-oriented securities, such as REITs, MLPs, and Income Trusts, as well as other investments.

Please reach out to your First Eagle representative to learn more about how we can work together to seek to build resilient long-term wealth for retirement savers.

Average Annual Returns as of Sep 30, 2023

	YTD	1 Year	5 Years	10 Years	Since Inception	Expense Ratio[1]	Fund Inception
First Eagle Global Fund Class A (SGENX) w/o sales charge	5.05%	19.04%	5.60%	5.84%	12.16%	1.11%	Jan 1, 1979[2]
First Eagle Global Fund Class A (SGENX) w sales charge	-0.20%	13.10%	4.52%	5.29%	12.03%	1.11%	Jan 1, 1979[2]
First Eagle Global Fund Class C (FESGX)	3.47%	17.15%	4.80%	5.04%	8.59%	0.00%	Jun 5, 2000
First Eagle Global Fund Class I (SGIIX)	5.25%	19.33%	5.87%	6.11%	9.59%	1.87%	Jul 31, 1998
First Eagle Global Fund Class R6 (FEGRX)	5.25%	19.33%	5.87%	6.11%	9.59%	1.11%	Jul 31, 1998
First Eagle Global Income Builder Fund Class A (FEBAX) w/o load	2.70%	14.10%	4.06%	4.54%	5.22%	1.16%	May 1, 2012
First Eagle Global Income Builder Fund Class A (FEBAX) w/ load	-2.44%	8.42%	3.00%	4.00%	4.75%	1.16%	May 1, 2012
First Eagle Global Income Builder Fund Class C (FEBCX)	1.07%	12.19%	3.26%	3.75%	4.42%	1.94%	May 1, 2012
First Eagle Global Income Builder Fund Class I (FEBIX)	2.86%	14.41%	4.32%	4.80%	5.48%	0.93%	May 1, 2012
First Eagle Global Income Builder Fund Class R6 (FEBRX)	2.92%	14.41%	4.37%	-	4.70%	0.87%	Mar 1, 2017
Composite Index[3]	6.10%	13.16%	4.70%	5.60%	6.14%		May 1, 2012
MSCI World Index	11.10%	21.95%	7.26%	8.26%	9.14%		May 1, 2012
Bloomberg US Aggregate Bond Index	-1.21%	0.64%	0.10%	1.13%	1.05%		May 1, 2012

1. The annual expense ratio is based on expenses incurred by the fund, as stated in the most recent prospectus.
2. The Global 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. 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 for both funds reflects 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 Funds' total annual operating expenses for the share class as of the Funds' most current prospectus, including management fees and other expenses.

This material is for informational purposes only and is not to be construed as specific tax, legal, or investment advice. You are strongly encouraged to consult with your independent financial professional, lawyer, accountant or other advisors as to investment, legal, tax and related matters.

The opinions expressed are not necessarily those of the firm. **These materials are provided for informational purpose only.** These opinions are not intended to be a forecast of future events, a guarantee of future results, or investment advice. Any statistic 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 or an offer to buy or sell or the solicitation of an offer to buy or sell any fund or security.

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

A **defined contribution plan** is a type of retirement plan in which the employer, employee or both make contributions on a regular basis.

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.

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.

Active management is an investment management approach in which an investor, a professional money manager or a team of professionals tracks the performance of an investment portfolio and makes buy, hold and sell decisions about the assets in it.

Passive management is an investment management approach that seeks to mirror the performance of a designated index. In this case we are using the concept to describe a strategy in which an investment allocation between asset classes has been decided (via a "glide path") in advance of current conditions, based on the market valuation of the two classes (and associated funds).

A **glide path** is a formula that defines the asset allocation mix of a target-date fund based on the number of years to the target date. The glide path typically creates an asset allocation that includes more fixed-income assets and fewer equity assets as the fund gets closer to the target date.

A **balanced fund** is a mutual fund that owns a blend of equity and fixed-income investments.

Beta is the systematic risk of a portfolio. The beta of a portfolio is its sensitivity to a benchmark. A portfolio with a beta of 1 is as risky as the benchmark and would therefore provide expected returns equal to those of the market during both up and down periods. A portfolio with a beta of 2 would move approximately twice as much as the benchmark.

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.

Morningstar Target-Date 2025 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 2021–2025) for retirement.

Morningstar Target-Date 2035 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 2031–2035) for retirement.

Morningstar Target- Date 2045 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 2041–2045) for retirement.

Morningstar Target-Date 2055 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 2051–2055) for retirement.

Morningstar Target-Date Retirement Category portfolios provide a mix of stocks, bonds, and cash, for those investors already in or entering retirement. These portfolios tend to be managed to more of a conservative asset-allocation strategy. These portfolios aim to provide investors with steady income throughout retirement.

Bull Market is the condition of a financial market in which prices are rising or are expected to rise.

Bear Market is when a market experiences prolonged price declines.

Downside Capture measures performance in down markets relative to the benchmark. A down market is defined as those periods in which the market return is less than 0.

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

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.

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.

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.

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.

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