

Did you Know?

Trust
must be earned

Amundi

First Eagle Talks the Latest on AI Technology

With tech and AI-related companies driving the bulk of the market upside, the topic of AI is no stranger to investors. From a market standpoint, so far the biggest impact has been on the investment side in building out AI capabilities, ranging from semiconductors to consumer software to business applications. Meanwhile, the effect of AI technology has yet to be fully played out across the entire economy and while costs may run high for companies looking to adopt AI technology, the cost of not doing so is likely more detrimental.



Manish Gupta
Portfolio Manager and Senior Research Analyst



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to hear from Manish Gupta, a Portfolio Manager and Senior Analyst at First Eagle, but moreover an industry expert when it comes to the technology sector.

Quick reminders:

- **With a bottom-up, flexible search to identifying high quality opportunities (when offered at a discount), our team has owned tech-related names for many years; we hold 3 of the “Magnificent Seven” stocks in the International Fund, for example, and have for some time;** these stocks are referred to as the “Magnificent Seven” (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA and Tesla) due to their high performance to-date (they have driven 100% of the upside in the S&P 500 so far this year through end of October 2023).
- **Equity exposure to the Communication Services sector** (which includes names like Alphabet, Comcast and Meta) **has been the strongest contributor to absolute performance so far this year for the International Fund for instance; Information Technology sector exposure** (which includes names like Oracle, Salesforce, TSMC, and Microsoft) has been the second strongest contributor to absolute performance so far this year for the International Fund.
- **Meanwhile, the team remains loyal to a “margin of safety” driven approach** and therefore only looks to initiate or add to any opportunities when they are discounted and refuses to overpay for any position. Further, **the team looks to craft highly diversified portfolios with typically no single position larger than around 3% of the overall portfolio.**
- **Lastly, while the market has witnessed the impact of AI on many of the more tech-related names so far, we likely have yet to see the full effect -positive or negative - that AI technology has on other sectors, and in less obvious areas;** accordingly, with a focus on downside mitigation, our team goes beyond to evaluate how each and every business in the portfolios evolves over time, how management adopts new technologies to boost efficiencies and how they operate in a manner that seeks to preserve its competitive edge in the industry in which it operates.

Risk Disclosures

The specific securities identified and described are not representative of all of the securities purchased, sold, or recommended for client accounts. It should not be assumed that an investment in the securities identified has or will be profitable. Actual holdings will vary for each client and there is no guarantee that a particular client's account will hold any or all of the securities listed. Diversification does not assure a profit or protect against loss.

Definitions:

"Margin of Safety": The Global Value Team defines "margin of safety" as the difference between a company's purchase price and our estimate of its intrinsic value. "Intrinsic value" is based on our judgment of what a prudent and rational business buyer would pay in cash for all of the company in normal markets.

Marketing Communication

As of end of October 2023; given for illustrative purposes only. Portfolio holdings should not be considered as a recommendation to buy or sell individual securities and are subject to risk. **Past performance is not indicative of future performance.**

IMPORTANT INFORMATION

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Date of first use: 22 November 2023

Doc ID: 3236426