First Eagle Amundi Funds

Monthly Highlights

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Welcome to February 2024 News re Markets, Performance & Activity

Welcome to the February 2024 Update

- **Equity markets rose for the fourth straight month in February with the S&P 500 up 5.3% and MSCI World Index up 4.2%.** Continued excitement around the AI boom and strong company earnings appeared to drive the upside in markets. The Magnificent 7 stocks surged on their perceived benefit of gen AI as reflected by the Bloomberg Magnificent 7 Index rising 12.1% during the month. From a style perspective, Growth outperformed Value both in the US and internationally. **When it came to fixed income, bond markets largely traded lower as yields traveled higher. This was reflected by the Bloomberg Global Aggregate Index down -1.3% in the month. .**
- **In February, many investors continued to speculate on the US Fed's next moves**. Data supporting a robust labor market, resilient US GDP and sticky inflation complicated the Fed's short-term path forward and initially tempered investor expectations in the start of the month. **Meanwhile expectations hastened again late in the month and markets appeared unfazed. History has shown us that it is difficult to forecast interest rate increases and so we hesitate to make any large bets around the topic**. Matt McLennan, Co-Head of the Global Value Team at First Eagle, recently shared two types of mistakes that could result from predicting interest rates: 1.) either interest rates end up going down much more than anticipated because we are in recession or 2.) the potential for an upside surprise in interest rates due to the fiscal challenges we face, military spending or for other reasons. In both situations, market leadership could change. **Accordingly, we continue to craft a highly diversified portfolio from the bottom-up, stock by stock, in companies that we believe are resilient businesses that can persist and prevail over time amidst varying macro pressures.**
- **In line with trends from 2023 and so far this year in 2024, Communication Services continued to be a strong contributor to performance** across the broader indices and for the International Fund as well. Equity exposure to this sector contributed 73 bps to absolute performance during the month and 122 bps YTD with a large portion of this upside owed to the International Fund's investment in Meta. Meanwhile, with excitement surrounding a narrow group of market favorites, it was a more challenging month for the First Eagle funds in terms of relative performance**. For the International Fund, the fund's underweight of the Information Technology sector was a headwind to relative performance** (9% versus 24% average weight of MSCI World). Specifically, the lack of exposure to Nvidia in the portfolio took 60 bps from relative performance in February. The fund's overweight of gold also took from relative performance. To note, **in the first few days of March, gold rallied to a record high, illustrating the volatility in the asset class given its inverse relationship with rates as the higher the rates are, the less attractive non-interest bearing metals may seem for investors.**

- With a focus on capital preservation and wealth generation over the long term, **we have avoided the propensity of many others to allocate a majority of their assets towards a single hot button name. Instead we own a portion of these more tech-related names and invest the remainder across a broad spectrum of high quality companies in a range of sectors. Moreover, we have only invested in these companies when they are offered at a discount to our estimate of "intrinsic value" thus providing a "margin of safety"**. For instance, the International Fund has exposure to one of the Magnificent 7 companies, Meta, which was initiated around the Cambridge Analytica controversy, granting us an opportunity to invest when shares were out of favor. To note, the fund's ownership of Meta is overweight when compared to the MSCI Index and this factor contributed positively to relative performance in February. **Above all, we look to build portfolios composed of companies with good products, strong market share, and proven management, purchased at what we believe are discount prices. We are not making any large bets as we remain focused on our primary goal of creating resilient wealth**. Therefore while the relative performance has been slightly more challenged recently, the absolute performance remains strong on a mid to longer term basis in line with the objectives of the three funds to preserve and grow capital over time.

- **We remain cautious, acknowledging the heightened level of unresolved risk factors, ranging from geopolitical turmoil, elevated asset valuations, to debt levels to other disruptors in the near term horizon**. Questions around new technologies and the impact that they may have – positive or negative – on the broader landscape remains outstanding. The US continues to face fiscal challenges with the current deficit having reached historically high levels. And an unfortunate reality is that expenditures in the US are likely to grow as a result of mandatory spending on programs like Social Security and Medicare, coupled with aging demographics. And on top of all of this, there are two major geopolitical conflicts going on in the world. As a reflection of our current stance, the exposure to gold-related securities which serves as a potential hedge in the portfolios stood at a higher than historical average (14%) of the International Fund's portfolio.

CLICK HERE
to view the latest monthly video in which Matt talks interest rates, market leadership and what we think of gen AI

For additional news, commentaries, and all marketing collateral, CLICK HERE to visit the First Eagle Amundi funds landing page.

First Eagle Amundi Funds: Maintained Solid Absolute & Relative Performance

- **First Eagle Amundi Sustainable Value Fund** has achieved solid returns since its inception August 2020 of 7.6% (AE-C EUR share class).
- The **First Eagle Amundi International Fund** placed in the top decile for the 3 and 10 year time period and in the top 25% so far YTD in its respective Morningstar category
- The **First Eagle Amundi Income Builder Fund** placed in the top decile for the 3-year time period in its respective Morningstar category (To note, the Income Builder Fund does not yet have 10 year track record) (EUR, AEC share class)[1]

[1] Morningstar EAA OE USD Moderate Allocation Category for FEAIB as of end of January 2024 and Morningstar EAA OE USD Aggressive Allocation Category for FEAIF as of end of February2024.

First Eagle Investments Amundi ASSET MANAGEMENT

First Eagle Amundi International Fund (FEAIF)

FEAIF returned 1.14% in February (USD, AUC share class). Our equity holdings contributed to performance, but gold-related securities were a headwind. By equity sector, financials, communication services and Information technology were the largest contributors while consumer staples, energy and health care were the leading detractors. Among individual positions, the Fund’s top contributors included Meta Platforms, MS&AD Insurance, Willis Towers Watson, Taiwan Semiconductor Manufacturing and Walt Disney. The largest detractors included Comcast, NOV, C.H. Robinson, Reckitt Benckiser Group and FEMSA. We did not establish any new equity positions, and we increased exposure in eight stocks. We exited our position in Lotte Corp, it was a position that we have been exiting for some time now as it is a relatively illiquid name, and we fully sold our position out of this fund in February. We also reduced during the month our holdings in seven stocks.

First Eagle Amundi Income Builder Fund (FEAIBF)

FEAIBF returned -0.67% in February (USD, AUC share class). Our equity holdings and corporate bond holdings detracted, and gold-related securities were also a headwind. By equity sector, financials, information technology and energy were the leading contributors, while consumer staples, communication services and health care were the largest detractors. Among individual equity positions, the Fund’s top contributors included Compagnie Financière Richemont, Jardine Matheson, MS&AD Insurance, Industrivarden AB and Investor AB. The largest detractors included Nestlé, Comcast, Reckitt Benckiser Group, Orkla and FEMSA. We did not establish any new equity positions during the month, and we increased exposure in five equity positions. We exited our equity holding in RPM International as the yield no longer met the desired yield parameter for this particular fund, and we reduced our exposure in 11 equity positions. We established three new bond positions and increased exposure to five bond holdings. We did not exit any bond positions and we reduced exposure in three bond holdings.

First Eagle Amundi Sustainable Value Fund (FEASVF)

FEASVF returned -0.51% in February (USD, AUC share class). Our equity holdings contributed to performance, but gold-related securities were a headwind. By equity sector, financials, information technology and industrials were the largest contributors, while consumer staples, health care and real estate were the leading detractors. Among individual stocks, the Fund’s top contributors included Salesforce, MS&AD Insurance, Willis Towers Watson, Taiwan Semiconductor Manufacturing and Bakkafrost. The largest detractors included Reckitt Benckiser Group, FEMSA, Comcast, Orkla and Nihon Kohden. We did not establish any new equity positions, and we increased exposure in six stocks. We exited our position in C.H. Robinson because the Amundi ESG rating dropped to a level that no longer fit the parameters required for this fund, and we reduced exposure in 54 equity positions.

Source: Factset, Bloomberg, Morningstar data as of end of February 2024.

As of end of February 2024; 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.

Risk Disclosures
Diversification does not assure a profit or protect against loss. 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.

IMPORTANT INFORMATION

Unless otherwise stated, all information contained in this document is from Amundi Asset Management S.A.S. and is as of end February 2024. Diversification does not guarantee a profit or protect against a loss. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management S.A.S. and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product. This material does not constitute an offer or solicitation to buy or sell any security, fund units or services. Investment involves risks, including market, political, liquidity and currency risks.

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