First Eagle Amundi Funds

Monthly Highlights

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Welcome to March 2024 News re Markets, Performance & Activity

Welcome to the March 2024 Update

- **Equity markets rose in March to end a strong quarter as reflected by the S&P 500 up 3.2% in March and up 10.6% for Q1.** Similarly, the MSCI World Index was up 3.2% in March and up 8.9% for Q1. It appeared that the impact of AI advances continued to play a major role in driving investor enthusiasm throughout the quarter and the Magnificent 7 stocks accounted for 37% of the total return for the S&P 500 with Nvidia alone accounting for 24%. **Within fixed income, rates crept up marginally in Q1** (the US 10-Year Treasury Yield rose 32 bps to 4.2%) as the PCE Index rose 40 bps, signaling some uncertainty around the path of inflation. **The Bloomberg Global Aggregate was up a mere 0.6% in March and fell -2.1% over the quarter**. Despite what seemed like an overall risk-on attitude over the quarter, the US 10-2 Yield Curve ended the quarter inverted as short-term rates rose faster than long-term rates.
- **There was a notable increase in market breadth throughout the quarter with 40% of constituents outperforming the overall S&P 500 Index in January and February followed by 60% in March**. Putting this into perspective, market breadth in March was a remarkable 2x as wide as it was when compared to the number of constituents outperforming the overall S&P 500 Index in 2023. **It appeared cyclicals reaped the benefit of this widening** with 96% of names within energy, 79% within materials and 75% in financials outperforming the overall S&P 500 Index in March.
- **We also witnessed an increase of diversion within the Magnificent 7 during Q1 with only 4 of the 7 names outperforming the S&P 500**. Tesla, one of the Mag 7 stocks, plunged an astonishing 29% and took the spot as one of the worst performing names in the S&P 500. **Investors have suggested a re-term of "Magnificent 4" as a reflection of the notable divergence in performance**. For First Eagle, with a focus on preventing permanent impairment of capital, we have maintained the same bottom-up approach with a focus on selectivity despite the euphoria in markets. We apply a company-by-company fundamental analysis in our search of high-quality names with a value bias. Further, we look to purchase shares when we believe they are discounted, providing a "margin of safety."
- **The First Eagle Amundi funds' registered strong absolute performance in March and throughout Q1. On a relative basis in March, both the International Fund and the Sustainable Value Fund outperformed the MSCI World Index with the Income Builder Fund not far behind. For all three funds, exposure to the Financials sector made a positive contribution to both absolute and relative performance**. With Japan's central bank raising rates for the first time in 17 years, Japanese insurance-related names such as MS&AD Insurance Group and Sompo Holdings enjoyed a strong March and were the strongest contributors within Financials to absolute performance. Further, the FEA fund's overweight of these two names (average weight of 96 bps in the International Fund versus 3 bps in MSCI World Index) made a meaningful contribution to relative performance.

- When looking at the quarter, Communication Services added the most to positive absolute performance for the International Fund with Meta responsible for a hefty 120 of the 151 bps that were added. The Fund is actually overweight Meta when compared to the MSCI World Index and this contributed positively to relative performance. Meanwhile, the underweight of the Information Technology sector, which includes Nvidia, was a headwind to relative performance. Specifically, the lack of exposure to Nvidia in the International Fund's portfolio, as an example, took 148 bps from relative performance in Q1. **On an absolute basis, equity exposure to Information Technology made a positive contribution to all three First Eagle Amundi funds**.

- **With the continued focus on mega cap tech stocks, defensive sectors such as Consumer Staples, registered softer returns generally across the board. While equity exposure to this sector made a slightly positive contribution to absolute performance in March, it took the spot as the biggest detracting sector during Q1 for the International Fund and second biggest for the Income Builder Fund.** It also took from absolute performance for the Sustainable Value Fund but to a lesser degree. Also during the quarter, gold spot pricing was up and experienced its highest percent increase since July 2020 in March. While held in the portfolio as a potential hedge, gold-related exposure made a meaningful contribution to both absolute and relative performance for both the International Fund and the Income Builder Fund in Q1. Gold-related securities in the International Fund, for instance, contributed 144 bps to absolute performance and 95 bps to relative performance versus MSCI World Index in March

- Meanwhile, there are warning signs in the form of inflation and the fiscal situation that may indicate potential problems beneath the surface. These haven't seemed to dampen markets and so we remain cautious, acknowledging the reality of a heightened level of unresolved risk factors on top of an upcoming US election which may result in increased volatility and dispersion. He shared that the current situation reminds him of a quote from renowned investor Sir John Templeton, "Bull markets are born on pessimism, grown on skepticism, mature on optimism, and die on euphoria." 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 (15%) of the International Fund's portfolio.

CLICK HERE

In the latest monthly video, First Eagle Global Value Team Portfolio Manager Christian Heck acknowledged that markets have been off to a strong start for the year, on the back of an ebullient 2023

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

First Eagle Amundi Funds: Strong Absolute & Relative Performance

- The **First Eagle Amundi Sustainable Value Fund** has achieved solid returns since its inception in August 2020 of 9% (AE-C EUR share class)
- The **First Eagle Amundi International Fund** placed in the top decile for the YTD, 3 and 10 year time period in its respective Morningstar category (EUR, AEC share class)[1]
- 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 March 2024 and Morningstar EAA OE USD Aggressive Allocation Category for FEAIF as of end of March 2024.

First Eagle Amundi International Fund (FEAIF)

FEAIF returned 4.34% in March (USD, AUC share class). Our equity holdings contributed to performance and gold-related securities were also a tailwind. By equity sector, energy, information technology and health care were the largest contributors while utilities, materials and real estate lagged. Among individual positions, the Fund's top contributors included Oracle, Schlumberger, Exxon Mobil, Alphabet and Taiwan Semiconductor Manufacturing. The largest detractors included Reckitt Benckiser Group, Compagnie Financière Richemont, Jardine Matheson, CK Asset Holdings and SMC. We did not establish any new equity positions nor did we exit any positions in the month.

First Eagle Amundi Income Builder Fund (FEAIBF)

FEAIBF returned 2.30% in March (USD, AUC share class). Our equity holdings and corporate bond holdings both contributed to performance, and gold-related securities were also a tailwind. By equity sector, energy, materials and health care were the leading contributors, while industrials and real estate detracted, and utilities lagged. Among individual equity positions, the Fund's top contributors included Exxon Mobil, FUCHS, Grupo Mexico SAB, HCA Healthcare, and Colgate-Palmolive. The largest detractors included Jardine Matheson, CK Asset Holdings, Reckitt Benckiser Group, Compagnie Financière Richemont and Hongkong Land Holdings. We did not establish any new equity positions nor did we sell any equity positions in the month. We did not establish any new bond holdings and we exited two bond positions during the month.

First Eagle Amundi Sustainable Value Fund (FEASVF)

FEASVF returned 4.52% in March (USD, AUC share class). Our equity holdings contributed to performance and gold-related securities were also a tailwind. By equity sector, information technology, health care and real estate were the largest contributors, while industrials detracted, and materials and consumer staples lagged. Among individual stocks, the Fund's top contributors included Taiwan Semiconductor Manufacturing, Alphabet, Naspers, Oracle and HCA Healthcare. The largest detractors included Reckitt Benckiser Group, Svenska Handelsbanken, Brenntag, Salesforce and Schindler. We did not establish any new equity positions, nor did we exit any positions.

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

As of end of March 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 March 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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