

Welcome to January 2024 News re Markets, Performance & Activity

Welcome to the January 2024 Update

- **Equities continued their rally into the new year throughout much of January.** This came to an abrupt stop on the final day of the month when almost 50% of January gains were wiped out upon learning that the Fed would likely not be cutting rates in March. **Equity market performance still ended in positive territory with the S&P 500 up 1.7% and the MSCI World Index up 1.2%.** On the reverse, bond markets were up around the Fed's announcement yet ended the month in the red as illustrated by the Bloomberg Global Aggregate Index -1.4%. With expectations around the Fed's next move dominated the minds of many investors, gold spot pricing was down in January after reaching record highs in 2023.
- **Many investors remain cautiously optimistic that a recession may be avoidable.** They cite recent data around cooling inflation and a hot labor market in the US with unemployment at its lowest level in 54 years. **A degree of complacency is further reflected in markets with a soft landing being priced in. However the reality is that there has been no landing.** There is also not a lot of scope for the Fed to sustainably ease financial conditions without slack in the labor market. Further, despite areas of the economy that point to a seemingly rosy picture, there are two major geopolitical conflicts going on in the world: in the Middle East, Russia and Ukraine. These unresolved risk factors plus the upcoming US election may trickle down to spur volatility and dispersion in markets in 2024. As a reminder, all three First Eagle Amundi funds have an allocation to gold-related securities to serve as a potential hedge against unexpected market pullbacks. At the end of the month, the exposure to gold-related securities stood at a higher than average 14.5% of the International Fund's portfolio.
- Meanwhile, in line with trends from 2023, **Communication Services continued to lead in performance across the broader indices and for the International Fund as well.** For instance, equity exposure to this sector contributed 48 bps to absolute performance during the month with a large portion of this upside owed to the fund's investment in Meta.

- From a top-down perspective, real estate is facing cyclical pressures and accordingly, it was the largest detracting sector from performance in January for all three of the First Eagle Amundi funds. It took 23 bps from absolute performance from the International Fund. **The team remains focused on resiliency and selectivity in identifying discounted opportunities on a bottom-up basis in businesses with hard to replicate competitive advantages.** When Portfolio Manager **Julien Albertini** was asked about opportunity in the current environment at Amundi's recent La Noche event, he highlighted the **"potential of the real estate sector today, especially commercial real estate with the right asset, in the right location, at the right price."** Our team believes that by applying a discerning evaluation to this bifurcated market composed of one group of high quality, well-located assets and the other group of lower quality, less well-located assets can result in our ability to leverage market volatility and identify attractive opportunities for long term investment. Another area that has fallen out of market's favor amid rising interest rates is self-storage. The team has identified what it believes to be the most efficient operators in the space and at prices that provide a "margin of safety" in our investment. Look out for an upcoming *"Did you know"* which discusses a few of the companies that we have identified within the category.



[CLICK HERE](#)

In the latest monthly video, Co-Head of the Global Value Team and Portfolio Manager Kimball Brooker addresses the dominance of the Fed in markets and touches on valuations in the US

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

- The **First Eagle Amundi Sustainable Value Fund** has achieved solid returns since its inception August 2020 of 8% annualized returns (AE-C EUR share class).
- Both the **First Eagle Amundi International Fund** and the **First Eagle Amundi Income Builder Fund** placed in the **top decile for YTD and the 3-year time period**; the **International Fund was in the top quartile for the 10 year period** in its respective Morningstar category as well (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 January 2024..

First Eagle Amundi International Fund (FEAIF)

FEAIF returned 0.43% in January (USD, AUC share class). Our equity holdings contributed to performance, but gold-related securities were a headwind. By equity sector, communication services, health care, and information technology were the largest contributors while real estate, energy and materials were the leading detractors. Among individual positions, the Fund's top contributors included Meta Platforms, HCA Healthcare, Oracle, Comcast and Compagnie Financière Richemont. The largest detractors included Schlumberger, IPG Photonics, Shell, Nutrien and Alibaba Group. We did not establish any new equity positions, and we increased exposure in three stocks. We exited our position in Mitsubishi Estate on valuation as the business had focused on growth in what we believe are non-core assets which resulted in a potentially less durable capital structure. And Lotte Wellfood 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 in January. We reduced our holdings in three stocks.

First Eagle Amundi Income Builder Fund (FEAIBF)

FEAIBF returned -0.13% in January (USD, AUC share class). Our corporate bond holdings contributed to performance, but our equity holdings detracted, and gold-related securities were also a headwind. By equity sector, health care, consumer discretionary, and communication services were the leading contributors, while real estate, information technology and materials were the largest detractors. Among individual equity positions, the Fund's top contributors included HCA Healthcare, Compagnie Financière Richemont, Colgate-Palmolive, Comcast and Bank of New York Mellon. The largest detractors CK Asset Holdings, Ambev, Compania Cervecerias Unidas, Hongkong Land Holdings and Bangkok Bank. We did not establish any new equity positions during the month, and we increased exposure in six equity positions. We exited our equity holding in Guoco Group for yield related reasons given the parameters of this specific fund and we reduced our exposure in eight equity positions. We established one new bond position and increased exposure to eight bond holdings. We exited one bond position and we reduced exposure to one issuance.

First Eagle Amundi Sustainable Value Fund (FEASVF)

FEASVF returned -0.14% in January (USD, AUC share class). Our equity holdings contributed to performance, but gold-related securities were a headwind. By equity sector, health care, consumer staples and information technology were the largest contributors, while real estate, materials and industrials were the leading detractors. Among individual stocks, the Fund's top contributors included HCA Healthcare, Salesforce, Comcast, Bakka Frost and Medtronic. The largest detractors included Nutrien, Lloyds Banking, Texas Instruments, Ambev and Legrand. We established a new equity position in an Asian technology company, and we increased exposure in three stocks. We exited our position in Mitsubishi Estate on valuation as the business had focused on growth in what we believe are non-core assets which resulted in a potentially less durable capital structure. We did not reduce exposure in any equity positions.

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

As of end of January 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 31 January 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.

First Eagle Investments is the brand name for First Eagle Investment Management, LLC and its subsidiary investment advisers.

© 2024 First Eagle Investment Management, LLC. All rights reserved.

Date of first use: 12th February 2024

Doc ID: 3385346