

First Eagle Global Income Builder Fund

Commentary
As of December 31, 2015

Market Overview

In the fourth quarter of 2015, the MSCI World Index rose 5.50% while in the United States, the S&P 500 Index increased 7.04%. The Barclays U.S. Aggregate Bond Index and the Barclays U.S. Corporate High Yield Index returned -0.57% and -2.07%, respectively. In Europe, the German DAX climbed 8.22% and the French CAC 40 Index rose 1.29%. In Japan, the Nikkei 225 Index increased 8.98% over the period. Crude oil fell 17.85% to \$37.04 a barrel, and the price of gold fell 4.95% to \$1,060 an ounce. The US dollar gained 0.44% against the yen and strengthened 2.68% against the euro.

In the fourth quarter of 2015, many equity markets recovered from the global declines of late August and September, which had been sparked by extreme volatility in Chinese equity markets. With China the epicenter of the market selloff, sentiment in the fourth quarter favored US over international markets: The S&P 500 index regained almost the entirety of its third-quarter decline, but the MSCI EAFE index clawed back barely one-third of its prior quarter's fall.

While we believe that the Chinese authorities want to modernize and liberalize their economy by moving it away from its historical focus on fixed-asset investment, we are not convinced that they are willing to endure some of the necessary consequences. For example, the liberalization of the yuan in August was quickly followed by a step backward in the form of massive currency intervention when the market reaction was deemed undesirable. Similarly, the pivot to a more consumer-oriented economy may require the restructuring of unprofitable industries and the elimination of subsidies—steps that will likely cause higher unemployment. It is certainly reasonable to expect continued volatility while the world waits to see whether Chinese leadership will push forward with reforms or will revert to the old model of debt-fueled, fixed-asset-intensive economic growth—a model that has led to overcapacity, high debt levels and environmental damage. Either way, China's multi-decade role as the global engine of growth seems to be in question.

With another bout of China-fueled market volatility greeting the new year, generally the equity recovery of the fourth quarter feels quite ephemeral. The investment world again faces the risk of hard landings and abrupt currency devaluations. While Chinese policymakers are clearly set against such outcomes, there is always the risk that they could lose control of their country's markets.

Meanwhile, the landscape for income investors improved moderately. Fixed-income assets as a whole saw declines, as benchmark 10-year-bond yields increased moderately from 2.04% to 2.27%.¹ More pronounced was the widening in credit spreads during the second half of 2015. Initially, the impact was relatively contained within commodity credits, but more recently we have seen some modest spread widening among non-commodity issuers.

Another prominent theme in 2015 was the increase in yields of emerging-market sovereign bonds. While economic results have deteriorated sharply in many Emerging Markets geographies, investors at least can now avail themselves of yield levels that are a little more commensurate with the risks that are always present in EM investing. While Japan and Europe are firmly entrenched in quantitative easing, there has also been some (very) modest tightening in the US. The Federal Reserve has finally moved off the zero bound and hinted, to the disbelief of some market participants, that three or four further rate hikes lie in store for 2016. With the current bout of risk aversion triggering a "flight to safety" and with yields on 10-year Treasuries falling below 2%², we have yet to see the Fed's policy shift translate into change at the longer end of the US rate curve. Traditional equity-income sectors such as US REITs and utilities will likely require more pronounced increases in longer-term bond yields to come back down to more normalized valuation levels. Still, as we write, we think the overall income outlook for fixed-income investments may have reached its most attractive point since we launched this fund nearly four years ago.

1. Source: Bloomberg

2. Source: Bloomberg

Portfolio Review

As a flexible, multi-asset income fund, we have the ability to look across income assets and allocate capital in response to the opportunities provided by market volatility.

We found an increasing number of investment opportunities in international and US equities late in the third quarter, but the rapid recovery in the fourth quarter from the August-September market declines reduced the opportunity set somewhat and led us to sell some equities that had climbed back toward our estimates of their intrinsic value. Despite equity-market appreciation, the fund's equity exposure actually declined modestly during the fourth quarter from 51.55% to 51.36% as a result of these sales.

Late in the fourth quarter of 2015, as spread-widening began to take root even in non-commodity issuers, we found opportunities in corporate credit. This is where most of our credit buying was centered. However, we also tried to take advantage of some aggressive selling to pick up bonds of an energy services company with significant asset coverage that were available at highly stressed levels—likely as a result of fund liquidations. Overall, despite modest declines in bond prices, our fixed-income exposure increased from 38.73% to 39.76%.

Top contributors to performance during the fourth quarter were Microsoft Corporation, Plum Creek Timber Company, Inc., HOYA Corporation, HeidelbergCement AG, and Bouygues SA.

Over the same time period, top detractors included San Juan Basin Royalty Trust, Asian Pay Television Trust, Sanofi, Potash Corporation of Saskatchewan Inc. and Overseas Education Limited.

Top contributors to performance for the year-ending December 31, 2015 were Microsoft Corporation, Bouygues SA, Bi-Lo LLC 9.25% due 02/15/2019, HOYA Corporation, Mayr-Melnhof Karton AG.

Top detractors for the year were Potash Corporation of Saskatchewan Inc., Comtech Telecommunications Corp., Goldcorp Inc., Cloud Peak Energy Resources, LLC 6.375% due 03/15/2024 and San Juan Basin Royalty Trust.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investment Management, LLC

Average Annual Returns as of 12/31/2015 (%)

				YTD	1 Year	3 Years	Since Inception (5/1/12)	Expense Ratio*
First Eagle Global Income Builder Fund	Class A	without sales charge	FEBAX	-2.30	-2.30	3.41	4.58	
		with sales charge	FEBAX	-7.15	-7.15	1.66	3.12	1.23
MSCI World Index				-0.87	-0.87	9.63	9.16	
Barclays U.S. Aggregate Bond Index				0.55	0.55	1.44	1.96	

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.feim.com or by calling 800.334.2143. The average annual returns for Class A Shares "with sales charge" of First Eagle Global Income Builder Fund give effect to the deduction of the maximum sales charge of 5.00%.

Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower.

*The annual expense ratio is based on expenses incurred by the Fund, as stated in the most recent prospectus.

There are risks associated with investing in funds that invest in securities of foreign countries, such as erratic market conditions, economic and political instability and fluctuations in currency exchange rates.

The 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.

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.

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.

The 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.

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. Physical gold does not produce income.

Income generation and dividends are not guaranteed. If dividend paying stocks in the Fund's portfolio stop paying or reduce dividends, the fund's ability to generate income will be adversely affected. All investments involve the risk of loss.

The holdings mentioned herein represent the following percentage of the total net assets of the First Eagle Global Income Builder Fund as of December 31, 2015: The holdings mentioned herein represent the following percentage of the total net assets of the First Eagle Global Income Builder Fund as of 12/31/2015: Microsoft Corp. 1.59%, Plum Creek Timber Company, Inc. 1.41%, HeidelbergCement AG 1.21%, Bouygues SA 1.61%, Asian Pay Television Trust 0.92%, Sanofi 1.08%, Overseas Education Limited 0.24%, HOYA Corporation 0.64%, Mayr-Melnhof Karton AG 0.93%, San Juan Basin Royalty Trust 0.12%, Cloud Peak Energy Resources LLC 6.375% 03/15/2024 0.19%, Goldcorp Inc. 0.67%, Comtech Telecommunications Corp. 0.68%, Potash Corporation of Saskatchewan Inc. 0.49%.

The commentary represents the opinion of the Global Income Builder Portfolio Managers as of December 31, 2015 and is subject to change based on market and other conditions. The opinions expressed are not necessarily those of the entire 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 statistics 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 of security.

The MSCI World Index is a widely followed, unmanaged group of stocks from 23 international markets and is not available for purchase. The index provides total returns in U.S. dollars with net dividends reinvested.

The Barclays U.S. Aggregate Bond Index is a broad-based unmanaged 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.

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 asking your financial adviser, visiting our website at www.feim.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.