First Eagle Amundi International Fund

"Making more by losing less[1]"

Q2 2019 Highlights

- **First Eagle Amundi International Fund** registered a net return for Q2 2019 of **3.27%** (AUC, in USD)
- Two ***notable trends*** during the quarter:
    1. Global equity markets continued their positive march during the second quarter after kicking off 2019 with the strongest quarter since 2010; MSCI World ended June just 2.6% below its historically highest peak and registered a 17.0% total return over the first 6 months of the year; however, these seemingly sunny skies did not come without some rain; MSCI World was down 5.8% by June 3rd from its high in early May
    2. Q2 2019 was defined by a myriad of concerns that pushed and pulled on investor sentiment; questions surrounding the US-China trade war, geopolitical tensions in the Middle East following the attacks on two oil tankers near the strategic Strait of Hormuz, and a turn to more dovish monetary policy by the Fed and ECB, among other things
- As markets reached new peaks, ***the Fund captured approximately 82.5% of the upside for the second quarter***, ***registering a 3.3% return versus a 4.0% return for the MSCI World Index***; ***YTD the Fund was up 13.1% versus 17.0% for the Index***, capturing 77.1% of the market rebound with approximately 71% exposure to equities
- From a sector perspective, equity exposure to Financials, Consumer Discretionary, and Industrials contributed the most to positive performance while exposure to Energy, Utilities, and Consumer Staples detracted the most from positive performance
- Increased volatility provided a narrow window of discounted investment opportunities that we participated in, by adding to existing portfolio holdings and buy initiating a new equity holding, a South Korean multinational electronics conglomerate
- After fully exiting **Devon Energy**, **NSC Groupe** and **Canadian Natural Resources** in the first quarter, the investment team made a few additional exits in the months following which included two long-term holdings (+10 years), **Secom Joshinetsu** and **Haw Par** in addition to three US-based businesses, **Xilinx**, **Cintas**, and **Cincinnati Financial** and finally, we exited our position in Gazprom (ADR); all exits during Q2 2019 were liquidated as a result of shares reaching a price that reflected our estimate of the company's intrinsic value
- In this uncertain environment, with *fear* and *complacency* as alternate market drivers, we continue to focus on crafting a portfolio structured to endure potentially more challenging times ahead

2019 Opportunities

- ***"Rule No. 1: Don't lose money!":*** First Eagle Amundi International Fund is an easy to understand, stable, all-weather, core long term wealth management solution for investors seeking to grow the purchasing power of capital over time, primarily by minimizing the risk of permanent capital loss
- ***Stocks that are potentially as "good as gold":*** The investment team strongly emphasizes companies that own scarce, very difficult to replicate, resilient, long duration intangible or tangible assets, with very solid balance sheets, and prudent, long term oriented management
- Recognizing that the **future is uncertain** and that historically, crisis periods have been recurrent, the team seeks to invest when a company's share price reflects a significant discount to its estimated intrinsic value – all in an effort to reduce potential for permanent impairment of capital over the long term
- ***Prepared for discount shopping opportunities:*** With 15.4% of exposure in cash & cash equivalents & the potential for heightened levels of volatility, the Fund has both sufficient deferred purchasing power and a level of downside buffer that would allow the investment team to selectively deploy capital if and when the opportunity presents itself

Key Selling Points

- Since its inception in 1996, the Fund has consistently been managed using a flexible, fully bottom-up, benchmark-agnostic, margin of safety driven strategy serving as a core wealth management solution for investors seeking to grow the purchasing power of capital over the long term, preserving wealth for generations

Source: First Eagle Amundi International Fund as of end of June 2019. AUC share class net of fees, in USD

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