



Q2 2019 Quarterly Review

First Eagle Amundi International Fund

For Professional Clients Only

Q2 2019 COMMENTARY

FIRST EAGLE AMUNDI INTERNATIONAL FUND

The quarter was defined by a myriad of concerns that pushed and pulled on investor sentiment. 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. The flurry of uncertainties pervading the markets at the start of the quarter surrounding the US-China trade war were finally at bay by the end of June after President Trump and Xi Jinping agreed to restart trade discussions. Also, geopolitical issues spiked during the quarter, particularly in the Middle East, following the attacks on two oil tankers near the strategic Strait of Hormuz. Meanwhile, the quarter also marked a turn to more dovish monetary policy by the Fed and ECB. Global markets responded positively to this shift in protocol, recouping losses during the downswing of the earlier months. Meanwhile, bond yields dropped in both the US and Europe, increasing the global stock of subzero interest rate debt to above 13 trillion USD.

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.

Regarding the Fund's portfolio evolution throughout the quarter, exposure to cash and cash equivalents was rather stable, ending the second quarter at similar levels where it started, at 15.4%. Increased volatility provided a narrow window of discounted investment opportunities that we participated in, primarily by adding on to existing portfolio holdings.

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. During the second quarter, the investment team fully exited two longer-term holdings of the Fund, **Secom Joshinetsu** and **Haw Par**. Initially purchased in 2007, Secom Joshinetsu, is a Japan-based company that is part of the larger Secom Group and has two business segments, 1.) related to security systems and 2.) related to medical, electrical and construction endeavors. An even older name in the portfolio, held for over 15 years, is Haw Par, the Singapore-based healthcare, leisure, property and investments company that is most recognized for its Tiger Balm branded liniment product.

Additionally, we exited three US-based businesses when their shares reflected the team's estimate of their intrinsic values including **Xilinx**, designer of programmable devices including integrated circuits and software design tools (e.g. used for auto collision prevention), **Cintas**, provider of business services such as employee uniform rentals, and **Cincinnati Financial**, provider of property and casualty insurance. Similarly, we exited our position in **Gazprom** (ADR), the larger Russian energy company, when share prices reflected its estimated intrinsic value.

In terms of new positions, the investment team initiated one new equity holding during Q2 2019, a South Korean multinational electronics conglomerate.

Gold pricing experienced a strong uptick in June, reaching a six-year high. Mainly due to this strong price appreciation, the Fund's exposure to gold-related securities increased to encompass 13.7% of the portfolio by the end of the quarter and made a strong contribution to positive returns. Gold-related securities are an integral part of the team's investment process and are incorporated as a potential hedge against uncertain market outcomes. The portfolio weight of gold-related securities is substantially higher than it was at the same time last year. This structural difference in the portfolio reflects a growing risk landscape as we face a more complex, multi-polar, populist and overindebted world.

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. We do so by owning companies that we believe control scarce, hard to replicate and resilient assets, both intangible and real, that we seek to purchase with a discount in price, providing us with a margin of safety.



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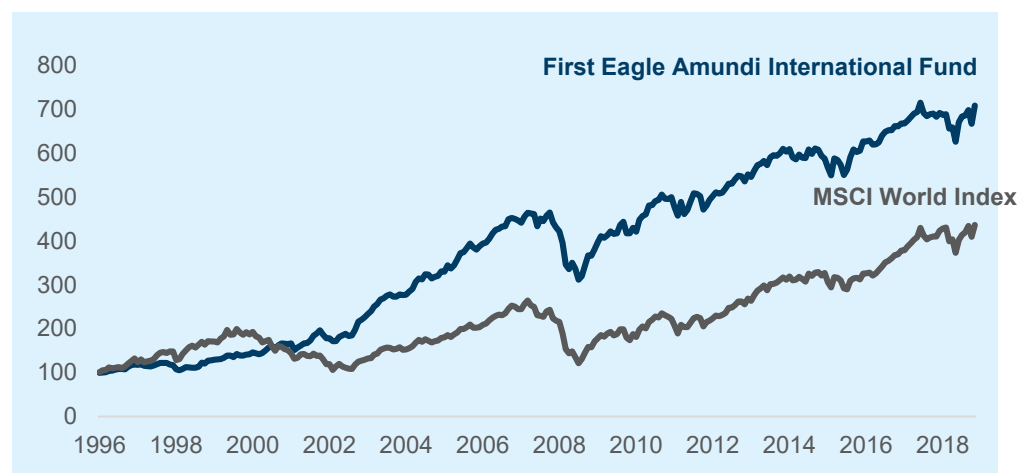
MANISH GUPTA

Associate Portfolio Manager

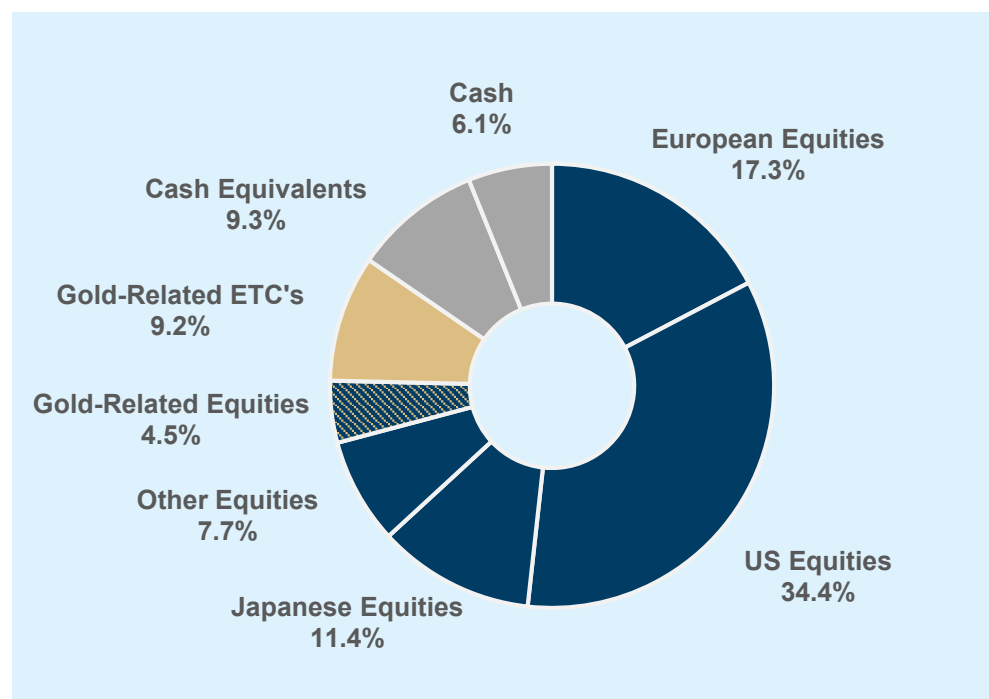
Q2 2019 PORTFOLIO SNAPSHOT

FIRST EAGLE AMUNDI INTERNATIONAL FUND (AUC)

Performance Since Inception - Growth of \$100



Asset Breakdown



Largest Contributors to Performance for Q2 2019

Highest (%)

| | |
|---------------------------|------|
| KDDI | 0.22 |
| Danone | 0.17 |
| Oracle | 0.15 |
| W. R. Berkley Corporation | 0.14 |
| Flowserve | 0.14 |

Lowest (%)

| | |
|--------------------------|-------|
| British American Tobacco | -0.24 |
| National Oilwell Varco | -0.18 |
| Teradata | -0.17 |
| Bank of New York Mellon | -0.16 |
| 3M | -0.16 |

AUM

\$8,507.64 Million

No. of Holdings

143

Returns (%)

Cumulative

| | |
|---------|-------|
| Q2 2019 | 3.27 |
| YTD | 13.12 |

Annualized

| | |
|-----------------|------|
| 3 Year | 5.39 |
| 5 Year | 3.04 |
| 10 Year | 6.83 |
| Since Inception | 8.94 |

Largest Equity Holdings (%)

| | |
|--------------------------|-------|
| Oracle | 2.44 |
| Comcast | 2.00 |
| Exxon Mobil | 1.87 |
| FANUC | 1.68 |
| Schlumberger | 1.59 |
| Weyerhaeuser | 1.46 |
| Danone | 1.42 |
| KDDI | 1.32 |
| British American Tobacco | 1.32 |
| Sompo | 1.26 |
| Total % of Portfolio | 16.36 |

Source: Amundi, as of end of June 2019, net performance in USD. Retail share class (AU-C). Share-class inception date August 12, 1996. Current allocation may be changed without prior notice within the limits stated in the Prospectus. Past performance is not a reliable indicator of future returns. The performance are mentioned for indicative purposes only and the value of investments may vary upwards or downwards according to market conditions.

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