



FIRST EAGLE
INVESTMENT MANAGEMENT

Our Story



“I WOULD RATHER LOSE
HALF MY
SHAREHOLDERS
THAN LOSE
HALF OF MY
SHAREHOLDERS’
MONEY.”

JEAN-MARIE EVEILLARD

Senior Advisor

First Eagle Investment Management



ORIGINALLY FOUNDED IN 1864 as a family office in Dresden, Germany, First Eagle has evolved over the years and today exists as an independent investment manager headquartered in New York City. The firm’s family-founded roots help to align our interests with those of our clients and we remain dedicated to the primary goal of preserving wealth over the very long-term, for future generations. In an effort to achieve this goal, we implement a flexible, benchmark-agnostic, absolute-return, value approach to investing.



IN OUR VIEW, having the ‘right temperament’ is key to long-term wealth preservation. We believe that the ‘right temperament’ is marked by a recognition that the future is uncertain and that markets are not always efficient. Benjamin Graham, the father of value investing, presented these inherent inefficiencies through an allegorical figure known as Mr. Market. Mr. Market tends to be myopic, driven by greed, fear and irrational behaviors that can push even the most sophisticated investors to make suboptimal investment decisions.

AT FIRST EAGLE, we strive to always remain humble and to accept our inability to predict future market movements. We look to constantly adapt to an ever-changing world and to remain flexible so that we can capture discounted investment opportunities wherever they occur. At times, we hold a contrarian stance as history has proven to us that what is unpopular today can become Mr. Market’s favorite tomorrow, and vice versa. In our view, having the ‘right temperament’ and remaining humble, patient, pragmatic, conservative and at times, contrarian, is the key to recognizing market inefficiencies and potentially profiting from areas that have been overlooked.

AS TRUE VALUE INVESTORS, we search far and wide for well-positioned, well-managed, and well-capitalized companies that are trading at a discount to our team’s estimate of their intrinsic value—a discount known as a “margin of safety.” Our investment team takes time to search for businesses that have a sustainable competitive advantage—otherwise known as a “moat.” We have sometimes waited ten years for the price of a stock we liked to fall to a level where we would buy it, and we have held stocks in our portfolio for ten years or more before their prices converged with intrinsic value. We truly believe that patience is essential as short-term market inefficiencies can take years to be resolved.

BEING DIFFERENT may require us to go against the herd at times, but we find that if one seeks to generate above-average returns over the long-term, following the herd and managing a portfolio alongside a benchmark is unlikely to be the path to achieve one’s goals. As benchmark-agnostic managers, we have the courage of our convictions and do not allow consensus views or market sentiment to distract us. Instead, we remain committed to the philosophy which has guided us for over 150 years.

HUMBLE • PATIENT • PRAGMATIC • CONSERVATIVE • CONTRARIAN

FIRST EAGLE'S HISTORY AND MILESTONES

Learning from our past to prepare for the future



Arnhold Brothers, early 1900s

1864

Founding of Gebruder Arnhold Bank, a retail commercial bank, in Dresden by Max Arnhold
Financed local businesses, particularly the brewing industry

1901

Developed the first German Pension Fund for their employees

1928

Acquired Adler Bank in Switzerland
Adler means "Eagle" in German, origin of the name "First Eagle Investment Management"

1935

Forced sale of Arnhold Bank in Dresden amidst a deteriorating world landscape

1937

All business moved to New York City
Faced with the realities of Nazi Germany and the Great Depression, led by Hans Arnhold, Arnhold Bank relocated to continue business
One of the few that remained open during the bank holiday of the Great Depression

1967

Launch of first offshore fund named First Eagle Fund NV
Moved beyond managing the wealth of family and friends and began investing on behalf of outside clients

1979

Creation of Global Value Strategy by Jean-Marie Eveillard
The same core investment tenets underpin all subsequent First Eagle strategies

2000

Jean-Marie Eveillard joined First Eagle

Further establishes the firm's culture by embodying First Eagle's approach to investing, a culture of margin of safety driven investing

Known as the "humble contrarian," Eveillard refuses to participate in market "bubbles"



2003

Eveillard earned Morningstar's Lifetime Achievement Award

2008

Matt McLennan joined First Eagle as Portfolio Manager and Head of Global Value Team

"We're really looking to buy sound businesses at prices which incorporate modest expectations. At the end of the day, that's a common sense approach to investing, and common sense is never irrelevant."
- Matt McLennan

2017

Acquired NewStar Financial, manager of middle-market direct lending and broadly syndicated loan strategies

2015

Private equity funds managed by Blackstone Capital Partners and Corsair Capital invest in the firm

2011

Acquired the High Yield Credit Team

2009

Renamed firm First Eagle Investment Management

The future may be uncertain but it is certain that crises are recurrent

World War I (1914–1918) Great Depression (1929–1939) World War II (1939–1945) Cold War (1947–1991) Japanese Equity Bubble Burst (1986–1992) Cuban Missile Crisis (1962) Black Monday (1987) Mexico Peso Crisis (1994) TMT Bubble Burst (1995–2000) Gulf War (1990–1991) Enron (2001) Subprime Mortgage Crisis (2007) Lehman Bankruptcy (2008) Fukushima (2011) Chinese Yuan Devaluation (2015) 9/11 (2001) Iraq War (2003–2011) Global Financial Crisis/Great Recession (2007–2009) Ukraine Crisis (2014) Brexit Vote (2016)

OUR PHILOSOPHY

has been influenced by the teachings of Benjamin Graham, Warren Buffett and Jean-Marie Eveillard. As their teachings have suggested, true value investing can be achieved with a humble disposition—not attempting to predict the future—and a patient temperament—being prepared to wait for an investment thesis to materialize.

BENJAMIN GRAHAM^o

Professional Investor, Economist, Professor at Columbia Business School

- Published *Security Analysis* (1934) with David Dodd and *The Intelligent Investor* (1949)
- Introduced founding principles of Mr. Market, intrinsic value and margin of safety

WARREN BUFFETT^o

Professional Investor, CEO and Chairman of Berkshire Hathaway

- Student of Benjamin Graham
- Buffett developed the concept of sustainable competitive advantage ("moat") as the ultimate hidden asset

JEAN-MARIE EVEILLARD

Senior Advisor to First Eagle Investment Management

- Disciple of Benjamin Graham and Warren Buffett
- Extended the principles of value investing to global equity markets

LESSONS THAT HAVE SHAPED OUR CULTURE & APPROACH

- Maintain a global, diversified perspective (client base and assets) to avoid home bias
- Necessity of adapting to change

"Investing isn't about beating others at their game. It's about controlling yourself at your own game."
- Benjamin Graham

- Prudent to own gold (or gold-related securities) as a potential hedge against extreme events; has been historically beneficial particularly during years of massive hyperinflation
- Potential benefit of owning resilient businesses that may maintain pricing power during downturns

- At times, best to ignore "hot sectors," and go against the herd
- Financial conservatism and the importance of maintaining a reputation for honesty and integrity

"Sometimes in life, it's not just about what we buy, but what we don't buy."
- Jean-Marie Eveillard

- Focus on avoiding downside capture as key to preservation of capital for the long term

"Rule No.1: Never lose money. Rule No.2: Never forget rule No.1."
- Warren Buffett

Prior to January 1, 2000, the strategy was managed by Jean-Marie Eveillard while he served as the portfolio manager at a firm different from First Eagle Investment Management, LLC. The firm became an SEC registered investment adviser in 1995.

CLIENTS COME
FIRST,
ALWAYS.



FIRST EAGLE

INVESTMENT MANAGEMENT

This document and all figures are as of December 2018.

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