



October 13, 2008

Dear First Eagle Investors:

As we have written in the past, we have since the early 1980s had several credit crunches including the S&L crisis, the LTCM crisis, and the telecom bust earlier this decade. In each episode the authorities were successful in redeflating the credit bubble but also perhaps engendering an accumulation of bad habits. But, as the Austrian School of economics teaches us, credit bubbles are eventually followed by credit busts. This bust seems especially painful because of the size of the bubble that preceded it due to continuous efforts over the past 30 years to interfere with the corrective process. At the end of this bubble we found ourselves looking at a mountain of debt supported by ever increasingly thin capital ratios in ever more unregulated areas of finance. This created a dangerous combination of unsustainable leverage and unmanageable risk.

Recently the deflating of the credit bubble has entered a new phase. The unwinding has suddenly become disorderly and has naturally spilled over into the equity markets as investors begin to consider the effects of the credit bust on the real economy and earnings prospects. The result is indiscriminate selling and outright panic. In hindsight, though we correctly anticipated this bust we obviously could have been better prepared. Though we judged it improper to participate in the earlier recapitalization of the financial services industry, thus saving our shareholders from permanent losses, we have not been able to escape the second-order effects in that many of our holdings were perhaps sources of liquidity to other funds being forced to liquidate.

We'll be clear that we are rather concerned with the unintended consequences of the actions taken by authorities so far. But we also believe firmly that such action will be taken--no matter what--to prevent either a '30s style depression or an extended Japan-style malaise. In that case we believe there is approximately zero chance of either scenario, while also conceding that we will face difficult economic times nonetheless. A credit bust is never painless. And the dollar may well lose its shine as the world's reserve currency, hence our continuing position in gold.

With that said, though from a macro standpoint things look grim, the good news is that since we have some excess cash we are able to buy securities at somewhat peculiar prices--thus the spectacle of Shimano's shares trading at 8x cash-adjusted earnings after having fallen by half in three months, 3M's at 9x earnings, Pargesa's at close to our first purchase price 6 years ago, and Nitto Kohki's shares at 2x cash-adjusted earnings. As investors with a long-term perspective, equities are beginning to look attractive, even as corporate profits come under pressure.

We are focusing on the types of companies we always have--a combination of "cigar butts" (as Warren Buffett called Benjamin Graham-type stocks) and some truly exceptional businesses trading at fire sale prices. Sometimes when investing seems most scary it's the best time to invest. This may be one of those times.

Thank you for your continued support.

- Jean-Marie Eveillard, Matt McLennan and Abhay Deshpande

Average Annual Returns as of 03/31/2009:	Year to Date	1 Year	5 Years	10 Years
First Eagle Global Fund A Shares (without load)(SGENX)	-8.28%	-26.42%	4.34%	11.15%
First Eagle Global Fund A Shares (with load)(SGENX)	-13.13%	-30.10%	3.27%	10.72%

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.firsteaglefunds.com](http://www.firsteaglefunds.com) or by calling 800.334.2143. The average annual returns for Class A Shares "with load" of First Eagle Global Fund give effect to the deduction of the maximum sales load of 3.75% for periods prior to March 1, 2000 and of 5.00% thereafter. Performance reflects a total fund operating expense ratio of 1.14%.

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 holdings mentioned herein represent the following percentage of the total net assets of the First Eagle Global Fund as of March 31, 2009: Shimano Inc. 1.43%, 3M Co. 1.53%, Pargesa Holding S.A. 1.35%, Nitto Kohki Co. Ltd. 0.00%. The portfolio is actively managed and holdings can change at any time. Current and future portfolio holdings are subject to risk.

The commentary represents the opinion of the Global Value Team Portfolio Managers as of October 13, 2008 and is subject to change based on market and other conditions. Mr. Eveillard transitioned to senior adviser on March 26, 2009, a position he also held from January 2005 to March 2007. The opinions expressed are not necessarily those of the 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 here 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 or security.

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