



Words from Jean-Marie Eveillard
Our Senior Adviser

VOLUME 2 | 2010


FIRST EAGLE
FUNDS

My Role as a Senior Adviser


But first, some historical background.

On January 1, 1979 I became the portfolio manager of SoGen International Fund (now First Eagle Global Fund, which was then \$15 million in size). I ran the Fund (as well as First Eagle Overseas Fund and First Eagle Gold Fund from their inception in 1993) through the end of 2004. As scheduled, I then moved to an advisory position, which suited me fine. There is a time for everything. There is more to life than running other people's money.

However, after my successor abruptly resigned in March 2007, I was asked back and agreed so as not to have the Funds' shareholders in the lurch, while we looked for someone to lead the Global Value Team.

It took a long time, but eventually Matt McLennan joined us in September 2008. It was more important to find the right individual, which we did, than to come up with someone quickly. At the same time, Abhay Deshpande, a young veteran who has been with us for ten years, joined Matt on the portfolio management side. And I agreed, in order to help the transition, to continue to work full time until March 2009 when I moved, again, into an advisory position.

So, that's the background. Now, what is it like to be an adviser? First, I continue to read the financial pages of the newspapers, would it be only out of intellectual curiosity. I'm in the office on a weekly basis, though I am available at all times.



*“...value investing
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works over time...”*

Second, there is a big difference between advising and doing. I advise the best I can, but the direct, ultimate responsibility is no longer mine. Some say, “Don't you miss the excitement?” No. Been there, done that. I was an adviser already in 2005 and 2006, so I know what it's like to work part-time and I enjoy it at this stage in my life. (I just turned 70.)

When I am in the office, my door is open and I often talk not only with Matt and Abhay, but also with Bruce Greenwald, our star Director of Research, and with the in-house analysts. As some of you know, I have always said that they're the heart of our operation. I used to spend about half of my time talking to them. I still enjoy it. They may learn from me, but I certainly learn from them.

I'm touched that everyone at First Eagle Funds seems to be interested in talking with me. I give advice freely, if asked (and if I think I have something to say). However, I'm careful not to press a point. First, I'm no longer in charge; second, the future is uncertain anyway.

I'm confident that Matt, Abhay, Bruce, the analysts and Doug, our head of trading, are on the right track (remember: value investing makes sense and I believe it works over time) and that they have the diligence and the skill. Most importantly, they have the temperament, i.e., the willingness to move away from the herd whenever it seems that the herd will eventually fall over the cliff. Not only do they possess the willingness, but the ability to do so, thanks to the support of top management at First Eagle Investment Management, John Arnhold and Bridget Macaskill.

For 30 years, I have added to my holdings of First Eagle Funds, so that today my wife, our two daughters and I have significant investments in First Eagles' shares. Actions speak louder than words.

Current Views on the Investment Scene

Finally, a few words about the investment scene, as I see it today. As usual, I have no idea whether stock markets will move up or down over the next few months. That's a guessing game not worth playing.

A key question is: Will the authorities be able to lever up the system once more, and can they do so in a non-inflationary way? In other words, will the budding economic recovery be sustained over the next three to five years in a typical post-

World War II fashion? Or has the economic and financial landscape changed radically as a result of the worst financial crisis since the Great Depression and of the unprecedented steps taken by the Government and the Fed to stabilize the economy?

I do not have the answers to these questions. However, the risk of monetary disorder is still with us, so I think a position in gold is appropriate. As for equities, even after a big move up over the past year, they still have the benefit of weak competition from bonds and cash. However, for value investors, investment opportunities shrank as stocks rebounded. Attention should always be paid to valuations so as not to participate in bubbles; they're not good for your financial health because all bubbles burst eventually.

To end on a positive note, as the French say, "*Le pire n'est pas toujours sûr*," which translates loosely to, "The worst outcome is not always a sure thing."

*"Le pire n'est pas
toujours sûr..."*

Jean-Marie Eveillard

Senior Adviser, Portfolio Management

Born in Poitiers, France in 1940, Mr. Eveillard is a graduate of Écoles des Hautes Études Commerciales, an esteemed French graduate school for economic studies. He started his career in 1962 with Société Générale until relocating to the United States in 1968. Two years later, Mr. Eveillard began as an analyst with the SoGen International Fund. In 1979, he was appointed as the portfolio manager of the Fund, later named the First Eagle Global Fund. He then went on to manage the First Eagle Overseas and First Eagle Gold Funds at their inception in 1993 as well as the First Eagle U.S. Value Fund in September 2001. After managing the Funds for over 30 years, Mr. Eveillard now serves as Senior Adviser and member of the Board of Trustees for First Eagle Funds and as a Senior Vice President of First Eagle Investment Management, LLC.

Mr. Eveillard was named Morningstar's International Manager of the Year in 2001, and in 2003 received a Lifetime Achievement Award from Morningstar for building one of the most successful long-term records in the investment business.

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. 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.

The commentary represents the opinion of Jean-Marie Eveillard, Senior Adviser, as of March 2010 and is subject to change based on market and other conditions. Performance for periods prior to January 1, 2000 occurred while Mr. Eveillard was affiliated with another firm. Mr. Eveillard transitioned to Senior Adviser on March 26, 2009, a position he also held from January 2005 to March 2007, and continues to be a member of First Eagle Funds' Board of Trustees and a Senior Vice President of First Eagle Investment Management, LLC. The opinions expressed are not necessarily those of the firm. First Eagle Investment Management, LLC (FEIM) became investment adviser to the Funds commencing January 1, 2000. **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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