

# First Eagle Investment Management, LLC

1345 Avenue of the Americas  
New York, N. Y. 10105  
(212) 698-3300  
feim.com  
October 5, 2011

This Brochure provides information about the qualifications and business practices of First Eagle Investment Management, LLC ("FEIM"). If you have any questions about the contents of this Brochure, please contact us at the number above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. FEIM is a registered investment adviser. This registration does not imply a certain level of skill or training. Additional information about FEIM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This brochure is a new document prepared according to the SEC's new requirements and rules. In the future, this Item will identify and discuss material changes that are made to this document.

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#### Item 4 – Advisory Business

First Eagle Investment Management, LLC ("FEIM") is a limited liability company organized under the laws of Delaware. It is a subsidiary of Arnhold and S. Bleichroeder Holdings, Inc., a Delaware corporation ("ASBH"). Founded in Europe, the firm moved its headquarters to NYC in 1937.

FEIM provides investment advisory services to mutual funds, private investment funds, high net worth individuals, and separately managed accounts. FEIM is the investment adviser to the First Eagle Funds and First Eagle Variable Funds (collectively, the "Funds"), which are registered investment companies.

Client accounts are generally managed by FEIM on a discretionary basis. Investment decisions are based on a client's investment guidelines and restrictions. For separately managed accounts, clients may impose certain restrictions on securities or types of securities. FEIM is not responsible for and it does not consider in its management of a client's account any securities, cash or investments owned by the client, the client's financial circumstances or investment objectives outside of the client's investment with FEIM.

FEIM currently manages the following five principal investment strategies:

**Global Value** - The Global Value strategy seeks to deliver attractive real returns while preserving capital over time by using a value approach to investing in global equity markets. The investment team follows a bottom-up, fundamental approach, focusing on companies with primarily quality businesses that they believe have above-average sustainable profitability and that are trading at what they believe are significant discounts to their intrinsic values.

**High Yield** - The High Yield strategy seeks to provide investors with a high level of current income. The High Yield strategy invests in high-yield, below investment-grade securities including high-yield corporate bonds and loans; municipal bonds, mortgage-backed and asset-backed securities, income producing convertible securities; and preferred stocks.

**International Value** - The International Value strategy seeks to deliver attractive real returns while preserving capital over time by using a value approach to investing in non-U.S. equity markets. The investment team follows a bottom-up, fundamental approach, focusing on companies with primarily quality businesses that they believe have above-average sustainable profitability and that are trading at what they believe are significant discounts to their intrinsic values.

**U.S. Equity** - The U.S. Equity strategy seeks to deliver long-term growth of capital by generating returns consistently in excess of the S&P 500. The team uses a bottom-up, fundamental and benchmark-unaware investment approach to create a primarily liquid and concentrated portfolio.

**Risk Arbitrage** - Seeks to achieve capital appreciation by engaging in merger arbitrage investing, including locking-in spreads among securities of issuers engaged in significant corporate events, such as announced mergers and acquisitions. It is possible for the portfolio to sell short the stock being offered while purchasing the stock of the company being sought.

On a more limited basis, FEIM and a division of FEIM called ASB Advisers provide investment advisory services for strategies other than those set forth above, including separately managed accounts for related persons and their family members, a Pacific Rim long/short fund, a long/short private fund managed by the U.S. equity team, multi-manager funds, and a biotechnology focused private fund.

As of August 31, 2011, FEIM managed \$62,596,051,412 on a discretionary basis.

## **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by FEIM is established in a client's written agreement with FEIM. For separate account management, FEIM typically charges an annual fee based on a percentage of assets under management.

FEIM's current basic annual fee schedule for separate accounts is as follows:

Global Value - 75 basis points

High Yield – 70 basis points

International Value - 75 basis points

U.S. Equity - 0.75% of the first \$25 million and 0.50% on the amount over \$25 million

Risk Arbitrage – an asset based fee and a performance based fee, depending on the account and account size.

FEIM will generally bill its management fees on a quarterly basis in arrears. Clients generally elect to be billed directly for fees. Management fees are typically prorated for partial periods.

ASB Advisers' fees are negotiable and range from zero to 1.5% on an annual basis.

For the Funds and the private funds advised by FEIM, fees are described in each fund's prospectus or offering document, as the case may be. More information on the fees and expenses borne by the Funds is contained in each Fund's prospectus, available at <http://www.firsteaglefunds.com>. In addition to fees paid to FEIM for investment advisory services by funds it advises, FEIM also performs certain administrative, legal, operations, compliance and accounting services and certain of these funds reimburse FEIM for costs (including personnel, related overhead, rent and other expenses and costs) related to those services.

FEIM also has performance-based fee arrangements with certain clients. Generally, incentive compensation agreements provide for a performance fee that is a percentage of the profits or a percentage of the increase in net asset value, or a percentage of the profits in excess of a predetermined benchmark. The time period over which the performance-based fee is calculated and the relevant benchmark (if any) will be negotiated with each client. In the case of private investment funds, the amount of any performance fee will be described in the fund's offering documents.

Fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Contracts with clients typically include a provision for indemnification to FEIM under certain circumstances. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

FEF Distributors, a subsidiary of FEIM, is the distributor of the Funds. FEIM, FEF Distributors and their employees may receive compensation for the sale of securities or other investment products, including asset-based sales charges, service fees and contingent deferred sales charges from the sale of the Funds. In addition, FEIM may adopt one or more incentive plans or enter into agreements which provide for cash payments to its employees who develop and refer new business. These arrangements may present a conflict of interest and give FEIM and its employees an incentive to recommend investment products based on the compensation received, rather than on a client's needs. FEIM has adopted a Code of Conduct. FEIM employees are required to place the interests of clients first and should not take inappropriate advantage of their positions. Clients may purchase investment products that FEIM recommends through other agents or brokers that are not affiliated with FEIM.

In certain circumstances, fees and account minimums may be negotiable. FEIM may waive or rebate a portion of the fees charged to investors in investment funds it manages. FEIM may change its fee structure at any time.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

As noted above, FEIM may charge performance based fees – that is, fees based on a share of capital gain or capital appreciation of the assets of a client. FEIM manages both accounts that are charged a performance based fee and accounts that are charged an asset based fee. This may create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. In addition, performance based fee arrangements may create an incentive for FEIM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. FEIM has procedures designed and implemented to ensure that all clients are treated fairly and equitably over time, and to prevent this conflict from influencing the allocation of investment opportunities among clients, including trade allocation procedures.

## **Item 7 – Types of Clients**

FEIM provides portfolio management services to individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, mutual funds, private investment funds, trusts, sovereign funds, non-U.S. funds, and other U.S. and non-U.S. institutions. FEIM generally requires minimum account sizes.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

FEIM's Global Value and International Value strategies seek to deliver attractive real returns by using a value approach to investing. The investment team follows a bottom-up, fundamental approach, focusing on companies with primarily quality businesses that they believe have above-average sustainable profitability and that are trading at what they believe are significant discounts to their intrinsic values. Each of these strategies invests in a range of asset classes from markets in the U.S. and throughout the world, including emerging markets. These strategies invest in any size company, including large, medium and smaller companies, and allocate a substantial amount of assets to non-U.S. investments. Investments may be made in many other types of assets, including fixed income securities,



cash and cash equivalent, currencies, short term debt instruments, gold and other precious metals, and futures contracts.

FEIM's High Yield strategy seeks to provide investors with a high level of current income. The High Yield strategy invests in high-yield, below-investment-grade securities including high-yield corporate bonds and loans, municipal bonds, mortgage backed and asset-backed securities, income-producing convertible securities, and preferred stocks. The High Yield strategy invests in high yielding, non-investment-grade bonds that involve higher risk than strategies that invest solely in investment-grade bonds. Strategies that invest in fixed-income securities are subject to several general risks, including interest-rate risk, credit risk, and market risk, which could reduce the yield an investor receives from the High Yield strategy. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets. Investors considering the High Yield strategy should have a long-term investment horizon.

FEIM's U.S. Equity strategy seeks to deliver long-term growth of capital by generating returns consistently in excess of the S&P 500. The team uses a bottom-up, fundamental and benchmark-unaware investment approach to create a primarily liquid and concentrated portfolio of equity securities. This strategy may include frequent trading. Frequent trading may result in higher transaction costs.

FEIM's risk arbitrage strategy seeks capital appreciation across market cycles, by investing primarily in companies that are involved in significant corporate transactions including mergers, tenders, spin-offs, and recapitalizations, or that are undergoing or emerging from significant financial or business restructurings. This strategy includes both long and short positions and may include frequent trading. Frequent trading may result in higher transaction costs.

FEIM and ASB Advisers, a division of FEIM, provide investment advisory services to clients for strategies other than those set forth above. In the case of an investment fund, the investment strategy of a particular fund is set out in the fund's offering document.

Investing in securities involves risk of loss that clients should be prepared to bear. Below are certain specific risks associated with the above strategies.

**Market Risk** – The value of a client’s holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad.

**Small and Medium Size Company Risk** – These investments may be more volatile in price than those of larger companies.

**Non-U.S. Investment Risk** – Non-U.S. investments often involve special risks not present in U.S. investments that can increase the chance of losing money. These risks include, risks associated with non-U.S. custodians and depositories, changes in currency exchange rates, and restrictions imposed on investments by foreigners. In addition, non-U.S. investments are susceptible to less politically and economically stable environments and adverse changes to government regulation.

**Emerging Market Risk** – Emerging markets are riskier than more developed markets because they tend to develop unevenly and may never fully develop. Investments in emerging markets may be considered speculative.

**Gold and Commodity Risk** – Exposure to gold and other commodities may subject a portfolio to greater volatility than investments in traditional securities. Client accounts may be invested in physical gold and the securities of companies in the gold mining sector. Prices of gold-related issues are susceptible to changes to U.S. and non-U.S. taxes, currency, mining laws, inflation, and various other market conditions.

**High Yield Risk** - High yield securities (commonly known as “junk bonds”) may be subject to greater levels of interest rate, credit and liquidity risk than investment grade securities. These securities may be considered speculative with respect to the issuer’s continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for high yield bonds and reduce the ability to sell these securities (liquidity risk). High yield issuers may have a larger amount of outstanding debt relative to their assets than issuers of investment grade bonds. In the event of an issuer’s bankruptcy, claims of other creditors may have priority over the claims of high yield bond holders, leaving few or no assets available to repay high yield bond holders. If the issuer of a security is in default with respect to interest or principal payments, the Strategy may lose its investment in the issue. Prices of high yield bonds are subject to extreme price fluctuations. Adverse changes to the issuer’s industry and general economic conditions may have a greater impact on the prices of high yield bonds than on those of other higher rated fixed-income securities. The Strategy may incur expenses to the

extent necessary to seek recovery upon default or to negotiate new terms with a defaulting issuer.

**Credit Risk** – Credit risk is the risk that the issuer of a bond or other instrument will not be able to make payments of interest and principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of an investment in the issuer.

**Currency Exchange Transactions** – Currency trading involves significant risks, including market risk, interest rate risk and country risk. Forward currency contracts present the risk that the counterparty fails to meet their obligations.

**Liquidity Risk** – In certain situations, it may be difficult to or impossible to sell an investment in an orderly fashion at an acceptable price.

**Event-Driven/Arbitrage Risk** – A risk associated with this strategy is that the proposed transaction or reorganization may be renegotiated or terminated, in which case the investment may realize losses.

**Short Sale Risk** – Short sale strategies can be riskier than "long" investment strategies. Because a short sale may involve the sale of a security that is not owned, the potential losses are unlimited.

**Private Investment Funds** – Private investment funds are not registered under the Investment Company Act of 1940 and are therefore not subject to the regulatory requirements it imposes. An investment in a private fund involves risks not typically associated with traditional investment funds. These risks include limitations on transfers, valuation of the underlying investments, and transparency with respect to the Fund's underlying investments. These funds are not readily marketable and have limited liquidity.

**Derivatives Risk** – Futures contracts and other "derivatives" present risks related to their significant price volatility and risk of default by the counterparty to the contract.

### **Item 9 – Disciplinary Information**

On January 25, 2005, FEIM was found by the National Commission of the Securities Market of Spain to have failed to file in a timely manner a required report disclosing beneficial ownership of more than 5% of the outstanding shares of a Spanish company. FEIM was fined 6,000 Euros.

### **Item 10 – Other Financial Industry Activities and Affiliations**

FEF Distributors, LLC, a wholly owned subsidiary of FEIM that serves as principal underwriter to the First Eagle mutual funds, is a registered broker/dealer.

Several private investment funds managed by TA Associates, a private equity firm, own a minority interest in FEIM's parent company.

Clients are solicited to invest, and FEIM may invest client assets, in the First Eagle mutual funds and private investment funds advised by FEIM.

FEIM is a shareholder of VARECS Partners Limited, a Japanese company that is registered with the Japanese Financial Services Agency as a non-discretionary investment adviser. An employee of FEIM is also a shareholder of VARECS Partners. In addition, certain other employees have interests in or are affiliated with other investment advisers, broker-dealers, or financial services firms.

### **Item 11 – Code of Ethics**

FEIM has adopted a Code of Ethics (the "Code") to establish policies addressing its fiduciary duties to its clients. The Code generally prohibits fraudulent or manipulative practices in connection with client investments. The Code establishes policies regarding personal trading by employees of FEIM. Specifically, the Code prohibits personal trading in any security if there is a client buy or sell order pending in that security. FEIM has implemented procedures to monitor compliance with the provisions of the Code, including

pre-approval of personal securities transactions, annual confirmations of compliance and annual holdings reports. The Code contains restrictions on purchases of initial public offerings and private offerings. In addition, employee personal security transactions must be pre-cleared and employees are subject to short-term trading bans and blackout periods, subject to certain exemptions.

In addition, FEIM has adopted a Code of Conduct and inside information procedures. FEIM prohibits the use of material, non-public information ("inside information") and maintains a restricted list of securities that may not be purchased by its employees for their own accounts or for client accounts because of the actual or possible possession of inside information.

A copy of FEIM's Code of Ethics and Code of Conduct is available to all clients and prospective clients upon request.

FEIM and its employees may from time to time, purchase, sell, or otherwise enter into transactions for their own accounts in securities and other instruments. Prior to, or simultaneously with, or subsequent to such transactions, FEIM may, for its clients, purchase, sell, or otherwise enter into transactions involving any of these same securities or other instruments, and any related securities or instruments (including securities issued by the issuer, options on such securities or instruments, and instruments convertible into such securities or instruments). In addition, FEIM may cause its advisory clients to enter into principal transactions with related persons in accordance with Section 206(3) of the Advisers Act.

FEIM and its affiliates and their related persons are permitted to buy or sell securities that they also recommend to clients. This may include FEIM and its employees acting as general partner, investment adviser or managing member to private funds and mutual funds in which clients are solicited to invest or that are recommended to clients. FEIM may take a position for an advisory client (including a private investment fund) and affiliates of FEIM may take a position for their own accounts in a security contrary to the position held in the same security (e.g., a short versus a long position) by clients of FEIM. It is possible that FEIM or its affiliates may, from time to time, cause short sales for a client to be executed following long transactions for other clients (or a proprietary account) in the same security. There is a possibility that employees might benefit from market activity by a client in a security held by an employee.

## **Item 12 – Brokerage Practices**

FEIM always seeks to obtain the best execution available for its clients. In selecting brokers for its clients, FEIM considers the full range and quality of a broker's services, including execution capability, commission rates (or markup or markdown) and volume discounts, financial responsibility, and responsiveness to FEIM in general. In addition, FEIM has access to several electronic communication networks (commonly referred to as "ECNs"). In light of all relevant factors, FEIM's portfolio managers and traders will select the market mechanism which they believe offers the best total execution for client transactions.

Consistent with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended, FEIM may direct execution of client transactions, including principal or agency transaction in over-the-counter ("OTC") securities, to certain brokers in recognition of their furnishing investment research and brokerage services, including, but not limited to, information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; wire services, appraisals or evaluations of potential or existing investments, certain financial and industry publications; statistical and pricing services, along with software, databases and other technical and telecommunication services utilized in the investment management process. The availability of such research and brokerage services may create a conflict between the interests of the client in obtaining the lowest cost execution and FEIM's interest in obtaining such services. When client brokerage commissions (or markup or markdowns) are used to obtain research or other products services, FEIM receives a benefit because it does not have to produce or pay for the research, products or services.

In general, research and brokerage services obtained from brokers are used to benefit FEIM's clients as a group and not solely or necessarily for the benefit of the particular client whose trades are handled by the broker providing such services. Therefore, a client may pay commissions (or markup or markdown) for providing services that are not used directly in the management of such client's account. Clients may, on the other hand, benefit from research and brokerage services obtained from brokers to whom such clients pay little or no commissions (or markup or markdown).

Where appropriate, FEIM may allocate mixed-use products and services as payable in cash by FEIM (to the extent not utilized by FEIM as brokerage or research) or through

commission costs (to the extent utilized by FEIM as brokerage or research). In allocating brokerage commissions from mixed-use items, FEIM makes a good faith determination as to the product or service's relation to the investment decision-making process. The receipt of mixed-use products and services and the determination of the appropriate allocation may create a potential conflict of interest between FEIM and its clients.

FEIM may cause client accounts to pay brokers a commission (or markup or markdown) in excess of the amount of commission (or markup or markdown) another broker adequately qualified to effect such transactions would have charged for effecting the same transactions absent the research or brokerage services. FEIM will do so only where it makes a determination in good faith that such commission is reasonable in relation to the brokerage and research services provided by such broker. FEIM may use brokers to execute orders in OTC stocks on an agency basis, in which case a client may pay both a mark-up or a mark-down and a commission. FEIM will utilize brokers to execute OTC transactions when it believes that it is in the client's best interests to do so, either by maintaining the anonymity of the principal or for other reasons connected with the trading situation at the time the trade is placed.

A significant portion of brokers through whom FEIM executes orders provide research products and services to FEIM. These products and services may include: economic, industry, municipal, sovereign (U.S. and non-U.S.), legal, or political research reports; market color; company meeting facilitation; and investment recommendations. FEIM may request that a broker provide a specific proprietary or third-party product or service. Certain brokers that provide research and brokerage services to FEIM may obtain such products and services from a third party. FEIM may obtain quotes and other market data information in this manner. Certain brokers may also invite investment personnel of FEIM to attend investment conferences sponsored by such brokers. Because brokers may combine the costs of their proprietary research services with the cost of securities execution services in the form of "bundled" commission rates, it may be difficult to quantify the cost of these research services.

Brokerage commissions are generally negotiated in the case of U.S. securities transactions, but in the case of foreign securities transactions may be fixed and may be higher than prevailing U.S. rates. Commission rates are established pursuant to negotiations with the executing parties based on the quantity and quality of the execution services.

FEIM must enter into foreign exchange transactions in order to facilitate the purchase and sale of portfolio securities transactions. Transactions executed with counterparties other than a client's custodian or sub-custodian may not be possible or advisable due to market limitations or limitations of the custodian. Certain foreign exchange transactions in local markets, including those related to corporate actions and trade settlements, are typically conducted through standing instructions with a client's custodian. Agreements related to standing instructions, including, but not limited to pricing, are generally effected pursuant to the terms of a client's custody agreement. FEIM is not a party to those custody agreements and assumes no responsibility for the oversight of such services.

FEIM may enter into cross transactions and bunch or aggregate orders for client accounts. FEIM may enter into cross transactions where it believes that such transactions can provide benefits for its clients. If FEIM believes that the purchase or sale of the same security is in the interest of more than one client, it may, but is not obliged to, aggregate the securities to be sold or purchased. These orders may be averaged as to price and allocated to accounts in amounts according to each account's daily purchase or sale orders or on some other equitable basis.

FEIM maintains separate investment teams that may invest in the same general markets and securities. These investment teams may compete with each other for the same or similar investment opportunities. In addition, FEIM procedures (including allocation procedures) are generally applied independently with respect to each investment team. Disparity among allocation and brokerage commissions paid by clients may occur. Disparities in commission (i.e., one team paying lower per-trade commissions than another team) may occur due to, among other things, the volume of commission business for a team and the use of research delivered by executing brokers. Disparities in allocations may occur for a number of reasons, including specific investment objectives, cash available for investment, and client imposed restrictions. In addition, there may be instances when there is limited supply for a particular security or investment opportunity. It is FEIM's policy to make allocations, in the case of new issues or otherwise, fairly and equitably among clients. However, such a fair and equitable allocation need not be based solely on the relative net assets of the participating accounts. FEIM cannot assure that in every instance an investment can be or will be proportionally allocated.

Clients may direct that all or a certain portion of the transactions for their account (a "directed brokerage account"), be executed through one or more broker-dealers (a "directed broker"). In such cases, FEIM's policy is that the client must negotiate the



commissions or other charges and fees for the clients' transactions with such broker-dealer. With respect to clients who direct the execution of transactions through particular broker-dealers, FEIM is not responsible for negotiating transaction commissions or other related charges or fees. There may be a material disparity in commissions charged directed brokerage accounts and the accounts of other clients. For this reason, FEIM may not be able to obtain the best execution of such transactions. FEIM has adopted a policy of obtaining a written acknowledgment, either as part of the investment advisory agreement or otherwise, from new clients regarding the effects of a directed brokerage arrangement on transaction execution costs.

FEIM may be able to include the order of a directed brokerage account with orders of other accounts with the objective of obtaining a better execution for the directed brokerage account if the executing broker will transfer the billing and settlement of such order to the directed broker (generally known as a "step-out"). Reconciliation of the portion of the trade given to a directed broker is done through the clearing process between the two brokers. Under such circumstances the client may incur both a transaction cost for the execution of the trade and a transaction cost for the billing and settlement of the trade. FEIM will bunch the trades of directed brokerage accounts only under circumstances in which it considers that executing the order in this manner is in the best interest of the directed brokerage account.

A client who chooses to designate the use of a particular broker or dealer should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some transactions than might otherwise be obtainable by FEIM, or may receive less favorable execution of some transactions, or both. Such a client should also consider that FEIM will generally execute block orders for non-directed clients before it executes orders for clients that direct brokerage, and may, from time to time, execute trades for non-directed clients through the same broker or dealer to which some clients may have directed brokerage.

### **Item 13 – Review of Accounts**

Portfolio Managers review performance, transactions and holdings for each client account on a regular basis. Additionally, Mr. John Arnhold, FEIM's chief investment officer, reviews performance and selected trade activity of each investment team on a periodic basis.

Generally, each separately managed account client (with the exception of ASB Advisers) receives periodic performance and holdings reports according to the contractual requirements of the client's investment management agreement.

#### **Item 14 – Client Referrals and Other Compensation**

FEIM may adopt one or more incentive plans or enter into agreements from time to time which provide for cash payments to its employees who develop and refer new business. In addition, FEIM may enter into agreements with third party solicitors who refer clients. In addition, FEIM and the private funds it advises may enter into agreements with (and make payments to) placement agents and others to gather assets for these funds and provide on-going servicing. Investors or prospective investors should be aware that these plans or arrangements create a conflict of interest between an investor and the relevant placement agent. This conflict may continue after an investment is made in that payments under these plans or arrangements may be made by reference to the amount of the investment maintained with FEIM over time.

FEIM acts as an investment adviser to certain private funds that invest in other private funds or which engage other managers (multi-manager funds). Certain of the underlying funds and managers may charge performance fees to the fund, all or a portion of which may be paid or rebated to FEIM. This may create a conflict in FEIM's selection of managers.

#### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FEIM urges you to carefully review such statements and compare such official custodial records to any account statements that FEIM may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please notify us promptly if you do not receive account statements from your custodian on at least a quarterly basis.

### **Item 16 – Investment Discretion**

FEIM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, FEIM seeks to follow the investment policies, limitations and restrictions of the clients.

### **Item 17 – Voting Client Securities**

FEIM has adopted proxy-voting policies and procedures designed to ensure that where clients have delegated proxy-voting authority to FEIM, all proxies are voted in the best interest of such clients without regard to the interests of FEIM. When a client retains FEIM, the firm generally determines through its investment management agreement whether it is authorized to vote proxies on behalf of that client. FEIM uses ISS as its third party proxy voting service provider. FEIM generally uses Risk Metrics Standard Guidelines.

Once the appropriate guidelines have been established, each proxy must be voted in accordance with those guidelines unless FEIM believes that it is in the best interest of the client(s) to vote otherwise. In those cases, the investment personnel must complete a form describing the reasons for departing from the guidelines and disclosing any facts that might suggest there is a conflict. In the event the Standard Guidelines or any client's Custom Guidelines do not address how a proxy should be voted or state that the vote is to be determined on a "case-by-case" basis, the proxy will be voted in accordance with the proxy voting service provider's recommendations.

If you wish to obtain a copy of FEIM's proxy voting policies and procedures, please submit your request in writing to: First Eagle Investment Management, LLC, Attention: Compliance Department, 1345 Avenue of the Americas, New York, NY 10105 or by calling (212) 698-3300.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures. FEIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

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### **PRIVACY POLICY**

This section describes FEIM's privacy policy. FEIM is committed to protecting the personal information provided by individual clients and employees according to strict standards of security and confidentiality. These standards apply to both physical facilities and any online services FEIM may provide. FEIM maintains physical, electronic and procedural safeguards that comply with federal and state standards to guard personal information. FEIM permits access to this information only by authorized individuals, who are trained in the proper handling of individual client information and need to access this information to do their job.

As part of providing FEIM's products and services, FEIM may obtain non-public personal information from the following sources:

- Information received on subscription applications or other forms, such as name, address, telephone number, Social Security number, occupation, assets and income;
- Information about client transactions such as account balances, payment history and account activity; and
- Information from public records FEIM may access in the ordinary course of business.

FEIM may share personal information with affiliates. These affiliates do business under names that include Arnhold and S. Bleichroeder Holdings, Inc., First Eagle Funds, First Eagle Variable Funds, and FEF Distributors, LLC.

FEIM will only share personal information collected, as described above, with unaffiliated third parties:

- At the client's request;
- When the client authorizes FEIM to process or service a transaction or product (unaffiliated third parties in this instance include service providers, such as fund administrators and transfer agents, who provide recordkeeping services, and proxy voting service providers;
- With companies that perform sales and marketing on behalf of FEIM with whom FEIM has agreements to protect the confidentiality of personal client information and to use the information only for the purpose for which it was disclosed; or
- When required by law to disclose such information to appropriate authorities.

FEIM does not otherwise provide personal information to outside firms, organizations and individuals except FEIM's attorneys, accountants, advisers and auditors as permitted by law.

If a client decides to discontinue doing business with FEIM, FEIM will continue to adhere to the privacy policy with respect to the information already in FEIM's possession following the termination of the client relationship.

Any new contracts with service providers that have access to personal information must include a provision requiring the service provider to maintain confidentiality of personal information.

Violations of FEIM's privacy policy will be taken seriously and may result in disciplinary actions, including possible termination.