

March 30, 2020

# Form ADV Part 2A Brochure



## FIRST EAGLE INVESTMENT MANAGEMENT, LLC

1345 Avenue of the Americas  
New York, N. Y. 10105  
[www.feim.com](http://www.feim.com)

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 (212) 698-3300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. FEIM is a registered investment adviser under the Investment Advisers Act of 1940 (the “**Advisers Act**”). This registration does not imply any 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

FEIM filed its last annual update to the Firm Brochure on March 29, 2019, and its last other-than-annual update to the Firm Brochure on August 2, 2019. FEIM continues to conduct its business activities and provide investment advisory services in substantially the same manner as described in its last update to the Firm Brochure. No changes that are or may be considered material have been made since the last update. There have been minor additional disclosures, word enhancements and clarifications throughout the brochure.

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## ITEM 4 ADVISORY BUSINESS

### Firm Overview

FEIM is a limited liability company organized under the laws of the State of Delaware and has been a registered investment adviser under the Advisers Act since 1995. It is a subsidiary of First Eagle Holdings, Inc., a holding company incorporated in Delaware (“**FE Holdings**”). Since 2015, a controlling interest in FE Holdings has been owned by BCP CC Holdings L.P., a Delaware limited partnership (“**BCP CC Holdings**”). BCP CC Holdings GP L.L.C., a Delaware limited liability company (“**BCP CC Holdings GP**”), is the general partner of BCP CC Holdings and has two managing members, Blackstone Capital Partners VI L.P. (“**BCP VI**”) and Corsair IV Financial Services Capital Partners L.P. (“**Corsair IV**”). BCP VI and Corsair IV are indirectly controlled by The Blackstone Group Inc. (“**Blackstone**”) and Corsair Capital LLC (“**Corsair**”), respectively. Investment vehicles indirectly controlled by Blackstone and Corsair and certain co-investors own a majority economic interest in FE Holdings and FEIM through BCP CC Holdings.

### Investment Advisory Services

FEIM provides investment advisory services primarily to mutual funds, private investment funds and institutional separately managed accounts (“**SMAs**”). 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 the investment strategy chosen by the client, in line with any applicable guidelines and/or restrictions. For SMAs, FEIM may agree with clients to abide by certain restrictions, including but not limited to restrictions on securities or types of securities. In FEIM’s management of a client’s account, FEIM is not responsible for and does not consider 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 principal investment strategies:

- **Global Value** – This strategy seeks to deliver attractive real returns while avoiding the permanent impairment of 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 businesses that they believe have sustainable profitability and that are trading at what they believe are significant discounts to their “**Intrinsic Values**”.<sup>1</sup> Additionally, the investment team has

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<sup>1</sup> FEIM defines “**Intrinsic Value**” as its estimate of what a knowledgeable buyer might pay in cash for an entire business. In creating such estimates, while FEIM typically considers traditional valuation criteria such as price/earnings and price/book ratios, it generally places greater emphasis on cash flow valuation (enterprise value/EBIT) and on valuations that take the balance sheet into account (enterprise value/net asset value; enterprise value/asset replacement value), while also noting multiples paid in private market transactions (where possible and applicable).

the flexibility to invest in non-equity securities, including cash and cash equivalents, corporate debt, short-term government bonds and gold.

- **International Value** – This strategy seeks to deliver attractive real returns while avoiding the permanent impairment of 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 businesses that they believe have sustainable profitability and that are trading at what they believe are significant discounts to their Intrinsic Values. Additionally, the investment team has the flexibility to invest in non-equity securities, including cash and cash equivalents, corporate debt, short-term government bonds and gold.
- **High Yield** – This strategy seeks to provide investors with a level of current income consistently in excess of U.S. Treasuries. The High Yield strategy invests in high-yield, below investment-grade instruments, including high-yield corporate bonds (junk bonds) and loans, municipal bonds, mortgage-backed and asset-backed securities, income producing convertible securities and preferred stocks.
- **Gold** – This strategy seeks to deliver attractive real returns while avoiding the permanent impairment of capital over time by using a value approach to investing in securities directly related to gold or issuers principally engaged in the gold industry, including securities of gold mining finance companies as well as operating companies with long-, medium- or short-life mines. The investment team follows a bottom-up, fundamental approach, focusing on companies with businesses that they believe have sustainable profitability and that are trading at what they believe are significant discounts to their Intrinsic Values.
- **U.S. Value** – This strategy seeks to deliver attractive real returns while avoiding the permanent impairment of capital over time by using a value approach to investing in domestic equity and debt instruments and may invest to a lesser extent in securities of non-U.S. issuers. The investment team follows a bottom-up, fundamental approach, focusing on companies with businesses that they believe have sustainable profitability and that are trading at what they believe are significant discounts to their Intrinsic Values. Additionally, the investment team has the flexibility to invest in non-equity securities, including cash and cash equivalents, corporate debt, short-term government bonds and gold.
- **Global Income Builder** – This strategy seeks current income generation and long-term growth of capital by using a value approach to investing primarily in common stocks of U.S. and foreign companies that offer attractive dividend yields and a range of fixed income instruments, including high-yield, below investment grade instruments (junk bonds), investment grade instruments and sovereign debt, from markets in the United States and multiple countries around the world. The investment team follows a bottom-up, fundamental approach, focusing on companies with businesses that they believe have sustainable profitability and that are trading at what they believe are significant discounts to their Intrinsic Values.
- **Global Equity** – This strategy seeks capital appreciation using a value approach by investing primarily in US and non-US equity securities across developed and emerging markets. The investment team follows a bottom-up, fundamental approach, focusing on companies with businesses that they believe have sustainable

profitability and that are trading at what they believe are significant discounts to their Intrinsic Values.

- **International Equity** – This strategy seeks capital appreciation using a value approach by investing primarily in non-US equity securities across developed and emerging markets. The investment team follows a bottom-up, fundamental approach, focusing on companies with businesses that they believe have sustainable profitability and that are trading at what they believe are significant discounts to their Intrinsic Values.

### Assets under Management

As of December 31, 2019, we managed regulatory assets under management of \$96,734,545,779 on a discretionary basis.

## ITEM 5 FEES AND COMPENSATION

The specific way fees are charged by FEIM is established in each client's written agreement. For SMAs, FEIM typically charges an annual fee based on a percentage of assets under management.

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

- **Global Value** – 75 basis points;
- **International Value** – 75 basis points;
- **Gold** – 75 basis points;
- **U.S. Value** – 75 basis points;
- **High Yield** – 70 basis points;
- Global Income Builder – 75 basis points;
- **Global Equity** – 80 basis points up to \$50mm; then 65 basis points on the next \$100mm; then 60 basis points over \$150mm; and
- **International Equity** – 80 basis points up to \$50mm; then 65 basis points on the next \$100mm; then 60 basis points over \$150mm.

The basic fees listed above may vary depending on certain factors including but not limited to the total value of client assets under management with FEIM and the application of a performance fee.

Unless a different arrangement is made with a client, FEIM will generally bill its management fees on a quarterly basis in arrears based on the average month-end assets during the quarter.

Clients generally elect to be billed directly for fees. Management fees are typically prorated for partial periods.

For the Funds and for the private funds advised by FEIM, fees are described in the relevant prospectus or offering document. More information on the fees and

expenses borne by the First Eagle Funds is contained in the their prospectus, available at [www.feim.com/individual-investors/overview](http://www.feim.com/individual-investors/overview). With respect to the private funds, the applicable fees and expenses are set forth in each private fund's respective investment management agreement, limited partnership agreement or operating agreement, as the case may be, and/or other governing documents, or the private fund's offering memorandum (together with any supplements thereto, the "OM"), if the fund has issued an OM.

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 period over which the performance-based fee is calculated and the designation of any benchmark or hurdle 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 OM.

Contracts with clients typically include a provision for indemnification to FEIM under certain circumstances.

FEF Distributors, LLC ("**FEF Distributors**"), a limited purpose broker-dealer and wholly owned subsidiary of FEIM, is the distributor of the Funds and wholesale placement agent of private funds advised by FEIM. FEF Distributors receives compensation for the sale of securities, including asset-based sales charges, service fees and contingent deferred sales charges from the sale of the Funds and may receive commissions or other compensation attributable to sales of private investment funds. These fees and charges are not applied to offset advisory fees. Certain of FEIM's employees who are also FEF Distributors representatives typically receive compensation for the sale of investments (including investments in the Funds, private funds and as SMAs). All such compensation is paid by FEIM from revenue attributable to such investments. In addition, FEIM has adopted incentive plans and has entered into agreements that 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/FEF Distributors representatives an incentive to recommend investment products based on the compensation received, rather than on a client's needs. To help prevent FEIM and its employees from acting in such a way, FEIM has adopted a Code of Ethics and a Code of Business Conduct requiring all FEIM employees to place the interests of clients first and to refrain from taking inappropriate advantage of their positions. Certain of FEIM's investment products may be purchased through other agents or brokers that are not affiliated with FEIM.

In certain circumstances, fees and account minimums are negotiable. FEIM is generally permitted to 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.

Affiliates of FEIM, First Eagle Alternative Credit, LLC (formerly, THL Credit Advisors LLC, and together with its affiliates, as the context requires, "**FE Alternative Credit**"), a Delaware limited liability company and U.S. registered investment adviser wholly owned by FEIM) and First Eagle Private Credit, LLC (together with its affiliates, as the context requires, "**FE Private Credit**", a Delaware limited liability company and U.S. registered investment adviser wholly owned by FEIM) and certain clients and/or their portfolio investments are engaged in the loan origination and/or

servicing businesses. In connection with their lending activities, such loan origination and/or servicing businesses from time to time receive certain fees, including: arranger, brokerage, placement, syndication, solicitation or underwriting, agency, origination, sourcing, structuring, collateral management and/or loan administration, advisory, servicing, commitment, facility, float or other fees, discounts, spreads, commissions and concessions and other fees received as part of such loan origination and/or servicing businesses. Certain of such fees are charged on a cost-reimbursement or on a cost-plus basis. Clients or the issuers of financial instruments held by clients may acquire loans originated, structured, placed and/or arranged by such affiliated loan origination and/or servicing businesses and in respect of which such businesses receive fees. These fees are not applied to reduce management fees or other fees payable by clients, and generally will not otherwise directly or indirectly benefit clients. To the extent such fees are not borne by clients, they are borne by the issuers of financial instruments held by clients.

## Other Fees and Expenses

In addition to fees paid to FEIM for investment advisory services by the Funds, private funds or other clients it advises, FEIM also performs or arranges for certain administrative, legal, operations, compliance and accounting services. Certain FEIM clients pay an administrative fee and/or reimburse FEIM for costs (including personnel, overhead, rent and other expenses and costs) related to those services, and certain clients incur redemption fees, as well. Clients also generally incur certain transaction fees and other expenses including charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, brokerage commissions, 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. For more information with respect to brokerage commissions, see Item 12, Brokerage Practices, below.

Funds, private funds and other clients may bear other expenses, in addition to the fees and expenses described above, including: (1) costs and expenses with respect to any workout, restructuring, recapitalization, amendment, waiver or consent with respect to certain investments and the protection or enforcement of rights thereunder; (2) costs and expenses in connection with the acquisition of director and officer insurance; (3) legal, custodial, accounting and related costs and expenses; (4) pricing service costs incurred in valuing investments; (5) expenses incurred in obtaining credit ratings on investments; (6) all taxes imposed on a client and all litigation expenses (and any judgments or settlements paid in connection therewith) and other extraordinary expenses; (7) the costs of forming and maintaining any alternative investment vehicle and (at the discretion of the general partner or manager of a client) the costs of maintaining any other pooled investment vehicle through which to invest; (8) insurance costs; (9) interest and commitment fees payable in connection with credit facilities made available to a client; (10) fees of outside auditors and tax preparers and the costs of preparation of the books and records and tax returns of a client, including periodic reports to limited partners, and fund administration service provider expenses; (11) costs of liquidation and termination of a client; (12) all other costs incurred in connection with the administration of a client; (13) any other expenses actually incurred on behalf of a client and paid by FEIM in connection with the management of certain



investments; and (14) certain other fees and expenses that may be authorized under a fund's governing documents or account documents.

## ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted above, in addition to the accounts FEIM manages for asset-based fees, FEIM also charges certain accounts performance-based fees – that is, fees based on a share of capital gain or capital appreciation of the assets of a client. There are potential conflicts of interest that arise due to the side-by-side management of fixed fee accounts with performance fee accounts as there may be an incentive to favor higher fee-paying accounts in the allocation of investment opportunities. Moreover, 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. A similar conflict may exist from managing client accounts paying higher asset-based fees than other accounts or accounts containing assets owned by FEIM, its employees, or its owners.

Also, FEIM, its affiliates and their respective personnel have differing investment, compensatory and other pecuniary interests that could serve to influence such persons to favor one client over another – including in circumstances where personnel are in position to influence investment or other decisions that impact clients.

To mitigate conflicts related to performance fees and pecuniary interests, FEIM has adopted and implemented written policies and procedures, including trade aggregation and allocation procedures, reasonably designed to ensure that all clients are treated fairly and equitably over time, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. Generally, FEIM will allocate trades on a pro-rata basis among eligible accounts where such trades are executed by one trading desk, regardless of advisory fees paid to FEIM or of other pecuniary interests of FEIM or its personnel. Eligible accounts include those handled by the same trading desk for which there are no guidelines or restrictions that are inconsistent with the proposed trade and for which there is available cash to enter into the transaction.

Certain considerations may cause FEIM to deviate from pro-rata allocation and vary the portfolio composition, timing, and/or relative size of purchases and sales among types of accounts.

FEIM periodically reviews performance dispersion among all similar accounts, including accounts subject to a performance fee, to identify whether any account appears to have been favored relative to other similar accounts. Further details on allocation policies and procedures are provided in Item 12, Brokerage Practices, below.

## ITEM 7 TYPES OF CLIENTS

FEIM provides portfolio management services to corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipal pension plans, 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, which are based on mandate and type. FEIM reserves the right, in its sole discretion, to waive or change investment minimums in certain circumstances.

By strategy, FEIM's minimum account sizes are generally as follows:

- **Global Value** – \$100mm
- **International Value** – \$100mm
- **Gold** – \$100mm
- **U.S. Value** – \$100mm
- **High Yield** – \$50mm
- **Global Income Builder** – \$100mm
- **Global Equity** – \$200mm
- **International Equity** – \$200mm

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The following are broad descriptions of the methods of analysis and strategies employed by FEIM.

### Global Value

FEIM's Global Value strategy seeks long-term growth of capital by investing in a range of asset classes from markets in the United States and throughout the world. In seeking to achieve this objective, the strategy will normally invest primarily in common stocks (and securities convertible into common stocks) of U.S. and foreign companies. However, the strategy is generally permitted to invest a portion of its assets in other investments, including short-term debt instruments, gold and other precious metals, and futures contracts related to precious metals, and fixed-income securities of domestic or foreign issuers which, in addition to the income they may provide, appear to offer potential for long-term growth of capital. Under normal circumstances, the Global Value strategy allocates a substantial amount of its assets to foreign investments. That generally means that approximately 40% or more of the Global Fund's net assets (plus any borrowings for investment purposes) are allocated to foreign investments (unless market conditions are not deemed favorable by the Global Value strategy, in which case the Global Value strategy expects to invest at least 30% of its net assets (plus any borrowings for investment purposes) in foreign investments).

### International Value

FEIM's International Value strategy seeks long-term growth of capital by investing primarily in equities issued by non-U.S. corporations. In seeking to achieve this objective, the International Value strategy invests primarily in equity securities of non-U.S. companies, the majority of which are traded in mature markets, and may invest in

emerging markets, fixed income instruments, short-term debt instruments, gold and other precious metals, and futures contracts related to precious metals. Under normal market conditions, the International Value strategy invests at least 80% of its net assets (plus any borrowings for investment purposes) in foreign securities.

## **U.S. Value**

FEIM's First Eagle U.S. Value strategy seeks long-term growth of capital by investing, under normal market conditions, at least 80% of its net assets (plus any borrowings for investment purposes) in domestic equity and debt securities and, to a lesser extent, invests in securities of non-U.S. issuers. The U.S. Value Fund may also invest in gold and other precious metals, and futures contracts related to precious metals. In particular, the U.S. Value Fund seeks companies which, in the investment team's view, exhibit financial strength and stability, strong management and fundamental value. Investment decisions for the U.S. Value Fund are made without restriction as to the capitalization (size) of the companies in which it invests.

## **Gold**

FEIM's First Eagle Gold Fund ("Gold Fund") seeks to provide investors the opportunity to participate in the investment characteristics of gold (and to a limited extent other precious metals) for a portion of their overall investment portfolio. Under normal circumstances, at least 80% of the value of the Gold Fund's net assets (plus any borrowings for investment purposes) are invested in gold and/or securities (which may include both equity and, to a limited extent, debt instruments) directly related to gold or issuers principally engaged in the gold industry, including securities of gold mining finance companies as well as operating companies with long, medium or short-life mines. The Gold Fund is also permitted to invest in debt and equity instruments unrelated to the gold industry, other precious metals and futures contracts related to precious metals.

## **Global Income Builder**

FEIM's Global Income Builder strategy seeks current income generation and long-term growth of capital seeks current income generation and long-term growth of capital by investing in a range of asset classes, including dividend-paying equities and corporate and other fixed income instruments, including high-yield debt investment grade and sovereign debt, from markets in the United States and throughout the world. To pursue its investment objective, the strategy will normally invest 80% of its net assets (plus any borrowings for investment purposes) in income-producing securities.

## **High Yield**

FEIM's High Yield strategy seeks to provide investors with a high level of current income relative to U.S. Treasuries. The High Yield strategy invests in high-yield, below-investment-grade instruments, including high-yield corporate bonds and loans, municipal bonds, mortgage and asset-backed securities, income-producing convertible securities, and preferred stocks.

## Global Equity

FEIM's Global Equity strategy seeks capital appreciation using a value approach by investing primarily in US and non-US equity securities across developed and emerging markets. The Global Equity strategy's assets may be concentrated in a particular security, sector, or geographic area. However, the strategy will not invest more than 25% of its assets in securities of companies in any one industry or, typically, more than 5% of its assets in securities of one company (in both cases, other than U.S. government securities or money market vehicles). The strategy may invest in companies of any market capitalization. Under normal market conditions, the strategy is permitted to hold no more than 8% of its net assets in cash and cash equivalents.

## International Equity

FEIM's International Equity strategy seeks capital appreciation using a value approach by investing primarily in non-US equity securities across developed and emerging markets. The International Equity strategy's assets may be concentrated in a particular security, sector, or geographic area. However, the strategy will not invest more than 25% of its assets in securities of companies in any one industry or, typically, more than 5% of its assets in securities of one company (in both cases, other than U.S. government securities or money market vehicles). The strategy may invest in companies of any market capitalization. Under normal market conditions, the strategy is permitted to hold no more than 8% of its net assets in cash and cash equivalents.

## Investment Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Below are certain specific risks associated with the above strategies. As it is not possible to identify all the risks associated with investing, this section discusses certain material risks of FEIM's investment activities. Moreover, the specific risks applicable to a client will depend upon various factors. For each strategy, please refer to the relevant fund's particular offering document or prospectus for a more detailed explanation of risks. Investors or potential investors should be aware that an investment in a Fund, private fund or other account managed by FEIM is not intended to provide a complete investment program. FEIM assumes that investors will not invest all of their assets in a FEIM-managed Fund, private fund or account. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

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

*Risks Associated with "Brexit"* – On December 31, 2020, the United Kingdom's post-Brexit transition period from the European Union is scheduled to expire, which may lead to significant market volatility around the world, as well as political, economic, and legal uncertainty.

*Regulatory Risk* – Adverse changes to existing laws or regulations, or the adoption of new laws or regulations, have the potential to negatively affect existing investment holdings and restrict FEIM's ability to implement intended investment strategies.

Such changes could result in the forced sale of certain account holdings and limit the scope of available investment opportunities.

*Small and Medium Size Company Risk* – Shares of small and medium sized companies are generally less liquid, and more volatile in price, than those of larger companies. Certain small companies especially are less seasoned, trade in the over-the-counter markets, not well-known to the investing public, not significantly owned by institutions and can have cyclical, static or only moderate growth prospects.

*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 and fluctuations in currency exchange rates. Non-U.S. investments also generally trade in thinner markets than U.S. investments. In addition, non-U.S. investments may be subject to less politically and economically stable environments with a greater likelihood of abrupt changes to government regulation than in the U.S. Non-U.S. investments are subject to heightened risks of currency or capital controls, transfer restrictions, expropriation or nationalization of assets, and other governmental actions that may adversely impact issuers. The legal systems in certain countries provide relatively weak protections for investors.

*Emerging Market Risk* – The risks associated with non-U.S. investments are generally more pronounced with respect to investments in emerging markets. 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”) are generally subject to greater levels of interest rate, credit and liquidity risk than investment grade instruments. These instruments 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 client accounts may lose their entire 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. Moreover, 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 Risk* – Currency trading involves significant risks, including market risk, interest rate risk and country risk. FEIM may use forward currency contracts to hedge unintended currency exposures. Forward currency contracts present the risk that the counterparty will fail to meet its obligations.

*Interest Rate Risk* – Fluctuations in interest rates can affect the value of debt instruments. An increase in interest rates tends to reduce the market value of debt instruments while a decline in interest rates tends to increase their values. Longer duration instruments tend to be more sensitive to interest rate changes than those with shorter durations. Given the current low interest rate environment, risks associated with rising interest rates are heightened.

*Liquidity Risk* – In certain situations, including because of local market conditions, rules or position size, it may be difficult or impossible to sell an investment in an orderly fashion at an acceptable price.

*Concentration Risk* – Portfolios that are less diversified across geographic regions, countries, sectors, industries, or individual companies generally are riskier than more diversified portfolios and subject to higher levels of volatility.

*Value Investing Risk* – Value stocks tend to be in favor and out of favor with investors at different times and may underperform other asset types during given periods. The price of a value company's stock may never reach the level that the investment team considers its Intrinsic Value.

*Private Investment Funds Risk* – 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 transfer, 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* – Certain strategies permit the use of derivatives to create market exposure. Futures, forwards, options, swaps, and other "derivatives" present risks related to their significant price volatility and risk of default by the counterparty to the contract. Derivatives may be illiquid, difficult to price, and leveraged, so that small changes can produce disproportionate losses and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives won't perform as intended. As a result, some investments won't realize the anticipated benefits from a derivative and will realize losses. Certain derivative transactions create investment leverage, which can greatly increase a portfolio's volatility and can require that an investment portfolio liquidate a portfolio holding at a disadvantageous time.

*Bank Loan Risk* – Investments in bank loans create exposure to the credit risk of the underlying borrower, and in certain cases, of the financial institution lender. The

ability to receive payments in connection with a bank loan depends primarily on the financial condition of the borrower. The market for certain bank loans is illiquid, making those loans difficult to sell, especially in the case of leveraged loans, which can be difficult to value. Additionally, bank loans often have contractual restrictions on resale, which can delay sales and adversely impact sales prices. At times, FEIM declines to receive non-public information relating to loans, which could disadvantage FEIM's client accounts relative to other investors.

*Prepayment/Extension Risk* – Many types of debt instruments, including corporate and municipal bonds, mortgage- and other asset-backed securities, and certain derivatives transactions, are subject to the risk of prepayment and/or extension. Prepayment occurs when unscheduled payments of principal are made or the instrument is called or redeemed prior to maturity. Debt instruments are generally repaid earlier when interest rates decline. When this happens, the holder of the debt instrument may not be able to reinvest the proceeds at the same interest rate or on the same terms, reducing the potential for gain. Prepayment rates are difficult to predict and the potential impact of prepayment on the price of a debt instrument (including potential prepayment fees) depends on the terms of the applicable instrument. Extension occurs when an issuer pays principal on an obligation later than expected. When interest rates increase, debt instruments are typically repaid more slowly, increasing the potential for loss.

*Substantial Ownership Positions* – FEIM's clients accumulate substantial positions in the securities of and even gain control of individual companies. Any exercise of management or control could expose the assets of a client to claims by the underlying company, its security holders and its creditors. Substantial ownership positions also are more difficult or expensive to liquidate. At times regulatory or company-specific requirements may limit or block trading in a company's securities by those deemed to be company "insiders" (officers, directors and certain large shareholders). These limitations may or may not be related to the possession of a company's material non-public information.

*Natural Disaster and Epidemic Risk* – Natural or environmental disasters, such as earthquakes, fires, floods, hurricanes, tsunamis and other severe weather-related phenomena, generally, as well as widespread disease, including pandemics and epidemics, have been, and can be, highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of FEIM's client's investments. Given the increasing interdependence among global economies and markets, conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries, including the United States. These disruptions could prevent FEIM from executing advantageous investment decisions in a timely manner and negatively impact its ability to achieve its investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of investments with FEIM.

*Operational and Cybersecurity Risks* – The failure in cyber security systems, as well as the occurrence of events unanticipated in FEIM's disaster recovery systems and management continuity planning, could impair FEIM's ability to conduct business effectively. The occurrence of a disaster such as a cyber-attack, a natural catastrophe,



a pandemic, an industrial accident, a terrorist attack or war, events unanticipated in FEIM's disaster recovery systems, or a support failure from external providers, could have an adverse effect on FEIM's ability to conduct business, maintain the privacy of its clients and employees, and on FEIM's results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of FEIM's senior management and employees were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised. FEIM relies on internal and third-party technology systems and networks to view, process, transmit and store information, including sensitive client and proprietary information, and to conduct many of its business and investment activities. Those systems and networks are subject to a comprehensive information and cyber security infrastructure, including the implementation of policies and procedures, designed to mitigate the risk of technology failures and intentional or inadvertent breaches. It cannot be assured that such measures will be successful in preventing all technology failures and breaches.

*LIBOR* – On July 27, 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates the London Interbank Offered Rate (commonly known as LIBOR), announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. Similarly, it is impossible to predict what rate or rates may become accepted alternatives to LIBOR and it is impossible to predict the effect of any such alternatives on the value of LIBOR-based securities. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR may adversely affect the value and/or the trading market for LIBOR-based securities in which FEIM's clients may invest.

## ITEM 9 DISCIPLINARY INFORMATION

On September 21, 2015, the SEC announced an agreement with FEIM to settle charges relating to the use of assets of the Funds to make payments to two financial intermediaries for distribution-related services outside of a written, approved Rule 12b-1 plan, and that were not paid by FEIM out of its own resources. The SEC alleged that the use of the Funds' assets to pay for these distribution-related services rendered the Funds' disclosures concerning payments for distribution-related services inaccurate. Without admitting or denying the SEC's findings, FEIM was censured and consented to the entry of an order to cease and desist from committing or causing any violations and future violations of Section 206(2) of the Investment Advisers Act of 1940, as amended, and Sections 12(b) and 34(b) and Rule 12b-1 of the Investment Company Act of 1940, as amended. FEIM agreed in the settlement to pay disgorgement of \$24,907,354, prejudgment interest of \$2,340,525 and a civil monetary penalty of \$12,500,000. On March 29, 2019, FEIM sent a certification to the SEC that, on a best-efforts basis, it had completed the process of disbursing the amounts payable to affected shareholders under the settlement and the third-party



consultant provided a final accounting of such payments to the SEC. Any residual payments that could not be distributed were transferred to the United States Treasury on April 5, 2019 in accordance with the settlement, and the payment of all monetary penalties resulting from this matter is complete. The resolution of this matter did not have a material adverse effect on FEIM's financial results or operations.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

FEF Distributors serves as distributor to the Funds and as wholesale placement agent to FEIM's private investment funds and is registered as a limited purpose broker-dealer.

Certain private investment funds, including BCP VI and Corsair IV, that are managed by affiliates of Blackstone and Corsair, along with certain co-investors, indirectly own or have the power to direct a controlling interest in FE Holdings. (Blackstone Management Partners L.L.C., a registered investment adviser, is the investment adviser to BCP VI. Corsair Investments, L.P., a registered investment adviser, is the investment adviser to Corsair IV. Blackstone and Corsair own and/or control other investment advisers, broker-dealers and sponsors of investment funds.) FE Holdings is the managing member of FEIM. There are also non-managing members of FEIM that were formed to provide employees of FEIM and certain of its subsidiaries with equity interests in FEIM.

Certain FEIM employees have interests in or are affiliated with other investment advisers or financial services firms. Certain directors of FE Holdings have industry affiliations with other financial firms, including firms affiliated with Blackstone and/or Corsair; and certain FE Holdings non-employee directors may serve as directors of broker-dealer firms which may do business with FEIM and its clients.

From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of Blackstone and Corsair, their affiliates and personnel. The following briefly summarizes some of these conflicts but is not intended to be an exhaustive list of all such conflicts. Certain of these potential or actual conflicts may be present notwithstanding that neither Blackstone, Corsair nor their affiliates may technically be a management person or an affiliated person of FEIM.

On behalf of its advisory clients, FEIM may enter into agreements, transactions, loans, brokerage, underwriting or other arrangements with Blackstone and/or Corsair affiliates and portfolio companies, including transactions involving the securities of such companies. From time to time, employees of Blackstone and Corsair may serve as directors or advisory board members of certain issuers of the clients' investments or other entities and earn compensation from such activities. It is expected that FEIM's investments in such issuers, if any, would not have a material impact on such compensation.

*Information Barriers and Blackstone/Corsair* – By virtue of their respective ownership interests in FEIM, Blackstone and Corsair will have access to information that FEIM's clients, including investors in the Funds, will not have. Blackstone and Corsair will be entitled to receive information regarding FEIM and its activities, including, without limitation, information about FEIM's clients (including information about the Funds'

portfolios, subscriptions, withdrawals and other information relating to FEIM's clients), as well as confidential, proprietary information about FEIM.

In addition to policies and procedures that have been adopted by FEIM to mitigate potential conflicts and comply with applicable law, Blackstone and Corsair have adopted certain policies and procedures, including information barriers, to mitigate potential conflicts of interest that each has with its portfolio companies and to address certain regulatory requirements and contractual restrictions. This could result in reduced investment opportunity for FEIM's clients.

Blackstone and Corsair may represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings. From time to time Blackstone and Corsair may serve as advisor to creditor or equity committees. While FEIM has adopted policies and procedures, including information barriers, to mitigate potential conflicts and reduce the risk that FEIM would face restrictions under these circumstances, the participation of Blackstone or Corsair in any such activities could potentially limit or preclude the flexibility that FEIM's clients may otherwise have to participate in restructurings. Alternatively, FEIM may be required to liquidate any existing client positions of the applicable portfolio entity. The inability to transact in any security, derivative or loan held by a client could result in significant losses to a client.

FEIM's affiliated companies FE Private Credit and FE Alternative Credit include affiliates which are registered investment advisers, serve as general partner, collateral manager and investment manager for both direct lending and broadly syndicated investments, through public and private vehicles, collateralized loan obligations, SMAs and co-mingled funds (such entities collectively "**First Eagle Alternative Credit**" or "**FEAC**").

FEAC's Direct Lending platform provides debt and equity capital to middle-market companies. In particular, direct lending clients provide financing primarily in the form of directly originated first lien and second lien secured loans, including through unitranche investments. In certain instances, direct lending clients make subordinated debt investments, which may include an associated equity component such as warrants, preferred stock or similar securities, and direct equity co-investments. One of FEAC's Direct Lending clients is a publicly traded business development company that in turn manages certain private funds and SMAs.

FEAC also offers a Tradable Credit platform. The Tradable Credit strategy offers discretionary and non-discretionary investment management services to clients in below investment grade investment opportunities in bank loans, high yield debt, collateralized loan obligations ("**CLOs**"), including CLO debt or equity mandates, and other securities. FEAC's Tradable Credit clients include: registered funds, separate accounts, private funds and structured products, including CLOs.

*Information Barriers and FEAC* – FEAC and FEIM have determined that certain positions in syndicated loans (which may be deemed "securities" under the federal securities laws) and other similar financial instruments are expected to be held in the portfolio holdings of both FEIM and FEAC's respective advisory clients from time to time. Accordingly, FEAC and FEIM have determined that the implementation of an information barrier is appropriate in order to maintain separate compliance

programs at FEIM and FEAC and to seek to mitigate potential risks. The information barrier is reasonably designed to restrict communications as between FEAC and FEIM so that FEAC may continue to receive confidential information in the course of its business activities, without restricting FEIM's trading and investment activities. Each of FEIM and the companies comprising FEAC maintain separate restricted lists, and investment professionals of each are instructed as to their responsibilities not to discuss investment activities with employees on the other side of the information barrier. Legal and compliance personnel monitor the information barrier and manage any communications between FEIM and FEAC related to potential conflicts and receipt of material non-public information. The establishment and maintenance of this information barrier means that FEAC will generally not be able to use, act on or otherwise be aware of confidential information known by or in the possession of FEIM (and vice-versa), and collaboration between personnel associated with FEAC, on the one hand, and personnel of FEIM, on the other hand, will be limited, reducing potential synergies that would otherwise exist.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that, despite the internal controls relating to the information barriers established between FEIM and FEAC, a breach of the information barrier policies and procedures could occur which breach could result in the potential misuse of material non-public information. This potential misuse of material non-public information could have adverse effects on the reputation of FEIM and FEAC, potentially resulting in the imposition of regulatory or financial sanctions and, as a consequence, negatively impacting each of FEIM and FEAC's ability to perform investment management services on behalf of its respective clients.

## ITEM 11 CODE OF ETHICS

FEIM has adopted a Code of Ethics (the "**Code**") to establish policies addressing its fiduciary duties to its clients and to set forth general ethical principles and a standard of conduct that FEIM requires of its employees. The Code establishes policies regarding personal trading by employees and their immediate family members (as defined in the Code), to mitigate any actual or potential conflicts of interest. Generally, the Code prohibits personal trading in any security (subject to exceptions set forth in the Code) while a client's trade order is pending in that security.

FEIM has implemented procedures to monitor compliance with the provisions of the Code, including pre-approval of personal securities transactions and post-trade monitoring, as well as quarterly personal transaction certifications and annual compliance confirmations and holdings report certifications. The Code contains prohibitions on purchases of initial public offerings of equity securities and pre-clearance procedures with respect to private placements. For employees and their immediate family, personal securities transactions must be pre-cleared and are subject to short-term trading bans and blackout periods, unless they meet certain exemptions. Personal securities transactions are monitored for compliance with the Code. Any employee who violates the Code is subject to remedial action, including termination of employment. Employees are required to provide written certifications of their compliance with the Code upon the commencement of their employment and annually thereafter.

In addition, in accordance with FEIM's Code of Business 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. The Code of Business Conduct addresses areas of conduct regarding conflicts of interest, including but not limited to the acceptance and provision of gifts and business entertainment, outside business activities, political contributions, charitable contributions and privacy. On a quarterly basis, employees must disclose all gifts and business entertainment in excess of certain de minimis thresholds, and employees must pre-clear giving/receiving gifts or providing/receiving entertainment if above certain thresholds or, in any amount, if made to government/public fund officials, union representatives, plan fiduciaries or foreign officials.

Copies of FEIM's Code of Ethics and Code of Business Conduct are available to all clients and prospective clients upon request.

### **Participation or Interest in Personal Trading – Client Trading**

From time-to-time, FEIM's employees, in their personal securities accounts, may purchase, sell, or otherwise enter into transactions in securities and other instruments. Prior to, simultaneously with or after such transactions, FEIM may, for its clients, purchase, sell, or otherwise enter into transactions involving any of these same securities or other instruments, or in related securities or instruments (including securities issued by the same issuer, options on such securities or instruments, and instruments convertible into such securities or instruments). In addition, while FEIM generally does not enter into principal transactions, it may cause its advisory clients to enter into principal transactions with related persons in accordance with Section 206(3) of the Advisers Act. To address these potential conflicts, employees deemed to be "**Access Persons**" under the Code are required to report brokerage and trading accounts to FEIM upon hire, at the time a new account is opened and annually thereafter. Access Persons' personal securities transactions are also subject to limitations regarding the type and timing of transactions, including certain trading prohibitions, and pre-approval and monitoring by the firm's Legal and Compliance Department.

Subject to the restrictions described above, FEIM's employees personally may at any time hold, acquire, increase, decrease, dispose of or otherwise deal in investments in which a client account may have an interest. FEIM has no obligation to acquire the same securities for different clients, or to acquire the same securities for clients that employees have acquired for their personal accounts. Likewise, client accounts shall not have first refusal, co- investment or other rights in respect of any such investment.

### **Participation or Interest in Personal Trading – Recommendations to Clients**

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 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 positions 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 (including proprietary accounts) 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. The Code is designed to mitigate potential conflicts of interest and improprieties, including even the appearance of impropriety in employees' personal actions. The nature and timing of actions taken by one or more of FEIM's employees or by one or more of FEIM's affiliates, either for their own accounts or for the accounts of clients, may differ from the nature and timing of actions taken by FEIM for client accounts. Because the Code of Ethics places restrictions on when employees can trade certain securities, the price received by FEIM's clients in a securities transaction will most likely be different than the price received by FEIM's employees.

## ITEM 12 BROKERAGE PRACTICES

Generally, FEIM receives full discretion from its clients to choose broker-dealers through whom transactions may be executed. This means that FEIM has discretion to select broker-dealers and negotiate the transaction costs, including commissions or spreads, in the execution of client portfolio transactions. When exercising discretion over client brokerage, it is FEIM's policy to seek to obtain the best execution available for its clients' securities transactions or the most favorable results under the circumstances. FEIM's determination of best execution may not mean that a client is paying the lowest possible commission rate or spread, as there are several additional important factors to consider when evaluating best execution in client brokerage. 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, confidentiality, as well as the value and availability of research services, and general responsiveness. In addition to executing trades via traditional exchanges, 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 overall execution for client transactions and reduces other transaction costs.

### Soft Dollars

With respect to all of FEIM's client accounts except those managed by a subadvisor, to the extent possible, FEIM pays "hard dollars" out of its own resources for external research received by it, thereby limiting its use of soft dollars. Where FEIM is not permitted to pay directly for external research it uses soft dollars generated by transactions specific to the Funds to pay for such research. To the extent FEIM uses soft dollars, it compensates the Funds for any amounts identified as payments for research in the form of a voluntary reimbursement. Any such reimbursement is not considered to be related to a loan or advancement to FEIM because such reimbursements are entirely voluntary.

Currently, as noted above, Fund transactions are used to generate commissions to pay for proprietary research that the firm currently receives from broker-dealers that cannot receive direct payment based on US regulation (referred to as “soft dollars”). FEIM utilizes such soft dollars to pay for these research services through the use of a commission sharing arrangement (refer to Commission Sharing Arrangement below).

While it does not currently do so, FEIM may in the future decide to utilize mixed-use research services. If it were to do so, FEIM would allocate mixed-use research services as payable in cash by FEIM (to the extent not utilized by FEIM as research) or through commission costs (to the extent utilized by FEIM as research). In allocating brokerage commissions from mixed-use items, FEIM would make a good faith determination as to the product or service’s relation to the investment decision-making process. The receipt of mixed-use services and the determination of the appropriate allocation could create a potential conflict of interest between FEIM and its clients.

FEIM considers the receipt of research services, consistent with its obligation to seek best execution, when deciding how to execute Fund transactions over which it has investment discretion. Under certain circumstances consistent with applicable law and regulation, FEIM may select broker-dealers that furnish FEIM with research services in connection with commissions paid on transactions it places for Funds. FEIM only receives such research services that FEIM believes are consistent with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended. FEIM may cause the Funds to pay commissions in excess of the amount other brokers would have charged for the transaction if FEIM determines in good faith that the commission is reasonable in relation to the value of the research services provided. In general, research 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 Fund may pay commissions that include payments for research services that benefit other FEIM Clients.

Such research services include: information and analyses concerning specific securities, companies or sectors; meetings with company executives; market, financial and economic studies and forecasts; discussions with research personnel; appraisals or evaluations of potential or existing investments. The availability of such research services may create a conflict between the interests of the Funds in obtaining the lowest cost execution and FEIM’s interest in obtaining such services. When a Fund’s brokerage commissions are used to obtain research, FEIM receives a benefit because it does not have to produce or pay for the research services.

## **Commission Sharing Arrangements**

Independent research is a component of FEIM’s investment selection process and is either paid for directly by FEIM (referred to as “hard dollar” arrangements) or by utilizing “soft dollars” through a commission sharing arrangement (“CSA”). FEIM entered into a CSA under which it may execute transactions through, and obtain research services from, a broker-dealer. Under the CSA, FEIM requests that the CSA broker-dealer allocate a portion of the commission amount to another firm that provides research to it. With respect to its Funds (except the Fund managed by a subadvisor), FEIM voluntarily credits back to its Funds the portion of such commissions allocable to the provision of research services as described in this paragraph. To



the extent that FEIM engages in a commission sharing arrangement, many of the same conflicts related to traditional soft dollar arrangements may exist.

## **Client Restrictions on Brokerage**

From time-to-time FEIM receives special client requests on broker selection or instructions not to use certain brokers for client accounts, which the firm may accommodate, reject or limit. Clients should be aware that there are certain consequences of specific instructions on restricting broker selection. Trades for these client accounts would be placed after the aggregated order, and these clients may be disadvantaged by the market impact of trading separately from the majority of FEIM's accounts, which could impact best execution for any such account.

A client's special prohibition may prevent FEIM from selecting a broker-dealer for its account even though that broker-dealer may offer a more favorable price and execution for the transaction. As a result, the client may lose the possible advantage that non-designating and unrestricted clients may derive from batching orders into single large transactions, utilizing alternative trading venues, or alternative trading techniques for the purchase or sale of a security.

In the case of U.S. securities transactions, brokerage commissions are generally negotiated; however, with respect to foreign securities transactions, commissions 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 effect foreign exchange transactions to facilitate the purchase and sale of certain 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.

## **Cross Transactions**

Subject to applicable law, which may require the client's prior consent, FEIM could enter into cross transactions between client accounts, including registered investment companies, particularly where it believes that such transactions can provide benefits for its clients by effecting a transfer of securities from one account to another at a greatly reduced cost.

## **Trade Allocation and Aggregation**

When appropriate and feasible, FEIM generally bunches or aggregates orders for client accounts. If FEIM believes that the purchase or sale of the same security is in the best interest of more than one client, it may, but is not required 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.

Disparities in allocations may occur for many reasons, including specific investment objectives, cash available for investment, and client-imposed restrictions. There may also be instances when there is limited supply of a 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. Although FEIM seeks to allocate trades fairly over time, it cannot assure that in every instance an investment can or will be or allocated proportionately.

### **Client-Directed Brokerage**

While no current clients of FEIM have such an arrangement, with FEIM's prior agreement, a client may direct that all or a certain portion of the transactions for its account (a "directed brokerage account"), be executed through specific broker-dealers (each, a "directed broker"). In such cases, it is FEIM's policy that the client is responsible for negotiating the commissions or other charges and fees for its transactions with its chosen broker dealer(s) – *i.e.*, FEIM is not responsible for negotiating directed broker transaction commissions or other related charges or fees. There may be a material disparity in commissions charged to directed brokerage accounts versus the accounts of other clients, and FEIM may not obtain best execution for such transactions. Accordingly, if a new client were to propose that their account's trades be executed through specific broker-dealers, FEIM's policy is to obtain a written acknowledgment, either as part of the investment advisory agreement or otherwise, from that client regarding the effects of any directed brokerage arrangement on transaction execution costs.

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 themselves, 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 brokerage clients before it executes orders for clients that direct brokerage, and may, from time to time, execute trades for non-directed brokerage clients through the same broker or dealer to which some clients may have directed brokerage. Clients who direct brokerage understand that FEIM will execute trades only through the client's directed broker which limits FEIM's ability to seek better execution quality, price improvement and lower commission rates than is the case where FEIM is free to select from among a variety of brokers in seeking best execution, as described above, for clients who do not require the use of a particular broker.

## **ITEM 13 REVIEW OF ACCOUNTS**

Portfolio Managers review performance, transactions and holdings for clients' accounts on an ongoing basis and select investments for clients in accordance with each client's investment objectives, consistent with the investment philosophy of FEIM.



Generally, each SMA client receives periodic performance and holdings reports per the contractual requirements of the client's investment management agreement. FEIM maintains systems for guideline surveillance that check pre-trade security transactions and post-trade account holdings against client account guidelines.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

FEIM may adopt one or more incentive plans or enter into agreements from time-to-time that 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 accordance with Rule 206(4)-3 under the Advisers Act. FEIM and the private funds it advises may enter 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 and others. This conflict continues after an investment is made in that payments under these plans or arrangements are made by reference to the amount of the investment maintained with FEIM over time.

## ITEM 15 CUSTODY

Due to certain arrangements, FEIM may be deemed to have "custody" of client funds or securities within the meaning of Rule 206(4)-2 under the Advisers Act because FEIM has access to or authority over client accounts for purposes other than, among other things, issuing trading instructions. If FEIM is deemed to have custody of a client's account, the client's custodian will send the client periodic account statements indicating the amounts of any funds or securities in the account as of the end of the statement period and any transactions in the account during the statement period. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. FEIM urges clients to carefully review such official custodial records and compare them to any account statements that FEIM may provide. It should be noted that FEIM's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain account positions. Clients are advised to notify FEIM promptly if account statements are not received from their respective account's custodian on at least a quarterly basis.

Because FEIM serves as general partner or managing member of certain private funds, FEIM is deemed to have "custody" over these private funds within the meaning of Rule 206(4)-2 under the Advisers Act. To comply with this Rule, the Adviser provides each investor in such private funds with audited financial statements within 120 days following the private fund's fiscal year end. Clients who have invested in the private funds and have not received audited financial statements on a timely basis should contact FEIM without delay.

## ITEM 16 INVESTMENT DISCRETION

Generally, clients retain FEIM on a discretionary basis to provide continuous investment advice pursuant to an investment management agreement that describes the services to be provided. Consistent with the client's investment objectives, FEIM typically will be granted full investment decision making authority over the types of investments and brokerage for the client's account. From time to time, clients impose restrictions on the investments that FEIM may effect for their account or direct that FEIM use certain broker-dealers to execute their account's transactions.

When selecting securities and determining transaction quantities, FEIM seeks to follow the investment policies, limitations and restrictions of its clients. As described in Item 12 – Brokerage Practices, FEIM generally retains the authority to select broker-dealers and to determine the commissions to be paid.

## 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, proxy-voting decisions are sought to be made solely in the best interest of clients and to enhance the economic value of the underlying portfolio securities held in its clients' accounts. When a client retains FEIM, the client will instruct, in its investment management agreement, whether FEIM is authorized to vote proxies on its behalf. FEIM has retained Institutional Shareholder Services ("**ISS**") as its third-party proxy voting service provider to analyze proxy issues and recommend how to vote on those issues, and to assist in the administration of the proxy process, including maintaining complete proxy voting records. FEIM generally uses ISS's Standard Guidelines (the "**Standard Guidelines**"). The Adviser periodically reviews the proxy voting policies, procedures and methodologies, conflicts of interest and competency of ISS.

Each proxy voted by FEIM must be instructed in accordance with the Standard Guidelines, unless FEIM believes that it is in the best interest of the client(s) to vote otherwise. In those cases, FEIM's investment personnel must complete a form describing the reasons for departing from the Standard Guidelines and disclosing facts that might suggest a conflict, if any. In the event the Standard 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 investment team's recommendation, as approved in advance by FEIM's Legal and Compliance Department.

FEIM may abstain from voting proxies for its clients' accounts under circumstances including but not limited to the following:

- When the economic effect on shareholders' interests or the value of the portfolio holding is indeterminable or insignificant;
- When the voting of proxies is subject to "share-blocking" restrictions;
- When voting the proxy would unduly impair the investment management process;
- When the client's custodian has not notified FEIM of the vote on a timely basis;

- When client securities in a securities lending program are out on loan;
- Timing issues related to the opening and closing of accounts; or
- When the cost of voting the proxies outweighs the benefits or is otherwise impractical.

Clients may obtain a copy of FEIM's proxy voting policies and procedures or obtain information on how their account's securities were voted by submitting their request in writing to: First Eagle Investment Management, LLC, Attention: Legal and Compliance Department, 1345 Avenue of the Americas, New York, NY 10105 or by calling (212) 698- 3300.

## ITEM 18 FINANCIAL INFORMATION

FEIM does not require or solicit prepayment of its fees. FEIM is not aware of any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

## PRIVACY NOTICE

FEIM is committed to protecting your privacy. We are providing you with this privacy notice to inform you of how we handle your personal information that we collect and may disclose to our affiliates. If FEIM changes its information practices, we will provide you with notice of any material changes. This privacy policy supersedes any of our previous policies relating to the information you disclose to us.

### Why this Privacy Policy Applies to You

You obtained a financial product or service from or through us for personal, family or household purposes when you opened an account with FEIM and are therefore covered by this privacy policy.

### What We Do to Protect Your Personal Information

We protect personal information provided to us by you according to strict standards of security and confidentiality. These standards apply to both our physical facilities and any online services we may provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard consumer information. We permit only authorized individuals, who are trained in the proper handling of individual client information and need to access this information to do their job, to have access to this information.

### Personal Information that We Collect and May Disclose

As part of providing you with FEIM's products and services, we may obtain nonpublic personal information about you from the following sources:

- Information we receive from you on subscription applications or other forms, such as your name, address, telephone number, Social Security number, occupation, assets and income;
- Information about your transactions with us, our affiliates, or unaffiliated third parties, such as your account balances, payment history and account activity;
- Information from public records we may access in the ordinary course of business; and
- Information collected from you online, such as your IP address and data gathered from your browsing activity and location.

### **Categories of Affiliates to Whom We May Disclose Personal Information**

We may share personal information about you with affiliates. Our affiliates do business under names that include First Eagle Holdings, Inc., First Eagle Investment Management, LLC, FEF Distributors, LLC, First Eagle BDC Adviser LLC, First Eagle Private Credit, LLC, First Eagle Private Credit Advisors, LLC, First Eagle Commercial Loan Originator II LLC, First Eagle Alternative Credit, LLC, First Eagle Alternative Credit SLS, LLC. and THL Credit, Inc.

### **You May Limit Marketing Solicitations by Choosing to Opt Out**

We offer you the right to opt out from many types of marketing by our affiliates based on your personal information that we collect and share in accordance with this privacy policy. To limit those marketing solicitations, you may call 800.334.2143 indicating your desire not to receive marketing from our affiliates. Should you choose to opt out, your choice will remain in our records until you notify us otherwise, although we may choose to contact you in the future to modify your preference.

### **When We May Disclose Your Personal Information to Unaffiliated Third Parties**

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

- At your request;
- When you authorize us to process or service a transaction or product (unaffiliated third parties in this instance may include service providers such as the Funds' distributors, registrar and transfer agent for shareholder transactions, and other parties providing individual shareholder servicing, accounting and recordkeeping services);
- With companies that perform sales and marketing services on our behalf with whom we have agreements to protect the confidentiality of your information and to use the information only for the purposes for which we disclose the information to them; or
- When required by law to disclose such information to appropriate authorities.

We do not otherwise provide information about you to outside firms, organizations or individuals, except to our attorneys, accountants and auditors, and as permitted by law.

### **What We Do with Personal Information about Our Former Customers**

If you decide to discontinue doing business with us, we will continue to adhere to this privacy policy with respect to the information we have in our possession about you and your account following the termination of our relationship.

## **ABOUT THIS BROCHURE**

### **This Brochure is not:**

- **an offer or agreement to provide advisory services to any person;**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any fund; or**
- **a complete discussion of the features, risks or conflicts associated with any fund or advisory service.**

As required by the Advisers Act, FEIM provides this Brochure to current or prospective clients of FEIM. FEIM may also provide this Brochure to current or prospective investors in any private fund or other investment vehicle managed by FEIM, together with relevant confidential offering memoranda or prospectuses, and other related documents (“**Offering Documents**”), prior to or in connection with such person’s consideration or execution of an investment.

Although this publicly available Brochure describes investment advisory services and products of FEIM, persons who receive this Brochure (whether or not from FEIM) should be aware that it is designed solely to provide information about FEIM as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant Offering Documents. More complete information about each fund is included in its respective Offering Documents, certain of which may be provided to current and eligible prospective investors only by FEIM. To the extent that there is any conflict between discussions herein and similar or related discussions in any offering materials, the relevant Offering Documents shall govern and control.