

March 30, 2021

# Form ADV Part 2A Brochure



## FIRST EAGLE INVESTMENT MANAGEMENT, LLC

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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 as amended (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 30, 2020. As part of our annual review, the Firm Brochure was revised to include a few material changes since the last annual update. The material changes include:

- Item 4 – Advisory Business, Investment Advisory Services – This section has been amended to include additional investment strategies;
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss – This section has been amended to include additional investment strategies and material risks. There were also minor clarifications of certain of the existing investment strategies and material risks; and
- Item 10 – Other Financial Industry Activities and Affiliations – This section has been amended to include additional conflicts of interest disclosures.

There have also 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 funds and institutional separately managed accounts (“**SMAs**”), as well as to a registered interval fund. 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 has agreed 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.

- **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 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, gold and, to a lesser extent, in securities of non-U.S. issuers.
- **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.
- **Fund of America** – This strategy seeks capital appreciation and current income using a value approach by investing primarily in income-producing U.S. equity securities and to a lesser extent in hybrid, option and debt securities. In selecting companies for investment, it seeks to identify what it considers to be high quality companies. While a company selected for investment may not meet all of these

characteristics, FEIM considers a high-quality company to demonstrate some or all of the following: durable competitive advantage(s); conservative capital structure; prudent management; and attractive financial metrics.

- **Credit Opportunities** – This strategy seeks to provide attractive current income with a secondary objective of providing long-term risk-adjusted returns by investing in a portfolio of U.S. alternative credit assets across multiple sectors and risk profiles. The flexibility to allocate capital to both public and private markets enables it to take an opportunistic approach to its goals. It seeks to mitigate downside risks by building a portfolio of assets across the alternative credit spectrum, with an emphasis on first-lien, senior-secured assets.
- **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, 2020, we managed regulatory assets under management of \$88,740,891,650 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;
- **Fund of America** – 50 basis points;
- **Credit Opportunities** – 125 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 can 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 generally bills 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 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 private 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 is negotiated with each client. In the case of private funds, the amount of any performance fee is 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 whole-sale 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. 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 compensation to its employees who develop and refer new business. These arrangements 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 are also available for purchase through other agents or brokers that are not affiliated with FEIM. Certain shareholders and/or directors of FE Holdings are directors/officers/principals/owners of entities that receive compensation for the sale of investments (including investments in the Funds, private funds and as SMAs). All such compensation is generally paid by FEIM from revenue attributable to its management of such investments.

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.

FEIM's wholly owned subsidiary, First Eagle Alternative Credit, LLC (a Delaware limited liability company and U.S. registered investment adviser formerly named THL Credit Advisors LLC; together with its affiliates, as the context requires, "**FE Alternative Credit**") and certain of FE Alternative Credit's clients and/or its portfolio investments are engaged in the loan origination and/or servicing businesses. In connection with FE Alternative Credit's lending activities, FE Alternative Credit from time to time receives certain fees, including: origination, closing, commitment, documentation, structuring, restructuring, facility, syndication, underwriting, placement, amendment, administrative agent, loan servicing and/or other transaction fees. 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 FE Alternative Credit and in respect of which FE Alternative Credit receives fees. Certain categories of such fees, (such as origination, closing, commitment, documentation, structuring, restructuring, facility, syndication, underwriting, placement, amendment, administrative agent, loan servicing and similar fees) are not always offset against management fees, or such categories of fees are offset for certain clients and not others in accordance with the applicable client agreements. 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 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) costs and expenses in connection with the off-market acquisition and/or sale of block positions, including related investment banking, legal and accounting fees; (5) pricing service costs incurred in valuing investments; (6) expenses incurred in obtaining credit ratings on investments; (7) all taxes imposed on a client and all litigation expenses (and any judgments or settlements paid in connection therewith) and other extraordinary expenses; (8) 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; (9) insurance costs; (10) interest and commitment fees payable in connection with credit facilities made available to a client; (11) 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; (12) costs of liquidation and termination of a client; (13) all other costs incurred in connection with the administration of a client account; (14) any other expenses actually incurred on behalf of a client and paid by FEIM in connection with the management of certain investments; and (15) certain other fees and expenses 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 account assets. 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 is an incentive to favor higher-fee-paying accounts in the allocation of investment opportunities. Moreover, performance-based fee arrangements create an incentive for FEIM to make investments which are riskier or more speculative than those which would be made under a different fee arrangement. A similar conflict exists to favor higher-fee-paying accounts when managing client accounts paying higher asset-based fees compared to other accounts; likewise when FEIM manages accounts containing assets owned by FEIM itself, its employees, or its owners side-by-side with other accounts.

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 allocates 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 inter-

ests 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, including cash flow, tax status, specialized account status, odd lots/de minimis status and threshold amounts can 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 if, under the circumstances, such other method of allocation is reasonable, done in good faith and does not result in an improper disadvantage to any account.

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 consistently favored relative to other similar accounts over time. 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, municipal pension plans, mutual funds, private 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
- **Fund of America** – \$50mm
- **Credit Opportunities** – \$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 Global Value 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 anticipates it will allocate a substantial amount of its assets to foreign investments. That generally means that approximately 40% or more of the strategy's net assets (plus any borrowings for investment purposes) will be allocated to foreign investments (unless market conditions are not deemed favorable by the strategy, in which case it 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. The U.S. Value strategy may also invest in gold and other precious metals, and futures contracts related to precious metals.

## Gold

FEIM's First Eagle Gold strategy 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. Many investors believe that, historically, a limited exposure to gold-related investments has provided some protection against loss of purchasing power during periods of extensive price inflation and/or following periods of extensive credit expansion. Under normal circumstances, at least 80% of the value of the Gold strategy's net assets (plus any borrowings for investment purposes) will be 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 strategy may also 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 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 instruments and sovereign debt, from markets in the United States and multiple countries around the world. To pursue its investment objective, the Global Income Builder 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. To pursue its investment objective, the High Yield strategy normally invests at least 80% of its net assets (plus any borrowings for investment purposes) in high yield, below investment-grade securities (commonly referred to as "junk bonds") and instruments. Such high yield instruments may include corporate bonds and loans, municipal bonds, and mortgage-backed and asset-backed securities. For purposes of this 80% allotment, unrated securities or instruments are deemed by FEIM to be below investment grade.

### **Fund of America**

FEIM's Fund of America strategy seeks capital appreciation and current income by investing primarily in domestic stocks and, to a lesser extent, debt and foreign equity instruments. Normally, at least 80% of the strategy's net assets (plus any borrowings for investment purposes) will be invested in domestic equity and debt instruments. Such investments include common stock, hybrid instruments such as preferred stock and convertible securities, warrants, corporate bonds, repurchase agreements, real estate investment trusts and derivatives. At least 65% of the strategy's net assets will be income-producing, including equity, hybrid, option and debt securities .

### **Credit Opportunities**

FEIM's Credit Opportunities strategy invests in a portfolio of a variety of credit asset classes with a primary investment objective to provide current income, and with a secondary objective of providing long-term risk-adjusted returns. The strategy will invest, under normal market conditions, at least 80% of its managed assets in a credit portfolio of below investment grade credit assets including syndicated bank loans, middle market "club" loans (senior secured loans in middle market companies funded by an arranged group of lenders that generally does not involve syndication), direct lending (consisting of first lien loans, including unitranche loans), asset-based loans, and high-yield bonds (commonly referred to as "junk" bonds). The strategy expects, under normal circumstances, to employ a flexible investment strategy that capitalizes on current and future income and relative value opportunities in credit markets that may lead to outperformance compared to traditional fixed-income opportunities.

## 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. The value of a strategy's investments will generally fluctuate with, among other things, changes in prevailing interest rates, federal tax rates, counterparty risk, general economic conditions, the condition of certain financial markets, developments or trends in any particular industry and the financial condition of the issuer. Lower-quality debt securities involve greater risk of default or price changes and their value can fluctuate, especially during periods of increased market volatility, economic recessions or periods of high interest rates. Certain strategies anticipate using leverage, which would magnify the strategy's investment, market and certain other risks.

*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. Market risk includes unexpected directional price movements, deviations from historical pricing relationships, changes in the regulatory environ-

ment, changes in market volatility, panicked or forced selling of assets and contraction of available credit or other financing sources. The success of a strategy's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances.

*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.

*Issuer Risk* – The value of securities may decline for a number of reasons that directly relate to a security's issuer, such as its financial strength, management performance, financial leverage and reduced demand for the issuer's goods and services, as well as the historical and prospective earnings of the issuer and the value of its assets. A change in the financial condition of a single issuer may affect securities markets as a whole. These risks can apply to the shares issued by a FEIM-managed Fund or private fund and to the issuers of securities and other instruments in which a FEIM-managed Fund, private fund or account invests.

*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.

*Risks Associated with "Brexit"* – The United Kingdom ("UK") officially left the European Union ("EU") on January 31, 2020, with a transitional period that ended on December 31, 2020, commonly referred to as "Brexit." Prior to the conclusion of the transitional period, the EU and the UK entered into and ratified the EU-UK Trade and Cooperation Agreement ("TCA"), which lays out the terms of the UK's future cooperation with the EU. Despite the TCA, there is likely to be considerable uncertainty as to the UK's post-transition framework. Brexit created and may continue to create an uncertain political and economic environment in the UK and the EU and may impact countries outside of the EU. Further, Brexit may cause volatility within the EU, triggering prolonged economic downturns in certain European countries or sparking additional member states to contemplate departing the EU. In addition, Brexit may create actual or perceived additional economic stresses for the



UK, including decreased trade, capital outflows, devaluation of the British pound, wider corporate bond spreads due to uncertainty, possible declines in business and consumer spending, and reduced foreign investments into the UK.

*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 are 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 are 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 often have priority over the claims of high yield bond holders, which may leave 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. Investment in private and middle market companies is highly speculative and involves a high degree of risk of credit loss, and therefore strategies, including the Credit Opportunities strategy, may not be suitable for someone with a low tolerance for risk. These risks are likely to increase during an economic recession. Additionally, issuers of the syndicated loans and other types of credit instruments in which the Credit Opportunities strategy may invest may default on their obligations to pay principal or interest when due.

*Distressed Debt, Litigation, Bankruptcy and Other Proceedings Risk* – The Credit Opportunities strategy may invest in debt securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Investments in distressed securities involve a material risk that the issuer will default on the obligations or enter bankruptcy. In an event of default or bankruptcy, the

obligations may be repaid only after lengthy workout proceedings, may result in only partial payment of the obligations, and, in some cases, there is a risk of loss by the Fund of its entire investment in such securities.

*Currency Risk* – Currency trading involves significant risks, including market risk, interest rate risk and country risk. FEIM uses forward currency contracts to hedge certain 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 Funds Risk* – Private funds are not registered under the Investment Company Act of 1940 ("Company Act") and are therefore not subject to the regulatory requirements it imposes. An investment in a private fund involves risks not typically associated with registered 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 sometimes accumulate substantial positions in the securities of and occasionally 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 will limit or block trading in a company's securities by those deemed to be company "insiders" (officers, directors and certain large shareholders). These limitations are not necessarily related to the possession of a company's material non-public information ("MNPI").

*Conflicts with Affiliates' Investments* – The Company Act prohibits or restricts "affiliated persons" of a registered investment company or "affiliated person[s] of such a person" from knowingly selling any security or other property to the registered investment company. Blackstone and Corsair hold positions in certain of their respective investee companies that exceed thresholds that would cause certain transactions in those investee companies by FEIM-managed Funds to be considered prohibited "affiliated transactions" under the Company Act. In order avoid such transactions, FEIM maintains a restricted list that prevents FEIM from investing Fund assets in companies over which Blackstone or Corsair have or may have control, as defined by the Company Act. This restricted list limits the investment opportunities for both the Funds and for all FEIM-managed private funds and accounts that trade in parallel with one or more of the Funds. Moreover, with respect to FEIM's clients that are subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), FEIM must avoid transactions with issuers owned in significant part by Blackstone and Corsair because of prohibitions under ERISA. Similarly, the elimination of the information barrier between FEIM and FEAC, as described in further detail under Item 10, below, has required FEIM to add the names of the companies to which FEAC makes loans (and consequently receives MNPI) to FEIM's own restricted list, also limiting FEIM's clients' investment opportunities.

*Conflicts Related to Multiple Clients Investing in the Same Portfolio Company* – Conflicts have been created as a result of FEIM, either singly or in combination with its affiliates, investing different clients in different levels of the same portfolio company's capital structure, such as one client owning debt and another client owning equity in a single portfolio company. When this occurs there can be instances in which FEIM and/or its affiliates, in acting as a fiduciaries on behalf of clients whose rights have priority by virtue of their position in a portfolio's company's capital structure, will be compelled to enforce those rights on behalf of the clients in the stronger capital position to the detriment of other clients, possibly resulting in a complete loss of value in the securities held by the other clients.

*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 clients' 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. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies. For example, the U.S. Federal Reserve, based on the recommendations of the New York Federal Reserve's Alternative Reference Rate Committee (comprised of major derivative market participants and their regulators), has begun publishing a Secured Overnight Financing Rate (SOFR), which is intended to replace U.S. dollar LIBOR. Alternative reference rates for other currencies have also been announced or have already begun publication. Markets are slowly developing in response to these new rates. The effect of any changes to, or discontinuation of, LIBOR will vary depending on, among other things, (1) existing fallback or termination provisions in individual contracts and (2) whether, how, and when industry participants develop and adopt new reference rates and fallbacks for both legacy and new products and instruments. Accordingly, it is difficult to predict the full impact of the transition away from LIBOR until new reference rates and fallbacks for both legacy and new products, instruments and contracts are commercially accepted.

*Key Person Risk* – The performance of client accounts is generally reliant on certain key investment personnel employed in managing assets. Termination, disability, death, or departure of key personnel could adversely affect the client accounts and their performance.

## 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 Advisers Act, and Sections 12(b) and 34(b) and Rule 12b-1 of the Company Act. 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 funds and is registered as a limited purpose broker-dealer.

Certain private 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 serve as directors of broker-dealers or as principals of investment adviser firms which 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 exist 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 has entered 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 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 (together with 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 miti-

gate potential conflicts of interest that each has with its portfolio companies and to address certain regulatory requirements and contractual restrictions. This results in reduced investment opportunity for FEIM's clients. FEIM maintains a restricted list of companies whose securities are subject to trading prohibitions due to the business activities of Blackstone and Corsair. A client's account could be prohibited from buying or selling securities on the restricted list until the restriction is lifted, which could disadvantage the client's account.

Blackstone and Corsair have represented creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings. From time to time Blackstone and Corsair serve as advisors 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 could 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.

First Eagle Separate Account Management, LLC ("FESAM"), a wholly owned subsidiary of FEIM, and a registered investment adviser, acts as investment adviser to a retail separately managed account or "wrap fee" business. The strategy FESAM currently offers for its separate account business is executed by substantially the same investment team that provides investment advisory services to FEIM's International Value strategy clients, but differs in important ways, including differences in the types of securities purchased, in management and brokerage fees, in minimum account size and in trade execution. FESAM may expand to offer other strategies that mirror FEIM's strategies. While the separate account business is in its early stages, FEIM has an incentive to build its profile, which may create an incentive to allocate a disproportionate share of opportunities and other resources to clients of that business relative to its current assets under management. Because FESAM's clients' trades will be executed in largely the same portfolio companies as those held by FEIM's clients, under some circumstances, FESAM's trading could negatively impact the prices or timing of trades on behalf of FEIM's clients.

First Eagle Alternative Credit, LLC and certain of its subsidiaries and other affiliates 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 "**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 sometimes 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. As a general matter, there is no information barrier between FEAC and FEIM. Accordingly, FEAC’s receipt of confidential information in the course of its business activities will restrict FEIM’s trading and investment activities. However, from time to time, in limited circumstances, FEAC and FEIM could determine it appropriate to implement an information barrier. Any such information barrier would be 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. In such circumstances, each of FEIM’s and FEAC’s investment professionals would be instructed as to their responsibilities not to discuss investment activities with employees on the other side of the information barrier. Legal and compliance personnel would monitor the information barrier and manage any communications between FEIM and FEAC related to potential conflicts and receipt of MNPI.

Because there is generally no information barrier between FEIM and FEAC, there will be instances where FEIM will be prohibited from making an investment that it would have made if there were an information barrier, resulting in reduced investment opportunity for FEIM’s clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that a breach of policies and procedures could occur which breach could result in the potential misuse of MNPI. This potential misuse of MNPI could have adverse effects on the reputations 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 actual and potential conflicts of interest. Generally, the Code prohibits personal trading in any security (subject to exceptions set forth in the Code) while any 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 families, 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 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, purchase, sell, or otherwise enter into transactions in securities and other instruments. Prior to, simultaneously with or after such transactions, FEIM occasionally will, 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 is permitted to 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 FEIM's Legal and Compliance Department.

Subject to the restrictions described above, FEIM's employees personally are permitted at any time to hold, acquire, increase, decrease, dispose of or otherwise deal in investments in which a client account also has 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 do not have first refusal, co-investment or other rights in respect of any such investment.

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

FEIM and its affiliates and their related persons and employees are permitted to buy or sell securities that are also purchased and sold on behalf of client accounts. This often occurs where FEIM acts as general partner, investment adviser or managing member to private funds and Funds in which clients are solicited to invest. FEIM has taken positions for advisory clients (including private investment funds) and affiliates of FEIM have taken positions for their own accounts in securities contrary to the positions held in the same securities (e.g., short versus long positions) 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/or 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, will often 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 doesn't necessarily 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

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 FEIM currently receives from broker-dealers that cannot receive direct payment based on U.S. 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 chooses its brokers on an execution-only basis in seeking best execution for its clients. In general, FEIM pays hard dollars for all research. For those broker dealers who provide FEIM with research who are legally restricted from accepting hard dollar payments, FEIM’s pays via the commission sharing arrangement (“CSA”), as described in further detail below. Research services obtained from brokers are used to benefit FEIM’s clients as a group and not solely or necessarily for the benefit of any particular client. Therefore, the Funds pay commissions that include payments for research services that benefit other FEIM Clients, with FEIM in turn compensating the Funds for such expenses in the form of a voluntary reimbursement that is accrued by FEIM monthly and paid quarterly.

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 CSA. FEIM entered into a CSA under which it executes transactions through, and obtains research services from, a CSA 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 us and cannot accept cash payment directly from FEIM for its research services. With respect to its Funds, 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 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 FEIM 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 could prevent FEIM from selecting a broker-dealer for its account even though FEIM’s choice of broker-dealer might offer a more favorable price and execution for the transaction. As a result, the client could lose the possible advantage that non-designating and unrestricted clients might 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, including Section 206(3) of the Advisers Act which requires the client’s prior written 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 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 is permitted but is not required to, aggregate the securities to be sold or purchased. These orders are averaged as to price and allocated to accounts pro rata according to each account's daily purchase or sale orders relative to their net assets, or on some other equitable basis .

Disparities in allocations occur for many reasons, including specific investment objectives, cash available for investment, and client-imposed restrictions. When there is limited supply of a security or investment opportunity, the pro rata treatment of all accounts generally remains applicable to the extent feasible within existing limitations, such as minimum lot sizes . 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 would not be 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 would not necessarily obtain best execution for any 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 should understand that FEIM will execute trades only through the client's directed broker, thereby limiting FEIM's ability to seek better execution quality, price improvement and lower commission rates than would be the case when FEIM is free to select from among a variety of brokers in seeking best execution for clients on an aggregated basis, 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, as stated in their respective investment management agreements, and 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 has adopted incentive plans and enters into agreements from time-to-time that provide for cash payments to its employees who develop and refer new business. In addition, while FEIM currently has no agreements with third party solicitors who refer clients in accordance with Rule 206(4)-3 under the Advisers Act, it may enter into such agreements in the future. Similarly, while FEIM and the private funds it advises currently have no agreements with (and make no payments to) placement agents and others to gather assets for these funds and provide on-going servicing, FEIM and the private funds it advises may enter into such agreements in the future.

Investors or prospective investors should be aware that these incentive plans or arrangements create a conflict of interest between an investor and FEIM, as well as FEIM's relevant employees, placement agents and others. This conflict continues after an investment is made to the extent that payments under these plans or arrangements are made over a period of years by reference to the amount of the investment maintained with FEIM over time. Such plans or agreements include those FEIM has with its own employees who develop and refer new business as well as plans or agreements with certain directors of FE Holdings, or their affiliates, who have industry affiliations with other financial firms, including firms affiliated with Blackstone and/or Corsair. There are also FE Holdings non-employee directors who serve as directors of broker-dealers or as principals of investment adviser firms which do business with FEIM and its clients,

## ITEM 15 CUSTODY

The SEC deems investment advisers, including FEIM, to have "custody" of client funds or securities within the meaning of Rule 206(4)-2 under the Advisers Act if they have access to or authority over client accounts for purposes other than, among other things, issuing trading instructions, as is commonly the case for the general partners of limited partnerships sponsored by investment advisers. When FEIM is deemed to have custody of a limited partnership's assets, the client's administrator is directed to send the client's limited partners periodic account statements indicating the amounts of any funds or securities in the limited partner's account as of the end of the statement period and any transactions in the account during the statement period. Limited partners for whom FEIM is deemed to have custody should receive

monthly statements from the administrator of the limited partnership in which they are invested. Limited partners are advised to notify FEIM promptly if account statements are not received from their respective account's administrator on at least a monthly basis.

Because FEIM serves as general partner of certain private funds that are limited partnerships, 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, each private fund administrator provides each investor in such private funds with audited financial statements within 120 days following the private fund's fiscal year end. Limited partners who have invested in these 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. Within the respective investable scope of each of FEIM's investment strategies, FEIM has customarily agreed with its separately managed account clients to implement certain client-specific restrictions on the investments that FEIM may effect for their account. When selecting securities and determining transaction quantities, FEIM seeks to follow the investment policies, limitations and restrictions of its clients.

While none of FEIM's current clients direct that FEIM use certain broker-dealers to execute their account's transactions, in the past, FEIM has agreed to certain directed brokerage arrangements. 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 receives analyses and recommendations based upon ISS's Standard Guidelines (the "**Standard Guidelines**") and monitors the services received from ISS as described in more detail below.

Each proxy voted by FEIM must be instructed in accordance with the applicable ISS guidelines, unless FEIM believes that it is in the best interest of the client(s) to override those guidelines. Factors that FEIM will consider in determining whether to override include, but are not limited to: (i) director independence initiatives, in consideration of an issuer's long-term business strategy, use of capital, ownership structure and long-term director incentives; (ii) shareholder proposals for greater disclosure, in view of the robustness of a company's existing disclosures and legal requirements, and any associated financial costs and competitive issues raised by the proposal; and (iii) executive compensation programs, in light of our assessment of the value created by an issuer's management over the long term, measured in terms of market share gains and capital discipline compared to peer companies. In those cases in which FEIM's investment personnel believe a proxy should be voted in a manner contrary to applicable ISS guidelines, the investment personnel must complete a form describing the reasons for departing from the applicable ISS guidelines and disclosing facts that might suggest a conflict, if any. In the event the applicable ISS 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.

In certain circumstances, a client may request in writing that FEIM vote proxies for its account in accordance with a set of guidelines which differs from the Proxy Guidelines. For example, a client may wish to have proxies voted for its account in accordance with the Taft-Hartley proxy voting guidelines. In that case, FEIM will vote the shares held by such client accounts in accordance with their direction, which may be different from the vote cast for shares held on behalf of other client accounts that vote in accordance with the Proxy Guidelines.

For any material conflict of interest that arises between FEIM's interests and a client's interests, votes will only be cast in the best interest of the client, regardless of the situation.

FEIM occasionally refrains from voting proxies for its clients' accounts, taking into account its obligation to act in the best interest of clients. Potential circumstances for not voting include but are not limited to the following:

- When the economic effect on shareholders' interests or the value of the portfolio holding would not reasonably be expected to be material;
- 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;
- Due to 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.

As part of its ongoing monitoring efforts, FEIM will determine whether ISS has the capacity and competency to adequately analyze the matters for which FEIM is



responsible for voting. FEIM will consider in making its determination such factors as it deems appropriate and applicable, which may include, among other things: (i) the adequacy and quality of the ISS's staffing, personnel, and technology; (ii) the adequacy of ISS's process for seeking timely input from issuers and its clients; (iii) the adequacy of the ISS's disclosure to FEIM of its methodologies in formulating voting recommendations; (iv) the nature of any third-party information sources that ISS uses as a basis for its voting recommendations; and (v) the adequacy of ISS's policies and procedures regarding how it identifies and addresses conflicts of interest. Any factual errors or methodological weaknesses of ISS as may be identified by the FEIM investment teams also will be considered. As ISS also is providing proxy administration and vote tabulation and submission services, FEIM's monitoring addresses those services in addition to its research and recommendation services.

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 but are not limited to First Eagle Holdings, Inc., First Eagle Investment Management, LLC, FEF Distributors, LLC, First Eagle Separate Account Management, LLC and First Eagle Alternative Credit, LLC.

## **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.