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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
B- 51483

SEC  
Mail Processing  
Section

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
FEB 29 2016 Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2015 AND ENDING 12/31/2015  
Washington DC 409 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: FEF DISTRIBUTORS, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1345 AVENUE OF THE AMERICAS

(No. and Street)

NEW YORK

NY

10105

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

CHUNFONG

(212)698-3451

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

ERNST & YOUNG LLP

(Name - if individual, state last, first, middle name)

5 TIMES SQUARE

NEW YORK

NY

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

<b>FOR OFFICIAL USE ONLY</b>

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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AUB

JG

OATH OR AFFIRMATION

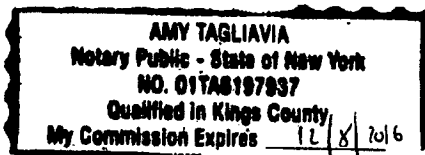
I, CHUN FONG, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FEF DISTRIBUTORS, LLC, as of DECEMBER 31, 2015, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Handwritten Signature]*  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Chief Financial Officer  
Title

*[Handwritten Signature: Amy Tagliavia]*  
\_\_\_\_\_  
Notary Public



This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

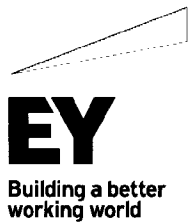
\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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5 Times Square  
New York, NY 10036-6530

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Fax: +1 212 773 6350  
ey.com

## Report of Independent Registered Public Accounting Firm

To the Member of  
FEF Distributors, LLC

We have audited the accompanying statement of financial condition of FEF Distributors, LLC (the "Company") as of December 31, 2015. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of FEF Distributors, LLC as of December 31, 2015 in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

February 26, 2016

**FEF Distributors, LLC**  
Statement of Financial Condition  
December 31, 2015

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<b>Assets</b>	
Cash and cash equivalents	\$ 37,609,808
Commission receivables	469,811
Receivable from Parent	657,230
Other assets	137,474
<b>Total assets</b>	<u><u>\$ 38,874,323</u></u>
<b>Liabilities and Member's Equity</b>	
<b>Liabilities</b>	
12b-1 fees payable	\$ 35,590,652
Payable to the Parent	81,220
Accounts payable and accrued expenses	128,168
<b>Total liabilities</b>	<u>35,800,040</u>
Member's equity	3,074,283
<b>Total liabilities and member's equity</b>	<u><u>\$ 38,874,323</u></u>

See Notes to Statement of Financial Condition.

# FEF Distributors, LLC

## Notes to Statement of Financial Condition

December 31, 2015

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### 1) Organization

**Nature of operations:** FEF Distributors, LLC (the "Company") is a non-clearing registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company is a wholly-owned subsidiary of First Eagle Investment Management, LLC (the "Parent").

The Company is engaged in the distribution of shares of the First Eagle group of mutual funds ("FE Funds"). FE Funds consists of nine 1940 Act registered funds: First Eagle Global Fund, First Eagle Overseas Fund, First Eagle U.S. Value Fund, First Eagle Gold Fund, First Eagle High Yield Fund, First Eagle Global Income Builder Fund, First Eagle Fund of America, First Eagle Absolute Return Fund and First Eagle Overseas Variable Fund. The Company also engages in private placements of securities solely as wholesale placement agent. The private placement activities are limited to advising on or facilitating the placement of direct participation program securities, effecting private securities offerings, and retail or institutional sales and trading activities.

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2)(i), as the Company is a broker-dealer limited to the distribution of shares of mutual funds and private placements of securities solely as wholesale placement agent. The Company also does not hold customer accounts or receive customer cash or securities.

### 2) Significant Accounting Policies

- a) **Use of estimates:** The preparation of Statement of Financial Condition in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the Statement of Financial Condition. Actual results could differ from these estimates.
- b) **Cash and cash equivalents:** Cash and cash equivalents include highly liquid instruments with original maturities of three months or less at the date of acquisition. Cash equivalents consist of money market funds which are valued based on net asset per share. The Company maintains deposits with financial institutions in an amount that is in excess of federally insured limits; however, the Company does not believe it is exposed to any significant credit risk.
- c) **Fair value of financial instruments:** Substantially all of the Company's assets and liabilities that are considered financial instruments are either already reflected at fair values, or are short-term or replaceable on demand. Therefore, their carrying amounts approximate their fair values.
- d) **Commission receivables:** The Company, as underwriter of the FE Funds, earns up to 50 basis points on sales charges of Class A shares. Dealer allowances are fees of up to 4.5% on the FE

# FEF Distributors, LLC

## Notes to Statement of Financial Condition

December 31, 2015

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Funds Class A shares, where the Company is the dealer of record. These fees are computed based on the purchase and redemption price of the FE Funds and are recorded on an accrual basis as earned. As of December 31, 2015, commission receivables were \$469,811.

- e) **12b-1 fees payable:** The Company pays 12b-1 and service fees to non-affiliated financial institutions for marketing, promotional and shareholder services on behalf of the FE Funds. The fees are based on contracted amounts and are paid monthly or quarterly, in accordance with the respective agreements. As of December 31, 2015, 12b-1 fees payable was \$35,590,652.
- f) **Income taxes:** The Company is a single member limited liability company and is treated as a disregarded entity for tax purposes. The Company does not file any tax returns, but its taxable income is reported as part of the Parent's tax returns. The Parent is a LLC treated as a partnership and, therefore, does not have tax liabilities in most jurisdictions but rather passes through its taxable income to its members. The Parent files a tax return with New York City ("NYC"), where it is liable for unincorporated business tax ("UBT"). The Company has a tax sharing arrangement with the Parent, whereby the Parent is reimbursed for taxes incurred from the results of the Company's operations, based on an apportionment factor attributed to NYC, multiplied by the applicable UBT rate.

### 3) Assets and Liabilities Reported at Fair Value of Financial Investments

Assets and liabilities are recorded at fair value. The Company's securities are traded in active markets and are valued using quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency that are classified within Level 1 of the fair value hierarchy in accordance with ASC 820.

As of December 31, 2015, included in cash and cash equivalents is approximately \$3.4 million of investments in money market funds that meet the Level 1 definition. The company does not have any other financial investments.

### 4) Contingency

In the normal course of business operations, the Company is subject to regulatory examinations or other inquiries. These matters could result in censures, fines or other sanctions, but the Company is unable to predict the outcome of these matters. However, management believes the outcome of any resulting actions will not be material to the Company's Statement of Financial Condition.

In 2015, the SEC issued an order which alleged that the Company and its Parent improperly caused the FE 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 the Parent out of its own resources. In addition, the SEC alleged that the use of the FE Funds' assets to pay these distributions related services rendered the FE Funds' disclosures concerning payments for

# FEF Distributors, LLC

## Notes to Statement of Financial Condition

December 31, 2015

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distribution related services inaccurate. The order imposed a civil penalty of \$12.5 million and disgorgement and interest of \$27.2 million, a total of \$39.7 million. The total amount imposed was deposited by the Parent into an escrow account approved by the SEC. The Company and the Parent will be responsible for administrating and distributing the funds in the escrow account to the affected shareholder accounts that held shares of the FE Funds during the relevant period, pursuant to the plan approved by the SEC Staff. As the total amount imposed was paid by the Parent, there was no impact to the Company's Statement of Financial Condition.

### 5) Related-Party Transactions

Pursuant to a Purchase and Sales Agreement between the Company and the Parent, the Company sells certain receivables due from the FE Funds at fair value each business day. The funds received from this purchase and sale agreement are disbursed to non-affiliated financial institutions for the marketing and promoting of the FE Funds. As of December 31, 2015, a receivable from parent in the amount of \$657,230 is reflected on the Statement of Financial Condition, as it relates to the Purchase and Sales Agreement. For the year ended December 31, 2015, receivables totaling \$210,778,710 were sold to the Parent.

Pursuant to a Services Agreement between the Company and the Parent, the Company pays monthly administrative fees to the Parent for ongoing administrative services provided to the Company. The fees are allocated to the Company based on headcount and percentages of wages and time spent by certain employees of the Parent, and include services such as personnel, rent, telecommunications, insurance and corporate services. As of December 31, 2015, the amount payable to the Parent for administrative services was \$78,844, and is included in Payable to the Parent on the Statement of Financial Condition.

The Company receives commissions from the FE Funds for the distribution of shares of the FE Funds. At December 31, 2015, commission receivables from the FE Funds were \$469,811.

On December 1, 2015, the controlling member of the Company's Parent, Arnhold and S. Bleichroeder Holdings Inc., sold a controlling interest to a third party. The transaction did not have any impact on the Company's Statement of Financial Condition.

### 6) Income Taxes

U.S. GAAP provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the statement of financial condition. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. Since the Company is treated as a disregarded entity for tax purposes through



# FEF Distributors, LLC

## Notes to Statement of Financial Condition

December 31, 2015

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December 31, 2015, management has determined that there are no material uncertain income tax positions for the Company.

### 7) Regulatory Requirements

The Company is a registered broker-dealer and, accordingly, is subjected to Uniform Net Capital Rule 15c3-1 (the "Rule") of the SEC and capital rules of FINRA. The Company has elected to use the Alternative Net Capital method permitted by the Rule, which requires the Company to maintain the minimum "net capital" equal to the greater of \$250,000 or 2% of aggregate debt items arising from the reserve formula, as defined by the Rule. Net capital changes from day to day but, at December 31, 2015, the Company had net capital of \$1,742,563, resulting in an excess net capital of \$1,492,563. The minimum net capital requirements may restrict the payment of distributions.

### 8) Indemnifications

In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties that provide indemnifications under certain circumstances. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of future obligation under these indemnifications to be remote.

### 9) New Accounting Pronouncements

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* — that will explicitly require management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. The update is effective for the annual period ending after December 15, 2016 and for annual periods and interim periods thereafter. Management is in the process of evaluating the impact of this update to the Company's Statement of Financial Condition.

### 10) Subsequent Events

The Company evaluated subsequent events for potential recognition and/or disclosure and concluded that other than the item indicated below, there were no subsequent events through February 26, 2016, the date these financial statements were available to be issued.

On February 24, 2016, the Company requested an Excess Capital Withdrawal in the amount of \$1,500,000.