

High Yield Municipal Fund*

Market Overview

The technical headwinds that held back municipal bond performance in the second quarter finally began to ease in the third quarter, setting the stage for a rally in September.

Though muni issuance remained robust over the last three months, renewed flows into mutual funds and exchange-traded funds following April's tariff-related dislocation helped the market absorb the new supply. The resulting performance pushed muni indexes well into positive territory for the year to date following a sluggish first half, though they still lag other fixed income assets. The S&P Municipal Bond High Yield Index gained 2.3% during the third quarter, while the S&P Municipal Yield Index, which includes bonds across the quality spectrum, rose 2.6% and the S&P Short Duration Municipal Yield Index advanced 1.8%; year to date, those indexes are up a respective 1.7%, 1.8% and 3.6%. For context, the Bloomberg US Aggregate Bond Index gained 2.0% during the quarter and 6.1% thus far in 2025.¹

Continued Heavy Supply Was Met by Renewed Demand

Long US Treasury yields eased slightly in the third quarter, with 10-year and 30-year rates posting single-digit declines. The AAA muni curve was a bit more active, with bonds of those same maturities declining 30 basis points or so.²

While municipal bonds had a good quarter, perhaps more impressive than the magnitude of returns was that they were achieved in the face of continued heavy new supply. Third quarter issuance was down slightly from the second quarter, but the year-to-date pace suggests 2025 is likely to top 2024's record for annual volume. Notably, the long-dated nature of high yield muni issuance in general provides a steepening impulse to the yield curve, and the municipal bond curve has steepened considerably amid the flood of issuance.³

There are a few factors we believe have contributed to the ongoing surge in issuance. After sitting on the sidelines during the 2022–23 rate-hike period, municipalities have a pent-up need to issue paper as the benefits of Covid-era federal funding and post-pandemic tax receipts wane. Meanwhile, pretty much every capital project costs more today due to the impact of inflation across inputs like steel, concrete, lumber, civil engineering, skilled and unskilled labor, etc. Further, potential legislative threats to muni bond tax treatment—since

alleviated—likely pulled forward some issuance to the first half of the year.

Fortunately, supply during the third quarter was met by renewed demand; after about \$9 billion of outflows during late March and April alongside the initial shock of Trump's tariff policies, positive municipal bond fund flows returned in May and have persisted.⁴ Though tariffs remain a wildcard, investors seem to have gotten comfortable with the uncertainty. The worst of the expected inflationary impacts haven't yet been realized, and signs that the most severe levies could be walked back, either through bilateral negotiation or judicial mandate, lends hope that trade policy may be less of a headwind.

Meanwhile, the passage of the budget reconciliation bill in early July removed an overhang to muni bond demand. Putting aside the provisions of the bill, the key for muni bond investors is what the bill lacked—namely, any adjustments to the tax-exempt status of municipal bond interest income. There had been some chatter that policymakers were considering changes to or restrictions on the muni bond tax exemption as part of this tax-and-spending plan. While a disruption to the status quo seemed an unlikely result of the recent legislative process, the certainty provided by the final bill was welcomed by both investors and issuers.

Also supporting demand for muni bonds has been the dovish tilt of the Federal Reserve. Throughout the third quarter investors sought to get a clear read on the central bank struggling to balance the weakening labor market against above-target inflation. Deciding the former is of greater concern at the moment, the central bank delivered a well-telegraphed 25 basis point cut to its policy rate in September, and markets have priced in an additional 50 basis points of rate cuts by year end.⁵ Should the Fed's more accommodative policy continue to weigh on long-term yields, investors may increasingly view municipal bonds as a more appealing cash equivalent.

Fundamentals Remain Encouraging

Municipalities entered 2025 in strong fiscal condition, and issuer fundamentals continue to be supportive. State budgets for fiscal 2026

1. Source: FactSet; data as of September 30, 2025.

2. Source: Bloomberg, US Department of Treasury; data as of September 30, 2025.

3. Source: Municipal Securities Rulemaking Board; data as of September 30, 2025.

4. Source: Investment Company Institute; data as of October 1, 2025.

5. Source: CME FedWatch; data as of October 13, 2025.

* The First Eagle High Yield Municipal Fund was known as the First Eagle High Income Fund prior to December 27, 2023.

generally reflect a healthy environment, with fund balances well above the historical average.⁶ Though state general fund revenue has fallen off the record pace of fiscal 2021 and 2022 as the impact of Covid-era relief waned, it has continued to grow, and modest revenue gains are expected in fiscal 2026. Budgets that have been enacted to date call for only small increases in general fund spending, and most states plan to maintain or increase the size of their state's rainy-day fund—many of which are already at nominal highs—in anticipation of future needs.

Another sign of fiscal strength can be found in improvement in pension funding, as the aggregate median ratio for local government pensions climbed to 80% in fiscal 2024 from 78% in fiscal 2022. While this can be attributed in part to market performance, local governments have increased contributions and tweaked their benefit structures, demonstrating improved funding discipline and better long-term sustainability.⁷

All in all, muni bond ratings activity has continued to be positive in 2025, but just barely: positive activity (including both upgrades and favorable outlook revisions) outpaced negative activity at a rate of 1.1x year to date; this ratio stood at 3.5x in 2022.⁸ Defaults remain very low, even by the standards of an asset class accustomed to very low default activity.⁹

Start of a Turnaround?

Year-to-date muni bond performance flipped from negative to positive during the third quarter, and we're hopeful that the period represented an inflection point after what was a challenging first half for the asset class. It seems likely to us that the factors driving recent performance and fund flows—credit stability, certainty around tax treatment, an accommodative Fed and relatively benign tariff impacts—will continue to support the asset class.

With a yield to worst of 5.7%, the Bloomberg US High Yield Municipal Index continues to offer investors an attractive entry point, in our view.¹⁰ Although the outperformance of munis during the quarter pushed muni-Treasury ratios somewhat lower, current levels—70% for 10-year and 90% for 30-year maturities—suggest there is still significant relative value to be found on the longer end of the municipal bond curve, which is also most likely to benefit from an environment of stable or declining rates given its current steepness.¹¹

We remain focused on seeking to provide a high level of tax-free current income through bottom-up security selection complemented by an active trading strategy and the prudent application of leverage. This approach, combined with consistent fund inflows, has enabled us to increase the interest income generated by the portfolio in 2025, and we have passed this along to shareholders in the form of a higher monthly distribution rate.

6. Source: National Association of State Budget Officials; data as of September 4, 2025.

7. Source: S&P Global; data as of September 16, 2025.

8. Source: S&P Global; data as of September 30, 2025.

9. Source: Moody's Investors Service; data as of December 31, 2024.

10. Source: Bloomberg; data as of September 30, 2025.

11. Source: Bloomberg, US Department of Treasury; data as of September 30, 2025.

Portfolio Review

High Yield Municipal Fund A Shares (without sales charge*) posted a return of 0.77% in third quarter 2025. The Fund underperformed the S&P Municipal Yield Index in the period.

The leading contributors to performance during the quarter were bonds linked to the Brightline passenger rail project in Florida, a toll road north of Atlanta and affordable housing in California.

Brightline, which is backed by private equity firm Fortress Investment Group, is the only privately owned and operated intercity railroad in the US. It began service in Florida in 2018 and has steadily increased its footprint along the east coast of the state from Miami to Orlando and has plans to expand its network from Orlando to Tampa. It also recently broke ground on Brightline West, which is expected to connect the 200-plus miles between Southern California and Las Vegas with all-electric, high-speed service beginning in 2028.

Bonds related to Brightline's Florida projects have come under pressure in 2025 and have been subject to downgrades from rating agencies citing lower-than-expected ridership and higher costs as well as dwindling cash reserves and other liquidity concerns. In July, Brightline announced that it would defer its mid-month interest

payment on a lone subordinate tranche of debt; while this did not qualify as a default based on the structure of the affected issues, the news weighed on the prices of other uninsured bond tranches. However, certain of Brightline Florida's "commuter" bonds were retired in mid-August at a price above par as part of mandatory redemption—explaining their contribution to fund performance—and were replaced with a new issue featuring a higher coupon rate and enhanced structural provisions.

Fortress Investment Group is pursuing a broad equity raise of the Brightline franchise which could be finalized over the next couple of quarters. Proceeds of any future equity sale would be utilized to redeem outstanding subordinate debt whose bond valuations have been negatively impacted over the past three months. This would be a positive future catalyst if successfully executed. In the interim, recent operating trends have been bullish. The company has put into service 20 standard cars over the past several months and appears to be growing into its expanded seat capacity nicely, posting year-over-year increases in both short- and long-distance passengers. The delivery of 10 new premium cars by year end should enhance average long-distance fares and improve ridership trends within the premium fare

* Performance for Class A shares without the effect of sales charges and assumes all distributions have been reinvested, and if a sales charge was included values would be lower.

class, which have been a drag. In addition, the company is planning to implement a schedule change in the fourth quarter to better align network capacity with fluctuating demand.

All in all, we remain confident in Brightline's ability to meet its obligations as it continues to mature and believe the attractive coupons on offer adequately compensate us for the risk involved.

With population growth in the Atlanta metro region forecast to continue, the Georgia Department of Transportation has undertaken a number of Major Mobility Investment Programs to relieve congestion in the area. The bonds referenced above will finance the expansion of the Peach Pass electronic toll-collection system with the addition of express lanes on State Route 400 and a portion of Interstate 285 and are collateralized by revenues generated by the new tolls.

Revenue bonds issued by the California Community Housing Agency to fund the acquisition of and improvements to the 300-plus-unit Creekwood Apartments in Alameda County, California, also traded higher during the quarter.

The leading detractors in the quarter were linked to the aforementioned Brightline passenger rail projects in Florida, a mall in New Jersey and a tobacco settlement fund in Rhode Island.

A relatively small holding in the portfolio, PILOT (payment in lieu of taxes) bonds associated with the American Dream entertainment and retail center in the Meadowlands Sports Complex are secured by tax payments that are based on the assessed value of the property. A reduction in the mall's assessed value—and thus payments to be made to bondholders—by both the local taxing authority and a tax court judge have weighed on the bonds' prices.

Rhode Island's tobacco master settlement agreement bonds—another relatively small holding—traded lower during the quarter primarily on technical issues.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

Average Annual Returns

Data as of 30-Sep-2025

	Calendar YTD	1 Year	3 Years	5 Years	10 Years	Since PM Inception ¹	Gross Expense Ratio ²	Adjusted Expense Ratio ³	Fund Inception Date
Class A (FEHAX) w/o load	-0.83%	-2.00%	7.99%	3.65%	4.33%	6.01%	1.13%	0.76%	Jan 3, 2012
Class A (FEHAX) w/ load	-3.31%	-4.49%	6.34%	2.70%	3.85%	4.48%	1.13%	0.76%	Jan 3, 2012
Class C (FEHCX)	-2.36%	-3.68%	7.19%	2.87%	3.55%	5.21%	1.88%	1.51%	Jan 3, 2012
Class I (FEHIX)	-0.65%	-1.76%	8.25%	3.91%	4.61%	6.28%	0.91%	0.54%	Nov 19, 2007
Class R6 (FEHRX)	-0.56%	-1.74%	8.38%	4.00%	-	6.49%	0.86%	0.49%	Mar 1, 2017
S&P Municipal Yield Index	1.75%	0.58%	6.67%	2.43%	4.06%	4.20%	-	-	-

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the fund's short term performance. Current performance may be lower or higher than figures shown. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Past performance data through the most recent month end is available at www.firsteagle.com or by calling 800-334-2143. The average annual returns are historical and reflect changes in share price, reinvested dividends and are net of expenses. "With sales charge" performance for class A shares gives effect to the deduction of the maximum sales charge of 2.50%. The average annual returns for Class C shares reflect a CDSC (contingent deferred sales charge) of 1.00% in the year-to-date and first year only. Class I shares require \$1MM minimum investment and are offered without sales charge. Class R6 shares are offered without sales charge. Operating expenses reflect the Fund's total annual operating expenses for the share class of the Fund's most current prospectus, including management fees and other expenses.

1. John Miller started as lead portfolio manager of the Fund beginning 2-Jan-2024.

2. First Eagle Investment Management, LLC (the "Adviser") has contractually agreed to waive and/or reimburse certain fees and expenses of Classes A, C, I, and R6 so that the total annual operating expenses (excluding interest charges on any borrowings, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, dividend and other expenses relating to short sales, and extraordinary expenses, if any) ("annual operating expenses") of each class are limited to 0.85%, 1.60%, 0.60% and 0.60% of average net assets, respectively. Each of these undertakings lasts until 28-Feb-2026 and may not be terminated during its term without the consent of the Board of Trustees. The Fund has agreed that each of Classes A, C, I, and R6 will repay the Adviser for fees and expenses waived or reimbursed for the class provided that repayment does not cause annual operating expenses (after the repayment is taken into account) to exceed the lesser of: (1) 0.85%, 1.60%, 0.60% and 0.60% of the class' average net assets, respectively; or (2) if applicable, the then-current expense limitations. Any such repayment must be made within three years after the year in which the Adviser incurred the expense.

3. The Adjusted Expense Ratio excludes certain fees and expenses, such as interest expense and fees paid on Fund borrowings and/or interest and related expenses from inverse floaters.

Investments are not FDIC insured or bank guaranteed and may lose value.

The annual expense ratio is based on expenses incurred by the Fund, as stated in the most recent prospectus.

Inception date shown for the S&P Municipal Yield Index matches the High Yield Municipal Fund Class I shares, which have the oldest since inception date for the High Yield Municipal Fund.

The First Eagle High Yield Municipal Fund was known as the First Eagle High Income Fund prior to 27-Dec-2023. First Eagle High Income Fund commenced operations in its present form on 30-Dec-2011, and is successor to another mutual fund pursuant to a reorganization on 30-Dec-2011. Information prior to 30-Dec-2011 is for this predecessor fund.

Immediately after the reorganization, changes in net asset value of the Class I shares were partially impacted by differences in how the Fund and the predecessor fund price portfolio securities.

Risks

All investments involve the risk of loss of principal.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

The transition of the First Eagle High Yield Municipal Fund (the "Fund") from the First Eagle High Income Fund was effected on or about December 27, 2023. There continues to be increased **operational risks** associated with the transition, during which the Fund has acquired new and additional trading and counterparty relationships, new and additional borrowing and leverage arrangements, and new and additional capabilities for the management of derivatives, and may require more. Beyond the inherent risks of transition and associated complexity, because some, but not all of the required or desirable operational capabilities and investment and counterparty arrangements were fully implemented prior to the effective date of the transition, until such time as that occurs, the Fund's flexibility to fully implement its new objective and strategies may continue to be limited during the transition period. During the transition period, it is expected that the Fund will not be as invested in income-producing securities that are exempt from regular federal income taxes as will be the case once the transition is complete. As a result, a higher percentage of the Fund's dividends are expected to be ordinary dividends rather than "exempt-interest dividends" during the transitional phase. The Fund may invest in **high yield, fixed income securities** that, at the time of purchase, are non-investment grade. High yield, lower rated securities involve greater price volatility and present greater risks than high rated fixed income securities. High yield securities are rated lower than investment-grade securities because there is a greater possibility that the issuer may be unable to make interest and principal payments on those securities. High yield securities involve greater risk than higher rated securities and portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. Municipal bonds are subject to **credit risk, interest rate risk, liquidity risk, and call risk**. However, the obligations of some municipal issuers may not be enforceable through the exercise of traditional creditors' rights. The reorganization under federal bankruptcy laws of a municipal bond issuer may result in the bonds being cancelled without payment or repaid only in part, or in delays in collecting principal and interest. Strategies whose investments are **concentrated in a specific industry or sector** may be subject to a higher degree of risk than funds whose investments are diversified and may not be suitable for all investors. Funds that invest in bonds are subject to **interest-rate risk** and can lose principal value when interest rates rise, while they typically increase their principal values when interest rates decline. Bonds are also subject to credit risk, in which the bond issuer may fail to pay interest and principal in a timely manner, or that negative perception of the issuer's ability to make such payments may cause the price of that bond to decline.

Definitions

Federal funds rate is the interest rate at which depository institutions (banks and credit unions) lend reserve balances to other depository institutions overnight on an uncollateralized basis. **Exchange-traded funds (ETFs)** are listed investment vehicles that seek to provide exposure to a benchmark, index or actively managed strategy. **AAA credit rating**—as used by S&P Global Ratings and Fitch Ratings—is an investment grade rating on a bond considered to have an extremely strong capacity to meet its financial commitments. The equivalent rating from Moody's Investors Service is Aaa. A **tranche** is a portion of a securitized debt instrument that stratifies credit risk based on seniority, providing investors the opportunity to target a range of risk/return profiles. A **yield curve** is a graphical representation of interest rates on debt of equal credit quality across a range of maturities. **Yield to worst** is a measure of the lowest possible yield that can be received on a bond that operates within the terms of its contract without defaulting. **Bull market** is generally defined as a period during which a securities market index rises by 20% or more.

S&P Municipal Yield Index (Gross/Total) measures the performance of high yield and investment grade municipal bonds. A total-return index tracks price changes and reinvestment of distribution income. **S&P Short Duration Municipal Yield Index** measures the performance of high yield and investment grade municipal bonds with maturities of one to 12 years. **S&P Municipal Bond High Yield Index** (Gross/Total) measures the performance of bonds in the S&P Municipal Bond Index that are not rated or whose ratings are below investment grade. A total-return index tracks price changes and reinvestment of distribution income. **Bloomberg US High Yield Municipal Bond Index** (Gross/Total) measures the performance of the non-investment grade US tax-exempt bond market. A total-return index tracks price changes and reinvestment of distribution income. **Bloomberg US Aggregate Bond Index** (Gross/Total) measures the performance of the investment grade, US dollar-denominated, fixed-rate taxable bond market in the US, including Treasuries, government-related and corporate securities, fixed-rate agency MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. A total-return index tracks price changes and reinvestment of distribution income.

Indexes are unmanaged and do not incur management fees or other operating expenses. One cannot invest directly in an index.

The holdings mentioned herein represent the following total assets of the First Eagle High Yield Municipal Fund as of 30-Sep-2025: Public Fin Auth Wis Toll Rev 6.5% 31-dec-2065 (74448UAC2) SR 400 PEACH PARTNERS LLC 3.18%; California Cmnty Hsg Agy Essential Hsg Rev 4.0% 01-feb-2056 (13013FAJ3) CALIFORNIA CMNTY HSG AGY CREEKWOOD REV 0.00%; New York Transn Dev Corp Spl Fac Rev 5.25% 31-dec-2054 (650116HT6) JFK MILLENNIUM PARTNERS LLC 1.44%; Hopkinsville Ky Exempt Facs Rev Var 01-dec-2054 (440014AA6) ASCEND ELEMENTS INC 0.63%; New York Transn Dev Corp Spl Fac Rev 5.5% 31-dec-2060 (650116HW9) JFK MILLENNIUM PARTNERS LLC 0.55%; Florida Dev Fin Corp Rev Var 15-jul-2032 (340618DK0) Brightline Trains FLA LLC 1.59%; Florida Dev Fin Corp Rev Var 15-jul-2059 (340618DY0) BRIGHTLINE TRAINS FLA LLC 0.77%; Florida Dev Fin Corp Rev 5.5% 01-jul-2053 (340618DT1) Brightline Trains FLA LLC 2.07%; Public Fin Auth Wis Ltd Oblig Pilot Rev 7.0% 01-dec-2050 (74446HAD1) AMEREAM LLC 0.55%; Tobacco Settlement Fing Corp Rhode Is 0.0% 01-jun-2052 (888809AH3) TOBACCO SETTLEMENT FING CORP RHODE IS TOB SETTLEMENT REV 0.34%.

Additional Disclosures

This commentary represents the opinion of the First Eagle Municipal Credit team as of the date noted. The opinions expressed are not necessarily those of the firm. These materials are provided for informational purposes only. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. Any statistics contained herein have been obtained from sources believed to be reliable, but the accuracy of this information cannot be guaranteed. The views expressed herein may change at any time subsequent to the date of issue hereof. The information provided is not to be construed as a recommendation or an offer to buy, hold or sell or the solicitation of an offer to buy or sell any fund or security.

The Fund's portfolio is actively managed and holdings can change at any time. Current and future portfolio holdings are subject to risk.

The information is not intended to provide and should not be relied on for accounting or tax advice. Any tax information presented is not intended to constitute an analysis of all tax considerations.

This document does not represent a solicitation of any order to buy or sell a security mentioned herein. Nothing here constitutes investment advice or insight as to the merits of any security or investment strategy mentioned herein.

The opinions expressed are not necessarily those of the firm. These materials are provided for informational purposes only. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. Any statistics contained herein have been obtained from sources believed to be reliable, but the accuracy of this information cannot be guaranteed. The views expressed herein may change at any time subsequent to the date of issue hereof.

Third-party marks are the property of their respective owners.

FEF Distributors, LLC ("FEFD") (SIPC), a limited purpose broker-dealer, distributes certain First Eagle products. FEFD does not provide services to any investor but rather provides services to its First Eagle affiliates. As such, when FEFD presents a fund, strategy or other product to a prospective investor, FEFD and its representatives do not determine whether an investment in the fund, strategy or other product is in the best interests of, or is otherwise beneficial or suitable for, the investor. No statement by FEFD should be construed as a recommendation. Investors should exercise their own judgment and/or consult with a financial professional to determine whether it is advisable for the investor to invest in any First Eagle fund, strategy or product.

Investors should consider investment objectives, risks, charges and expenses carefully before investing. The prospectus and summary prospectus contain this and other information about our funds and may be viewed at www.firsteagle.com. You may also request printed copies by calling us at 800-747-2008. Please read our prospectus carefully before investing.

First Eagle Funds are offered by **FEF Distributors, LLC**, a subsidiary of First Eagle Investment Management, LLC, which provides advisory services.